



SEPTEMBER 2017

BDBC Ref: 16/01315/FUL

Appeal Ref: APP/H1705/W/17/3169774

The Old House At Home Tylney Lane Newnham Hook Hampshire

Change of Use A4 Public House to C3 Residential Dwellinghouse

## NEWNHAM PARISH COUNCIL SUBMISSIONS REGARDING THE OLD HOUSE AT HOME (OHAH)

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**From:** Parish Borrowing <[Parish.Borrowing@communities.gsi.gov.uk](mailto:Parish.Borrowing@communities.gsi.gov.uk)>  
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**Subject:** NEWNHAM Parish Council - Approval SRP 5-23-05 Application 2017-18 (025)

**Dear Susan Turner,**

Please find attached borrowing approval reference SRP 5/23/05 Application 2017-18 (025).

I have copied PWLB, the chair of the council and your local County Association into this email.

The original letter has also been posted.

Kind Regards,

**Mr Shafi KHAN**  
**Department for Communities & Local Government**  
**Local Government Finance**  
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Department for  
Communities and  
Local Government

Susan Turner  
Newnham Parish Council  
2 Ash Cottages  
Newnham Road  
Newnham Hook  
Hampshire  
RG27 9AF

Our Ref:  
SRP 5/23/05 Application 2017-18 (025)

15 June 2017

Dear Susan Turner,

**BORROWING APPROVAL**

1. This is to notify you that the Secretary of State, in pursuance of his powers under paragraph 2(2) of Schedule 1 to the Local Government Act 2003, has approved the purchase, renovation and refurbishment of Old House at Home, Tylney Lane, Newnham, for which Newnham Parish Council, "the Council", may borrow an amount not exceeding £500,000.
2. Please note that this borrowing approval authorises the Council to borrow funds up to a specified amount. However, the Council should note that this borrowing approval does not itself confer power on the Council to incur the planned expenditure. The Council will need to satisfy itself that it does have the appropriate power before the expenditure is incurred.
3. When deciding whether to apply for borrowing in line with this approval, the council should be aware that Ministers have decided not to extend council tax referendum principles to town and parish councils in 2017-18. However, it remains an option for Ministers to make town and parish Councils subject to the principles in future years.
4. Any precept increase which was attributable to this borrowing approval would not be excluded from consideration under any future council tax referendum principles which were applied to town and parish councils.
5. This approval is given subject to the following conditions, and any borrowing by the Council in breach of any of these conditions will not be authorised by this approval:
  - (a) the Council may borrow only for the purpose specified in paragraph 1 above;
  - (b) borrowing under the authority of this approval must be undertaken within the period of the approval. The approval is valid for one year from the date given above;

- (c) any borrowing by the Council after the end of the period of the approval will not be authorised by this approval;
- (d) in a case where a loan agreement imposes on the Council an immediately binding obligation to borrow money at some future date, the Council will draw down the borrowed funds before the end of the period of the approval;
- (e) where the Council borrows any money in reliance on this approval, it will notify the Department for Communities and Local Government (DCLG) of the date of the loan and the amount borrowed, as soon as is reasonably practicable;
- (f) where the Council has not undertaken any borrowing and does not intend to undertake any borrowing, in reliance on this approval, the Council is requested to notify DCLG as soon as is reasonably practicable.

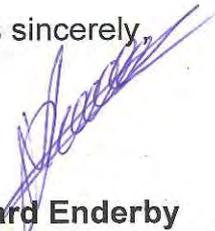
6. In exercise of his powers under paragraph 5 of Schedule 1 to the Local Government Act 2003, the Secretary of State consents to any period determined by the Council as the period within which the money borrowed in reliance on this approval is to be repaid, provided that the period is not greater than 50 years, starting on the date on which the money is borrowed.

7. Advice on the sources and methods of finance available, and a guidance leaflet about the borrowing approval system, may be obtained from your local County Association. Councils intending to borrow from the Public Works Loan Board (PWLB) should visit the Board's website in the first instance [www.pwlb.gov.uk](http://www.pwlb.gov.uk). PWLB may be contacted on 0207 862 6610 or e-mailed at [pwlb@dmo.gsi.gov.uk](mailto:pwlb@dmo.gsi.gov.uk).

8. The contact at this office for any enquiries is Mr Shafi Khan on 0303 444 3132 or e-mail to [parish.borrowing@communities.gsi.gov.uk](mailto:parish.borrowing@communities.gsi.gov.uk).

9. I am copying this letter to the Chair of the Council and to your local County Association.

Yours sincerely,



**Richard Enderby**  
Strategy, Revenue and Capital Division



November 2016



**RESPONSE TO MR PARSONS’ (FLEURETS) ADDENDUM 3**

As Clerk to Newnham Parish Council I am responding to Mr Parsons’ Addendum 3.

**1. SUMMARY**

Mr Parsons’ Addendum 3 provides an extensive critique of the Parish Council’s Working Business Plan (WBP). The WBP seeks to inform the Parish Council’s decision making process in planning for the Old House, and to explain and develop this plan. The detailed level of analysis supplied by Mr Parsons obscures some main issues.

**2. MAIN ISSUES**

**2.1 Fair Maintainable Trade**

2.1.1 The WBP has identified that statistics compiled by the BBPA (British Beer and Pub Association) indicate that the average Total Sales in the model the BBPA identifies as small ‘Rural Character’ is in the region of £260,000. To be exact, the figure published in June 2016 from 2015 figures is £254,176.

Pub Operating Costs - BBPA Benchmarks - June 2016 

Detail	Rural Character £5k p.w.		Rural Character £8k p.w.	
		Wet/Dry Split		Wet/Dry Split
Wet Sales	£ 146,536	58%	£ 238,576	55%
Dry Sales	£ 107,640	42%	£ 197,236	45%
Total Sales	£ 254,176		£ 435,812	
Wet Gross Profit %	52.0%		52.0%	

2.1.2 It is understood that these figures are compiled from tied houses and intended to provide a guide to tenants to assess costs. The WBP found them useful in evidencing the average FMT representing each pub category. It is understood that all pubs are different and actual figures will vary around this figure; though for a free of tie house, the margins should be rather better.

- i Mr Parsons is aware that the figure indicating average total sales for operating tied pubs of this type is in the region of £260,000.
- ii In his viability study of March 2016, Mr Parsons sets out his opinion of estimated sales (FMT) for the Old House to be £260,000.
- iii So Mr Parsons assesses in his viability study of March 2016, that the FMT for the Old House is average for operating pubs of this type.
- iv Mr Parsons assesses in his viability study of March 2016 that the Old House, despite being empty, is generally in good order; he assesses refurbishment costs to be £20,000; he says Red Oak have a business model of refurbishing pubs and supporting tenants.

2.1.3 So one can infer that Mr Parsons’ assessment of FMT, on balance, shows the Old House has the potential to be viable. In 26 pages of comments, though he has confirmed his figures, Mr Parsons has not addressed this anomaly.

## 2.2 Previous Trading Figure

- 2.2.1 In May 2015, a group of local residents, the start of the 'Pub Steering Group', met to consider the Old House at Home. They had printed copies of the accounts 2007-2010 supplied by the tenants previously. The Parish Council has an emailed summary of these figures but is not in a position to make the accounts available without the consent of the former tenants.
- 2.2.2 The summary figures – as described above are:  
2007-08 £419,667; 2008-09 £367,963; 2009-10 £259,784 (year of fire).
- 2.2.3 A notarised statement of truth by Peter Lumley (dated XX XX 2016) detailing this is attached as Appendix I.
- 2.2.4 Mr Parsons repeatedly claims that the Parish Council 'relies' on these figures which is demonstrably not the case.
- 2.2.5 The WBP instead researches industry figures and all means it finds available including rent and Rateable Value to assess a reasonable FMT and support its decision making. At every point the Parish Council explains where figures it has used have come from. That way figures and thinking can be amended and adapted as the Plan develops. Where the WBP has referred to the summary figures supplied by the previous tenants it has said so. It has not based any projections on these figures, merely used them for reference and comparison. As the Parish Council believes the figures to be accurate, it wouldn't make sense not to give them some consideration.
- 2.2.6 The Parish Council commissioned Mr Miller's independent assessment to inform its view of the viability of the Old House at Home.

## 2.3 Rateable Value SEE FURTHER REPORT ON RATABLE VALUE FROM ANTHONY MILLER.

## 2.4 Previous Tenants

- 2.4.1 It is the Parish Council's understanding that the previous tenants largely ran a successful business. This does not mean they did not suffer setbacks and the fire in July 2009 which closed the Old House for six months was a large financial and psychological setback. It is known they had funding to make several attempts to buy the Old House, the last being shortly before they left. Their reasons for leaving and for rent being outstanding could relate to an infinite number of private circumstances and decisions which are not the subject of the WBP.
- 2.4.2 Mr Parsons makes repeated claims the previous tenants and their business model failed. Mr Parsons supplies no evidence for his statements either from his client or from the previous tenants. He says in his report of March 2016 that he has little knowledge of the trading history of the pub.
- 2.4.3 The previous tenants left the Old House. They had rent outstanding that they did not pay. Cause and effect cannot be assumed from this without corroborating information. There is no evidence that one is the direct cause of the other – in either order. And there is no evidence that failure in their business or business model was a direct cause of either circumstance. Financial difficulties even if proven could be a result of any number of personal circumstances not directly related to the Old House or their business model.

It was the previous tenant's own particular vocation to provide a high quality, high end menu. The fact the Parish Council does not have ambitions to follow exactly the previous model is not a reflection of its success or otherwise – just that a more inclusive model is preferred.

### 3 OTHER ISSUES IDENTIFIED

These further issues are also addressed by topic to avoid repetition in answering Mr Parsons' various comments one by one.

#### 3.1 Parish Council Vision and Business Model

- 3.1.1 An important part of the Concept Business Plan is to explore and explain the value and function of the Old House within the local Community. At that time, Dale Ingram of Planning for Pubs was instructed to put forward the Planning Case, Mr Miller the Viability Study; the Parish Council's remit was its Community.
- 3.1.2 The Concept Business Plan also clearly states that 'the Old House at Home will be an attractive destination pub'. The WBP was then about researching, developing and explaining a evolving plan to achieve this. This is a progression of thought and investigation, not a contradiction. Mr Parsons finds many contradictions – which in reality is largely not the case. There is not a contradiction in the vision for the Old House between the Parish Council and Mr Miller, merely that the Parish Council's initial approach is 'one step at a time' and looking first to understand what as a minimum needs to be achieved.

#### 3.2 Potential Tenants

- 3.2.1 The Parish Council has no reason to disagree with Mr Parson' comment that '*Finding good quality tenants is extremely difficult*'. The Old House is fortunate in having the support and goodwill of professionals who will be able to assist in achieving this.
- 3.2.2 The WBP clearly states the importance of appointing tenants suited to the Old House and its market area and for a broad 'Vision' to be agreed. Beyond this the WBP also clearly states the importance of the tenants having ownership of their business with a fixed rent allowing incentive to grow this business. So there is no basis for Mr Parsons' conjecture that the Parish Council would wish to interfere in the running of the business. One wonders why he chooses to speculate on this. Should the tenants become successful enough to 'outgrow' their business, such a circumstance would be dealt with as and when it arose.

#### 3.3 More than a Pub

- 3.3.1 It seems unnecessary to argue over the 'More than a Pub' proposals as the WBP explains that these facilities are intended only to cover their costs.
- 3.3.2 Additional value is in boosting community involvement and cohesion. The 'More than a Pub' activity is also seen as a means of familiarising the pub with those who would not normally use it – and so increasing footfall. This is explained in the WBP. Suggestions for such initiatives have come from the Community, and business plans for More than a Pub initiatives will be considered separately.
- 3.3.3 The shop will not be run or subsidised by the Parish Council. Any provisions for a shop would be on the back of other considerations and not funded for its own sake: no major alterations would be considered for the main purpose of providing More than a Pub facilities.
- 3.3.4 A number of other communities have adopted a multi-faceted approach to the reinvention of their village pubs including the Anglers Rest in Bamford, Derbyshire, which incorporates a mini Post Office and gift shop and which largely runs during daytime hours as a cafe/restaurant.
- 3.3.5 At the Royal Oak in Scopwith, Lincolnshire, villagers have recently converted part of the premises to a convenience shop with the practical and financial assistance of Pub is the Hub.  
see <http://www.lincolnshirelive.co.uk/village-pub-doubles-up-as-community-shop-in-new-venture/story-29854670-detail/story.html>

### 3.4 Renovation and Proposed Alterations to the Old House

- 3.4.1 On several occasions Mr Parsons seeks to suggest that WBP proposals to alter or improve are somehow proof that the Old House would otherwise be unviable. Potential for improvement being interpreted as proof of unviability is illogical. All businesses need to consider their long-term commercial interests
- 3.4.2 Renovation will be necessary. Mr Parsons assesses the cost of refurbishment and replacing missing inventory items to be £20,000. He says:
- 'Closed properties can often deteriorate quickly, however this has not been the case in this instance. Whilst the trading areas are now looking a little tired they remain presented in reasonable condition and could be brought back into use at a relatively minimal cost. Much of the trade inventory remains in situ. The trade kitchen is in need of some attention but again I feel that this could be brought back into use at relatively little cost.'*
- 3.4.3 This assessment of the condition of the Old House would suggest that renovation is entirely viable. The WBP outlines an opportunity 'To alter and refurbish to maximise potential and efficient use of space.' The extent to which alterations can be undertaken will depend on the funds available after purchase and renovation costs. Volunteer labour will also impact on how much can initially be achieved. If these alterations cannot be achieved prior to opening then they can be postponed.
- 3.4.4 This from the Facebook page of Coach & Horses, Rotherwick, 17th August 2016
- 'With evening meals nudging the 3 figure mark, we appreciate the frustration of some customers who are waiting a long time to be fed. To make us more efficient, our tiny kitchen is being redeveloped in a fortnight and we are engaging more staff...'*
- 3.4.5 A desire to extend the kitchen here is not evidence of unviability – demonstrating that it is entirely possible to undertake such alterations as the business develops. (Also evidences the customer levels in neighbouring village pubs.)

## 4 SPECIFIC POINTS RAISED

Paragraph numbering in brackets relates to Mr Parsons' Addendum 3

- 4.1 (2.1) Agreed. The WBP is a living document and will continue to evolve.
- 4.2 Agreed. The WPB is informed by the independent assessment provided by Anthony Miller.
- 4.3 (2.2) Noted – Reference Parish Council minutes of meeting 20th September 2016.
- 4.4 (I.I) Mr Parsons says: *'Reference is made to the closure of numerous facilities over a number of years... Why should the Old House at Home be any different?'*
- 4.5 Mr Parsons could consider multiple reasons for this which could be the subject of a separate thesis. Current thinking is to reverse this trend by the pub acting as a community hub.
- 4.6 (I.I) Mr Parsons says: *'Whilst it is claimed the village hall is small it is clearly sufficient to meet the requirements of the village.'*
- 4.7 Agreed that Newnham Clubroom is generally large enough to meet community requirements as a Village Hall. (Its lack of Licence and any catering facilities has been previously noted.)

- 4.8 A number of Planning Inspectorate Appeal decisions have established that village halls and similar meeting places are in no way equivalent social provision to compare with the facility provided by pubs. These include the Three Tuns in Guilden Morden, Cambridgeshire, and the Golden Lion in Camden.
- 4.9 (I.II) Housing development Mr Parsons will know the emphasis Government is placing on Local Planning Authorities providing additional housing. This is true of both Basingstoke and Deane Borough Council and Hart District Council which Newnham borders. Newnham Parish Council objected to a housing development that would connect Hook and Newnham settlements – against Local Planning Vision and Policy – but Hart may yet decided that housing need overrides this.
- 4.10 Hook already has planning approval for in excess of 800 new homes – and this is before housing allocation is agreed in Hart's pending draft Local Plan. Accounting as well for Basingstoke and Deane's newly adopted Local Plan, several thousand additional houses are planned for within the Old House's catchment area. This is a material change in the area which will increase demand for services.
- 4.11 Petition (I.III.i.) Many who signed the petition were from the local area. A further considerable number were from family and friends of local people who do not live locally but visit. A further number were from people who used to live locally. Many were from past customers of the pub.
- 4.12 Local landlords (I.III.i.) Landlords of 'rural destination pubs' in the local area - The Gamekeepers, Mapledurwell; the Fox & Goose, Greywell; The Coach & Horses, Rotherwick, (also the Y-Knot, Nately Scures, which is less a destination pub but is in our Parish) – these landlords were contacted to ask if they had any objection to Newnham Parish Council publicising the Change of Use Application for the Old House to their locals. Not of them did. The Gamekeepers felt strongly about this, commenting that loss of a Village pub is a loss to the community pub culture which he opposed. The other landlords approached agreed with this sentiment. The Gamekeepers landlord later signed the petition.
- 4.13 Red Oak Taverns (I.III.i.) As soon as it was known that Red Oak had purchased the Old House, representatives of the Parish Council and the local community attempted to make contact to discuss the future of the Old House with Red Oak – the main thought being regarding community support for reopening. This is well documented by the Pub Steering Committee. Their representations were ignored until the planning application for change of use was registered with Basingstoke & Deane. Red Oak then made reply and agreed to meet.
- 4.14 An emailed report from that meeting read:  
'It is clear that Red Oak have no intention of running OHAH as a pub. They claim it is unviable. Their clear goal is to optimize the capital they can make by getting a change of use and then most likely refurbish the pub as a home and build another home on the car park.'
- 4.15 Funding (I.IV.) Funding for the purchase, refurbishment and operation of the Old House will be from a PWLB loan. Interest expressed from local residents in community ownership will be considered once the business is up and running.

- 4.16 (I.VI) *BBPA figures – Fair Maintainable Trade* (See 2.1. Fair Maintainable Trade.) Mr Parsons says: *'The fact that my turnover figure is similar to that of a rural character pub as per the BBPA statistics is pure coincidence.'*
- 4.17 Whether Mr Parsons' estimate of FMT is drawn from the BBPA's own figures or not is immaterial. The fact is that they are the same. It follows that pubs turning over this kind of annual revenue, even under the 'tied' system, are considered by the pub industry's own trade body to be viable enterprises.
- 4.18 Mr Parsons refrains from explaining why his evidently viable assessment for FMT is decisively made unviable when applied to the Old House by introducing the cost of a large commercial mortgage. The model he chooses might apply to purchase by an individual and is the only option he considers. Mr Parsons fails to consider more favourable terms available to Community Enterprises through community share schemes, the Public Works Loan regime and non-refundable grants; the potential for funding from high value investors via the Enterprise Investment Scheme, or indeed the terms under which Red Oak themselves could operate the Old House.
- 4.19 (I.VII) *More than a Pub / Village Hall* (See 3.3 More than a Pub) Agreed that computer training could be done in the Village Hall. But this couldn't then be extended to buying coffee, and hopefully lunch afterwards. One could imagine the 'tenant chef's horror at being delayed in getting ready for opening time' but this is a scenario of Mr Parsons' invention. Any sensible event organiser would work with the pub's management to ensure this did not occur.
- 4.20 As it happens the Village Hall (Newnham Clubroom) is not owned by the Parish Council. This is neither here nor there, but Mr Parsons' tendency to make assumptions is noted.
- 4.21 (I.VIII) *Average pub spend per head* The Zolfo Cooper report indicating £15.30 spend per head is a reasonable starting point. It might buy one reasonably priced main course and a couple of drinks. Not everyone will be eating but some may have a more expensive meal or include a starter or desert. It is less than half the £35+ claimed by GRS for the previous tenants in the 'Pub to Let' notice of 4th June 2015.
- 4.22 Use of the Zolfo Cooper model was transparent and intended as a guide to inform the WBP as to footfall needed for this average spend to achieve the £260,000 total sales of the BBPA model. Clearly less spend equates to more customers required and vice-versa – understanding this, the assessment is not flawed.
- 4.23 (1.2.1) *History* The historical significance of the Old House at Home and that of its Conservation area are inextricably bound to its use as a public house. It is noted that the application does not include a professionally compiled heritage statement which ought to have identified this.
- 4.24 (1.2.2) *Previous tenants* Please note 2005 should read 2015 although the statement is still believed to be incorrect. (See 2.4 Previous Tenants.)
- 4.25 (1.4.2) *Demographic makeup* Mr Parsons says *'To an extent the makeup of this population is irrelevant.'* The WBP considers the demographic makeup of the local community to be important in developing its Vision for the Old House. This consideration is then extended to the Old House's wider market where the demographic makeup is shown to be similar. It was particularly noted in the WBP that the Old House was not geared to be a destination pub for young people. At no point has it been suggested that the petition was only signed by people from the Parish.

- 4.26 (1.7.2) *The GRS 'Pub to Let' notice* Mr Parsons describes this as 'marketing jargon'. It is of course understood that the best light would be presented but it appears that Mr Parsons is indicating that the figures are factually incorrect, and consequently misleading.
- 4.27 (1.9.1) *History* Mr Parsons says '*I am not sure what style of property stood on the site in 1725 but it is known the current building dates from the Victorian period. What happened in between? To suggest a rural business has been operating at the Old House at Home since 1725 is only an assumption.*'
- 4.28 Mr Parsons previously noted with interest the brief paragraph at 1.2.1 on the history of the Old House.
- 4.29 COMMENTARY SUPPLIED BY DALE INGRAM:  
The Old House at Home was, in its earlier incarnation, a thatched cottage-style property positioned behind the surviving later Victorian element which in the supplied photograph of c1900 is clearly adjoining. In fact the earlier building would originally have had a substantial front garden, as evidenced in the adjacent present day neighbouring residential plots. The Victorian building was a purpose-built extension to the already extant pub, a very common practice in pubs in both rural and urban environments.'
- 4.30 The building is documented as the residence of the Poulter family in 1725, and considered – interestingly by comparing Ratable Values with other properties – that it was a commercial site and probably an alehouse in 1725. It is documented as still owned by the Poulter family – a beer shop keeper – in 1851 and as a Beerhouse with the same family in 1859 and as The Old House in 1865 when Benjamin Poulter was 74. The Old House continued with the Pink and then the Bennet families into the 1900s.
- 4.31 (1.9.2) *Current trading figures* There are no current trading figures because the Old House is currently not trading.
- 4.32 (2.1) *Growth in percentage of food sales* Mr Parsons says: '*I would further add that the commentary does not make any reference to the growth of food in this period.*' This is clearly demonstrated and referred to in the ALMR reports included in the WBP.
- 4.33 (2.3) *Recent legislation affecting pubs* It was felt useful for the WBP to evidence a noticeable trend – in a diversity of legislation – towards statutory recognition of the importance of pubs and pub businesses. Government support for pubs is also channeled into funding via the PWLB scheme.
- 4.34 (5.1) *Potential for purchase* Mr Parsons says '*The Old House at Home is not for sale. Under the ACV legislation, even if marketed, Red Oak Taverns are under no duty to accept an offer from the Parish Council.*' This is understood.
- 4.35 Mr Parsons also says '*The Parish Council indicates that under the ACV legislation they would have six months to prepare their bid.*' This is also understood to be correct.
- 4.36 (6.1) *BBPA figures and average pub turnover* (See also 2.1. Fair Maintainable Trade and 4.16 - 4.18 BBPA Figures and Fair Maintainable Trade.)  
Mr Parsons says '*The six different pub models are identified in the report as being representative of the great majority of public houses run as either tenancies or leases. I would suggest something that is indicative, as opposed to benchmarked, are entirely different.*'
- 4.37 Dictionary definitions – Indicative: serving as a sign or indication of something.  
Benchmark: A standard or point of reference against which things may be compared.

- 4.38 Mr Parsons has therefore clarified that his assessment of FMT for the Old House (£260,000) is the same as the figure 'indicative' or 'representative' of total sales for the great majority of public houses run as either tenancies or leases for the small 'rural character' model.
- 4.39 Mr Parsons has not clarified why he asserts the Old House (as a free-of-tie) cannot be viable, given his own assessment of FMT.
- 4.40 Mr Parsons says *'The model referred to by the Parish Council as included within the BBPA Study adopts a 50/50 trade split between wet and dry products.'* Agreed that the category list does indeed say c50/50, but as it happens the table of figures (as below) actually shows 58/42 – closer to the Parish Council's initial 60/40 projection.

Pub Operating Costs - BBPA Benchmarks - June 2016 

Detail	Rural Character	£5k p.w.	Rural Character	£8k p.w.
		Wet/Dry Split		Wet/Dry Split
Wet Sales	£ 146,536	58%	£ 238,576	55%
Dry Sales	£ 107,640	42%	£ 197,236	45%
Total Sales	£ 254,176		£ 435,812	

- 4.41 (The report does say: *'Please note the turnover and split for each model are general guidelines to give an indication of the focus of each business, and may not exactly relate to each data set presented.'*)
- 4.42 The WBP five-year projection does show the food percentage increasing over time. The WBP may consider increasing this further.
- 4.43 Mr Parsons says: 'I state at section 5.2.2 of my report dated 30th March 2016 the reasoning behind my assessment of the fair maintainable turnover in which I say that I am of the opinion that the style of operation at the Old House at Home would be that of a food led business with a substantial element of the trade being of a destination nature.'
- 4.44 It would seem that the Old House at Home – operated as Mr Parsons describes above – with an FMT of £260,000 – should on balance be a viable pub.
- 4.45 (6.3) Rateable Value (RV) Mr Parsons says: *'As previously stated I do not believe the rateable value has any relevance to this case, this was indeed confirmed by the Expert appointed by the Local Planning Authority.'* Please note the published report by Eric Spencer makes no reference to Rateable Value. (See 5.22 - 5.24 below.)  
  
PLEASE SEE SEPARATE FURTHER RESPONSE ON RV BY ANTHONY MILLER
- 4.46 (7) ALMR Report The BBPA's publication *'Running a pub: A guide to costs for tied tenants and lessees'* (2016 page 2) notes: 'The data [in this report] should also be used in conjunction with sources such as the ALMR's annual benchmarking survey and other pub trade data.'
- 4.47 This was the WBP research position and the ALMR data was considered useful in developing a more informed view.
- 4.48 (9) How to Run a Pub As 4.46 - 4.47 above.
- 4.49 (10.1) Alternative pub operators Mr Parsons says: *'What is the Parish Council's fall back position if they are unable to purchase the property, I reiterate Red Oak Taverns are under no duty to sell to the Parish Council.'*
- 4.50 The Parish Council, Pub Steering Group and Community would be supportive of any committed operator seeking to run the pub. The initial and repeated attempts by representatives of these bodies to engage with Red Oak were for this expressed purpose.

- 4.51 DALE INGRAM WRITES:  
 RE The Parish Council's 'fall back position'.  
 'It would be more relevant to discuss Red Oak's "fall back position". If Red Oak fail to secure planning consent for their scheme, as business people they will be unlikely to continue flogging a dead horse. The usual course is for the developer to sell on, or let, the premises. The ACV listed Trafalgar Arms (London SW17) was sold by a failed developer to Youngs Brewery in 2014, reopened in 2015 and is by Youngs' own admission "trading well above expectations". The Chesham Arms (Hackney) failed to secure planning consent in 2014 after a planning inquiry and has now been let on a long lease to an established pub operator. It has since won awards for excellence. The White Swan (Hunmanby N Yorks) development scheme was derailed by an Inspectorate dismissed appeal and was sold shortly thereafter to a local investor who has likewise let the pub on a long lease. The Golden Lion (Camden) saw off two appeals and was bought by the long-standing tenant from the developer in early 2015. I am reliably informed that it is thriving. The Parish Council are doing all in their power to ensure that they are in a position to make a bid for the Old House at Home at a fair valuation for a shut pub requiring refurbishment. The Parish Council are more than ready to engage with Red Oak to find a solution which sees the pub reopening. That is the only position they require at present.'
- 4.52 (11) *Old House Startup Figures* This section has been obscured. Publishing these projections would naturally be premature.

## 5 MR PARSONS' OVERVIEW

- 5.1 (3.1) Mr Parsons says; *'Reliance is placed on the flawed approach to the assessment of viability by Mr Miller and to accounts which have not been made available to Red Oak Taverns, the Local Planning Authority or indeed, Mr Miller.'*
- 5.2 The WBP does indeed use the independent Viability Study produced by Mr Miller to inform its opinion.
- 5.3 Figures provided by the previous tenants (see 2.2 Previous trading figures) are: 2007-08 £419,667; 2008-09 £367,963; 2009-£10 £259,784 (year of fire).
- 5.4 The WBP does not rely on these figures, it includes them for information, along with every source of data identified and available to it.
- 5.5 (3.2) Mr Parsons says; *The Parish Council's views on how the Old House at Home will be operated have shifted to include destination trade.*
- 5.6 The initial Concept Business Plan stated: 'the Old House at Home will be an attractive destination pub'. (See 3.1. Parish Council Vision and Business model).
- 5.7 (3.3) Mr Parsons says: *'By acknowledging the need to extend the trading areas, the commercial kitchen and to reposition the toilets the Parish Council are acknowledging that the Old House at Home, as is, is not viable.'*
- 5.8 Note the WBP does not include extending the trading area in its priority list.
- 5.9 Mr Parsons does not identify such a 'need' in his original assessment of the Old House at Home. There he says  
*'Closed properties can often deteriorate quickly, however this has not been the case in this instance. Whilst the trading areas are now looking a little tired they remain presented in reasonable condition and could be brought back into use at a relatively minimal cost. Much of the trade inventory remains in situ. The trade kitchen is in need of some attention but again I feel that this could be brought back into use at relatively little cost. However, it should be noted that an element of the trade Inventory has been removed and would therefore require replacement.'*

- 5.10 Mr Parsons is equating 'recognising potential for improvement' to 'proof of unviability' which is not logical. Sensible business people take steps to future-proof their businesses. Pubs take steps routinely to maintain and improve their premises with extensions, reorderings and new toilet facilities. The need to undertake a phased programme of improvement is not an expression of unviability.
- 5.11 The Old House 'as is' it not viable because it is closed. Mr Parsons in his initial report sets aside £20,000 for renovation.
- 5.12 The WPB allocates £80,000 (see 3.4. Renovation and Proposed Alteration) and identifies extending the commercial kitchen area and repositioning the toilets as desirable and achievable. Clearly there is enthusiasm to 'improve' where this is seen to be achievable. A wish to improve cannot be logically translated into an 'acknowledgment of unviability'.
- 5.13 (3.4) Mr Parsons says: *'The view is expressed and allegedly confirmed by accounting information that has not been made available to any other party that the previous tenant operated a successful business. This cannot be the case as the tenant forfeited the lease for non payment of rent.'* (See 2.4 Previous Tenants. Also Anthony Miller's further report on rateable value.)
- 5.14 (3.5) Mr Parsons says: *'The Parish Council do not have finance available to undertake this 'project'.'*
- 5.15 The Parish Council has identified means of obtaining finance and, perhaps more importantly, has identified a financial model which would enable the Old House to be viable. As Mr Parsons points out the Old House is not yet for sale. It would therefore be premature to engage in active fund-raising until it is. Indeed most community enterprise funders will not entertain applications for funds until a premises is the subject of a Localism Act S96 'Notice of Disposal'.
- 5.16 (3.6) Mr Parsons says: *'The Parish Council do not have a fall back position if the "project" fails.'*
- 5.17 The Parish Council has no intention of failing
- 5.18 (3.7) Mr Parsons says: *'There is no Business Plan for the shop. No information has been provided as to how the shop would operate.'* (See 3.3. More than a Pub.)
- 5.19 (3.8) Mr Parsons says: *'Much of the draft Working Business Plan is no more than industry generic data. Every public house needs to be considered as an individual unit.'*
- 5.20 I would add to this 'Investigation and Analysis' of Industry Generic Data. Mr Parsons bases his assessment of the Old House FMT on his experience. Without such experience to draw on, the WBP undertakes its own investigation of available data and information. Via this process the WBP has arrived at a projected first year turnover for the Old House in line with the BBPA average and Mr Parsons' own assessment of FMT. It is understood that all pubs are different.
- 5.21 (3.9) Mr Parsons says *'The Parish Council have not had regard to the Local Planning Authority's own Expert report.'*
- 5.22 It was felt to be disappointing that Mr Parsons' report was made available to Mr Spencer, but the information in Mr Miller's report was not.
- 5.23 One wonders which Expert Report Mr Parsons had regard to.
- i. Consider Mr Parsons' comment – that Mr Spencer's report agreed with his [Mr Parsons'] assessment of the relevance of Rateable Value – when Mr Spencer did not once refer in his published report to Rateable Value.

- ii. Also consider Mr Parsons' comment – that Mr Spencer agreed with his [Mr Parsons'] assessment of Mr Miller's report – when Mr Spencer particularly commented that he had not had sight of Mr Miller's report.
- 5.24 The WBP identified little additional information in Mr Spencer's report to make particular reference to. However, as Mr Parsons points out, not paying close regard to Mr Spencer's report is an omission which should be rectified.
- Paragraph numbering in brackets relates to Mr Spencer's report
- i Mr Spencer says
    - a. (9.3a) *I consider that the only viable trading model for The Old House at Home in this location would be as a Gastro Pub, catering to a regional market. However in my opinion the building is not currently physically big enough neither does it offer sufficient space in which to expand.*
    - b. (9.3b) *I consider that the immediate environment is most attractive and that the wider demographic may consider a renovated property to be a desirable venue.*
    - c. (9.3c) *It is possible that a specific operator (likely to be a chef) with a 'following' may be able to generate an apparently strong presence.*
    - d. (9.3c) *I strongly doubt that the venue as currently configured is capable of consistently generating sufficient revenue to cover operational and holding costs, (principally for the reasons given in (a) above).*
  - ii. It would seem that Mr Spencer's 'unviability' argument centres on his assessment that the Old House is too small. It is interesting that he favours a Gastro Pub model. Previous and current Valuation Office assessments of the Old House trading as a Gastro Pub evidence that this model was able to generate strong trading figures. See the further report by Anthony Miller.
  - iii. Given the relatively small size of the Old House (undisputed), the approach of the WBP is to achieve consistent sustainable levels of footfall rather than focus only on 'peak hours'. The WBP has demonstrated that the Old House is big enough to cater for above the footfall required to generate the £260,000 total sales indicated by BBPA figures to be average for this type of pub.
  - iv (10) Mr Spencer's conclusion of unviability focuses on 'the two principal factors... lack of sufficient car parking to accommodate the likely demand required for viability and limitations of the site area to extend the building'... and also on the Brexit vote.
  - v Mr Spencer makes no assessment of what he believes 'sufficient revenue' or 'likely demand' to be. He has had sight of Mr Parsons' report but makes no comment on Mr Parsons' assessment of FMT which according to BBPA figures is demonstrably 'sufficient revenue to cover operational and holding costs'.
  - vi Mr Spencer presents no evidence, other than his opinion of the size of the Old House, to substantiate his assessment of unviability. He fails to consider any available evidence which supports the Old House's past trading position or future potential, including the potential for community ownership.
- 5.25 (3.10) Mr Parsons says *'Despite the passage of 16 weeks the Parish Council have made no material progress with the preparation of their Business Plan.'*
- 5.26 It seems Mr Parsons has found quite a lot to comment on.
- 5.27 See 5.20 above.

- 5.28 There is nothing in planning legislation or policy or the Localism Act that requires the submission of a business case at any time. The WBP has been supplied as a demonstration of the Parish Council's commitment to the Old House at Home and its survival. Once the premises have been offered for sale the necessary funding can be sought and secured, detailed plans drawn and costings bottomed out – and not until then. A detailed plan for the pub business will be submitted by the tenants at the appropriate time. If the positions were reversed, would Red Oak produce a detailed business plan, secure finance and instruct architects for a property that wasn't for sale and whose owner has indicated will never be for sale? Mr Parsons' criticisms are unfounded.
- 5.29 (3.11) Mr Parsons says: *'The draft working Business Plan is incomplete. Why has it been submitted in this form?'*
- 5.30 The Working Business Plan a work in progress which will evolve over time.

**APPENDIX 1**

Brain  
Chase  
Coles  
Solicitors

Haymarket House  
20/24 Wote Street  
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Hampshire RG21 7NL

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Mrs J James  
Lyde Mill House  
Newnham Lane  
Newnham  
Hampshire  
RG27 9AQ

Our ref: JC/Newnham/BJ

19 December 2016

Dear June

**Re: Statutory Declaration for Peter Lumley**

I enclose the following:-

1. Original Statutory Declaration.
2. Our Invoice.

I confirm that payment of our invoice can be made either by debit card or alternatively by transfer to our bank details of which are enclosed. Please quote reference: JC

If I can assist further in this matter please do not hesitate to contact me.

Kind regards,

Yours sincerely



J M Coles  
**Brain Chase Coles**  
[jcoles@brainchasecoles.co.uk](mailto:jcoles@brainchasecoles.co.uk)  
dd. 01256 845852

Encs

STATUTORY DECLARATION

I **PETER LUMLEY** of Lyde Mill House, Newnham Lane, Newnham, Hampshire, RG27 9AQ do **SOLEMNLY AND SINCERELY DECLARE** as follows:-

1. I make this Statutory Declaration at the request of Newnham Parish Council in connection with the premises known as The Old House At Home Pub, Newnham Green, RG27 9AH.
2. I confirm that in the latter part of 2014 I was handed by Oliver Williams the then Landlord of The Old House at Home accounts for the pub business covering the period from 2007 to 2010.
3. I reviewed those accounts in connection with the possibility of my own company taking over The Old House at Home. Subsequently having reviewed the accounts I handed the copies of the accounts that I held to Clive Pinder a member of Newnham Parish Council. I understand that subsequent to my handing the accounts to Clive Pinder they have been lost.
4. I can recall however from information I retained at the time the following:-
  - a) The turnover for the business for the period 2007 to 2008 was £479,667.00.
  - b) The turnover for the business for 2008 to 2009 was £367,963.00.
  - c) The turnover for the business for 2009 to 2010 was £259,784. The turnover was seriously affected in that year due to a serious fire at the property at the end of July 2009.
  - d) The accounts also confirmed that the rent being paid for the property was at that time £33,000.00.



AND I make this Statutory Declaration conscientiously believing the same to be true by virtue of the Statutory Declarations Act 1835.

DECLARED by the above named )  
Deponent at )

BRAIN CHASE COLES  
SOLICITORS  
HAYMARKET HOUSE, 25-26 WOTE ST  
WIMBORNE, HANTS RG21 7RL

in the County of )

this 15<sup>th</sup> day of December )  
2016 )

Peter 2-2-

Before me,

[Signature]  
Solicitor

Jonathan Mark Coles

# Working Business Plan

To be read in conjunction with the Viability  
Study produced by Anthony Miller



## The Old House at Home

Tylney Lane

Newnham

Hook

Hampshire



Draft at 30th September 2016

**EXECUTIVE SUMMARY****I.I The current position**

The Old House at Home is the only pub in Newnham; the Crown in Crown Lane became a house many years ago as did the village school; the village shop closed in 1965, then the post office and recently the mobile library service. With the Old House at Home presently closed (since February 2015) Newnham is without any social facility other than a small village hall.

**I.II Proposal**

This business plan sets out Newnham Parish Council's proposals for reversing this trend by securing the future of the Old House at Home as a thriving rural business and social hub.

Newnham residents want their pub to be

- inclusive, inviting, welcoming and friendly to all;
- providing quality food and wine, and well kept beer
- well priced and catering for all sections of the community.

Newnham is a small but vibrant community with a mix of families with age ranges from those with very young children upwards to those with grown up children living at home, or grown up children and grandchildren visiting.

The pub which appeals to Newnham's community will equally appeal to the large and growing residential communities nearby. The Old House at Home will also be an attractive destination pub for these wider communities. The attributes of a strong 'local' and those of a strong destination pub can be mutually supportive rather than mutually exclusive.

**I.III What the Old House has in its favour****i. Present**

- Rural idyl located on the Village Green
- attractive venue for families, walkers, cyclists
- within easy reach of larger population centres
- attractive building retaining its rural and period ambiance and charm
- open fires in two bar areas;
- large windows
- separate dining area in converted barn / stable
- existing fitted commercial kitchen and bar
- first floor three-bedroom flat for licensee
- outside seating area to front facing Green, S & SW facing
- garden / outside dining area, W & NW facing
- community support including
  - petition with >1,200 signatures in support of community reopening
  - 84 public objections to the change of use application
  - local professionals who have freely given their advice and expertise
  - local businesses and support from other local pubs in the area.
  - offers of practical help and interest in community share scheme.
- blank canvas for refurbishment and new business venture.

**i. Potential**

- New tenant chef with ambition to build reputation and grow business
- a varied quality menu with locally sourced ingredients and well-kept local beers catering for a variety of tastes and budgets
- exterior, interior and facilities be renovated, restored and renewed to a high quality and finish

- alterations to comprise
  - glass link extension and large window for dining area
  - side extension for new ladies', gents' and disable toilets.

#### **I.IV How will this be achieved?**

The proposal depends on the application for change of use being refused.

It is evident to the Parish Council and Community Pub Steering Group that the Old House at Home can be run successfully by suitable tenants on a free of tie lease provided all involved are committed to its success, and neither looking for large returns nor burdened by excessive finance costs.

Finding the right tenants will be crucial but, properly presented, the Old House at Home will be an attractive proposition for a tenant chef to establish and grow a business and so giving the pub another USP (unique selling point).

The 'Save our Newnham Pub' petition has over 1,200 signatures supporting community purchase.

The Parish Council has a remit to protect the Parish and its assets for future generations; the Old House at Home is listed as an ACV (asset of community value). Given the historically low interest rates, a loan available to the Parish Council via the PWLB (Public Works Loan Board) (up to £500,000 per annum for 50 years) is an attractive proposition for a long term investment to secure the future of the Old House at Home, with sufficient contingency and rent to cover repayment. The DCLG finance department has indicated it seeks to be supportive of such ventures and that a loan application supported by a strong business plan is likely to be approved

It is hoped that Red Oak Taverns will consider an offer from the Parish – to enable the Old House at Home to join a growing trend of pubs owned and operated by their local communities. Interest has been expressed in a community share scheme which would facilitate greater community involvement (ownership) and additional finance.

#### **I.V Evidence base**

This business plan investigates how the Old House at Home was previously positioned in the market, the market background against which it operated and how that market is changing.

Trading figures from previous tenants and the viability study by Anthony Miller indicate previous and potential turnover to be considerably above the average. The previous tenants operated a business model of a high end, high quality, high price (ultimately exclusive) gastropub with, according to previous owners, GRS, 'average spend inclusive of lunch time trade £35+ per head'.

Figures sourced by Fleurets (c£30,000 rent, £29,750 rateable value) also indicated a trading position well above 'benchmark' figures provided by BBPA (British Beer & Pub Association and ALMR (Association of Licensed Multiple Retailers). Fleurets' estimate of £350,000 for the freehold would seem in keeping with this position.

The local area has seen no downturn or loss in customer base. All larger communities within five miles have substantial housing expansion approved.

An emerging groundswell of community initiatives and community operated pubs is now evident – and the beginnings of statutory recognition of the need to protect pub buildings and support pub businesses. Demand for quality beers, wines and spirits is reportedly on the increase.

**I.VI i Finance – what do the benchmark figures look like?**

It is evidenced that the previous tenants achieved above average trading figures. As the Old House at Home is presently closed, this business plan looked to 'benchmark' figures for this type of pub to support basic estimates for a Fair Maintainable Trade.

Initial projected trading figures for the Old House at Home are shown below. These figures demonstrate that the BBPA 'benchmark' turnover of £260,000 for the smaller 'rural character pubs' category is sufficient to support an average (to begin with) remuneration for tenants, a higher than average wage bill, and sufficient rent to repay a PWLB loan of up to £450,000.

These figures are compared with those produced by Fleurets and similar in most respects – a notable difference being the means of finance chosen.

The first six months of the tenancy will be rent-free. No repayments are required to the PWLB for the first 12 months of the loan period. The tenants' remuneration is in addition to the (refurbished) ancillary accommodation and reflects the fact that self contained first floor flat is provided.

It would seem significant that both this business plan and Fleurets' estimated figures for the Old House at Home are based on benchmark trading figures equating to viable businesses in the BBPA's small 'rural character' pub category – in Fleurets' case made unviable by assumptions of very high loan repayments and also higher than average remuneration for the tenants.

<b>INITIAL TRADING FORECAST PROJECTED FOR THE OLD HOUSE</b>	
(Newnham Parish Council based on benchmark FMT figures)	
Estimated Sales (FMT) - net of VAT	<b>£260,000</b>
(fair maintainable trade)	
Gross Profit @ 64%	£166,400
<u>Less</u> operational costs @ 45.46% of sales	£118,196
<b>Net Profit (FMOP)</b>	<b>£48,204</b>
(fair maintainable operating profit)	
<u>Less</u> interest of capital	£3,000
<u>Less</u> Tenant's remuneration	£22,204
<b>Profit/loss before finance costs</b>	<b>£23,000</b>
(ie rent payable)	
<u>Less</u> Cost of finance for £450,000 PWLB repayment loan @ 2.37% covering purchase & refurbishment	£19,665
= £3,335 remaining for contingency.	
NB: Minimum trading forecast	

<b>COMPARISON FROM EXPERT REPORT OF STUART PARSONS</b>	
'5.2.2.6: I set out below my assessment of viability.	
'Estimated Sales (FMT) - net of VAT	<b>£260,000</b>
(fair maintainable trade)	
Gross Profit @ 62%	£161,200
<u>Less</u> operational costs @ 42% of sales	£109,200
<b>Net Profit (FMOP)</b>	<b>£52,000</b>
(fair maintainable operating profit)'	
<u>Less</u> Owner's remuneration	£30,000
<b>'Profit/loss before finance costs</b>	<b>£22,000</b>
<u>Less</u> Cost of finance	
Notional acquisition price	£350,000
Cost of refurbishment/ inventory items, say	£20,000
Stock & working capital	£10,000
	<u>£380,000</u>
Annual repayment on £380,000 mortgage	£33,101
<b>'Profit/loss after owner's remuneration and cost of finance</b>	<b>(£11,101)'</b>

It is considered in this business plan that a 100%+ mortgage of the type envisaged by Fleurets is not feasible to finance a pub business. It is not relevant to the Parish Council's PWLB model. It is also noted that Red Oak Taverns purchased the Old House at Home (as part of a group of 146 pubs for circa £36m) for an average price of £246,575.

#### **ii Old House at Home – Five year forecast**

A level of growth sufficient to increase the tenants' remuneration from c£22,000 to c£30,000 is used as a base-line estimate for minimum expected growth over five years. With a rent fixed at £23,000, any turnover and profit above this will be for the tenants to generate for their own benefit.

A five-year forecast supplied by Anthony Miller gives an educated estimate of the actual trading potential of the Old House at Home.

### **I.VII More than a pub**

A thriving pub business has the capacity to be 'more than a pub', a community hub providing an increasing important social centre and helping to mitigate for the loss of other services experienced by Newnham and so many rural villages.

Examples suggested are a village shop, a post office, parcel drop, free wi-fi and library, groceries on request, and bread baked on premises. It is expected that the value of such services will be in their 'added-benefit' to the community – and also increasing the value of the pub to those who otherwise might use it less. Educational events such as computer and social media training have been suggested. In turn this may increase community cohesion, well-being and involvement – and so, in time, off-peak trade – for social groups and charity events and coffee mornings for example.

### **I.VIII The Pub's capacity**

The Old House at Home is not a large premises but demonstrably sufficient for a successful 'small rural character' pub.

A Zolpho Cooper survey of 2012 found that the average pub spend is £15.30 per head (less than half that achieved by previous tenants with a 'gastropub model'). If we take this 2012 figure – and the BBPA (Fleurets") 2015 'benchmark' £260,000 turnover for smaller rural character pubs, then an average of 327 visits per week / 47 visits per day will achieve this.

The Old House at Home presently has a 'car park with 20+ spaces (GRS figures); 'the main trading area is presented in two zones... and in total provide a maximum of 35 covers' with the 'barn' dining area providing a further 20' (Fleurets' report).

There is scope for some small expansion to the parking areas, room for two more cars at the front in winter and the opportunity to park on the lane across the Green at peak times (as happens for events at the church which has minimal parking). But taking the minimum figure of 20, an average of two people per car would allow for 40 visits at one time. It would be reasonable to assume weekend family trade would increase this average – plus friends are likely to car share – putting the potential capacity for car driven trade to 80. Plus local trade, walkers and cyclists.

Our drawings show ample space for 46 covers with a further eight allowed by the proposed glass link extension. There is outdoor seating at front facing the Green for c15 with space for 30+ in the garden.

6 Old House at Home: Working Business Plan

The Old House at Home does not have the capacity to support a model catering for 350 people at weekends and nobody in the week. But according to the *Morning Advertiser* of May 2014 'weekday visits are now driving the increase in footfall for many pubs'. With a business model catering for all sections of its community and market area, the Old House has ample scope to cater for sufficient and above sufficient numbers through varied and consistent trade.

**I.IX Proposed alterations**

- A single storey extension to the side of the pub (replacing the small add-on which currently houses the gents toilets) will provide new ladies, gents and disabled toilets and enable the creation of a small shop / post office counter adjacent to the pub entrance.
- Removal of the ladies toilets 'add-on' between the main building and linked stable dining room, will enable an extension of the dining room by means of a glass link. Opening the stable ceiling to roof height and with a large picture window are on the 'wish list' should budget allow.
- The car park can be extended by two (disabled) spaces with removal of overgrowth and re-landscaping.
- A new fenced area behind the kitchen will give a private area with sufficient outside storage space and allow for extension of the garden seating area and landscaping of the garden.

**I.X Community Support**

Fleurets make reference to CAMRA's Tim Page, quoted as saying: 'We would rather see pub owners investing in pubs that are clearly really valued even if that means the closure of pubs for which people have no purpose.'

A petition 'Save our Newnham Pub' posted on change.org at the beginning of May 2016 rapidly gained over 1,200 signatures – on line and via paper copy. The response to Red Oak Tavern's planning application for Change of Use was 84 objections and none in support. In August 2016 the community took part in a *Channel 4* series covering issues that galvanise community action and protest. With several local families away on holiday, turnout was still substantial.

Many local residents have pledged help in the anticipated re-opening and interest in a Community Share Scheme. Thanks are due to local residents, tradespeople and professionals who have already given of their time, advice and expertise.



Basingstoke Gazette coverage August 2016

## WORKING ACTION PLAN

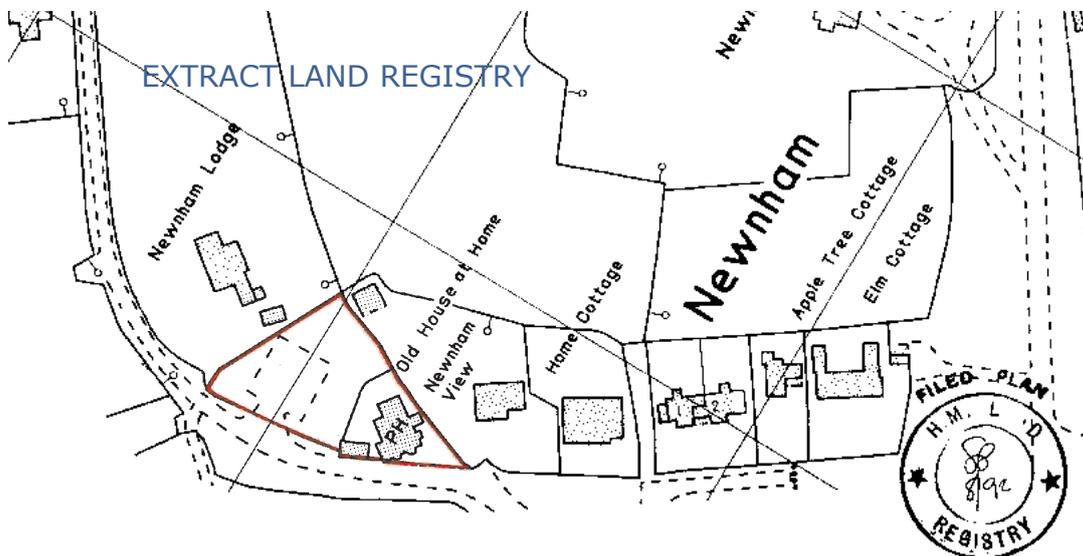
1. BUSINESS PLAN
  - .1 Discuss further with Bishampton.
  - .2 Confirm renovation / alteration prices
  - .3 Planning statement
  - .4 Discuss further with...
  - .5 Discuss with...
  - .6 Circulate business plan.
  - .7 Submit business plan – Planning
  - .8 Submit business plan – Loan approval application  
(modified version business plan)
2. LOAN APPROVAL APPLICATION
  - .1 Agree principle
  - .2 Agree amount
  - .3 Submit
3. IDENTIFY SURVEYOR / SOLICITOR

## CHANGE OF USE REFUSED

4. OFFER LETTER SUBJECT TO SURVEY ETC OUTCOME  
OUTCOME
  - .1 Red Oak Taverns go to appeal
  - .2 Red Oak Taverns have their own plans
  - .3 Red Oak Taverns will consider sale
5. ENGAGE... AS MEDIATOR WITH RED OAK TAVERNS
6. COMMISSION SURVEYOR AND SOLICITOR
7. PREPARATION
  - .1 Architect – full drawings – discuss with...
  - .2 Builders / tradespeople
  - .3 Call in Parish support
  - .4 Search for tenant (call in... support)
  - .5 Purchase fixtures and fittings  
Would it be better for the tenant to do some of this?
8. OUTCOME
  1. Agree sale
9. Take out loan – PWLB
10. Buildings Insurance
11. Appeal Rateable Value
12. As 7. above
13. Tenancy Agreement
14. Inventory – F&F
15. Marketing.

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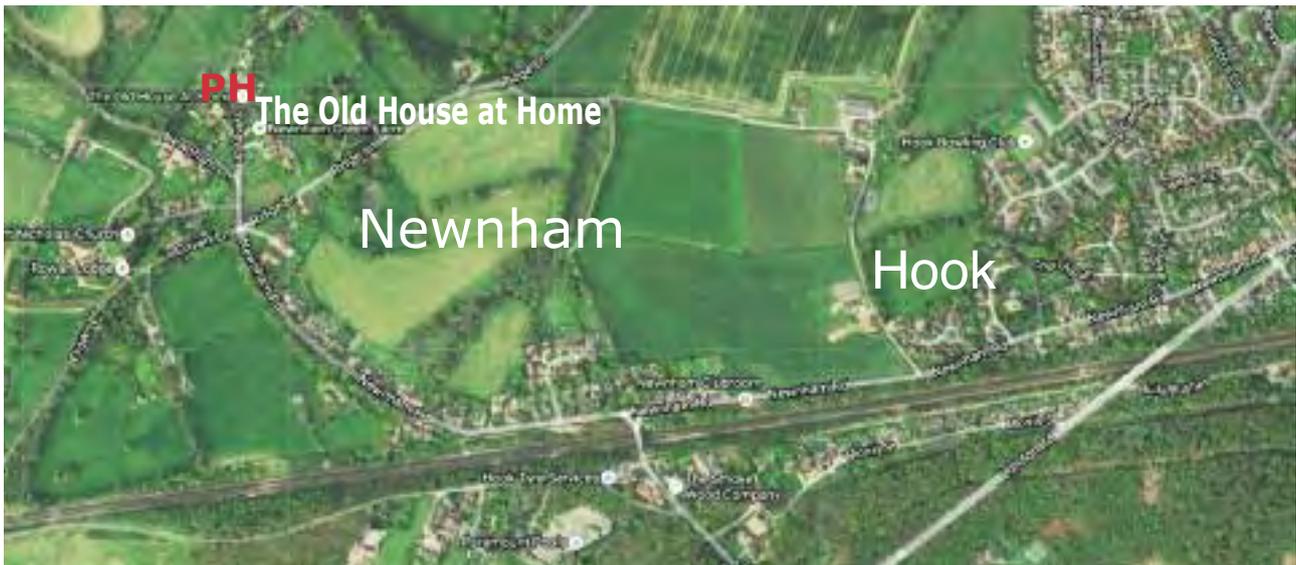
## 1. THE OLD HOUSE AT HOME: BACKGROUND AND CONTEXT

### 1.1 Newnham Village

1.1.1 Newnham Green is common land and remains a rural idyll in an increasingly built up area of North East Hampshire. Housing in Newnham village is centred on the Green and along connecting roads to local communities of Hook (mile and a half distant) Rotherwick (two miles) and Old Basing (four miles). Historically on the old London road, Newnham remains well-connected; now by-passed by the A30 to Basingstoke, served by the railway station in Hook on the main London line, and a mile from Junction 5 of the M3. As such, it remains a vibrant mixed community of established residents – some being commuters – with young families moving in.

The Old House at Home is the only pub in Newnham; the Crown in Crown Lane became a house many years ago as did the village school; the village shop closed in 1965 and the post office more recently (c2000). Newnham now has a small unlicensed village hall on Newnham Road and a traditional cluster of church, Manor Farm and pub adjacent to the Green. But with the Old House at present closed (since February 2015) Newnham is without a pub.

Newnham Parish Council and Residents are committed to reversing this trend by reopening the Old House at Home as a quality destination pub and as a social hub for the local community.



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**1.2 Newnham’s only pub**

1.2.1 The Old House at Home was recorded as an operating pub in 1725. The present Victorian building was erected in 1847 on the front of the original thatched structure, a common model for rural pubs of the time. The thatched buildings were destroyed in a fire in 1904 but the old stable building remains and was attached and converted into a restaurant in 1993 when the car park was expanded.

1.2.ii In early 1990s the landlord expanded from a beer pub to a steak menu and then a menu of locally produced sausages: the Old House is still widely known as the ‘sausage pub’. The pub has historically suffered from high rents and a tied lease; it has recently suffered from a lack of investment.

The most recent tenants from 2005 operated successfully as a high quality ‘gastropub’ but also hosted and catered for charity and local events and barbecues.

The Old House was host to the local shooting club, used by regular walking groups and cyclists, was recommended for dining for their guests by local Tylney Hall Hotel, provided a lunch venue for the many businesses in Hook, as well as a rural venue for Hook families, who are able to cycle – and also for West Hook – to walk along the old ‘Church Path’ public footpath connecting Hook and Newnham. It was recently commented on the website for Hook Action against Overdevelopment that: ‘Many Hook residents... have spent time in this pub, often after walking or cycling to Newnham from Hook.’

Devastatingly, a fire in 2013 closed the pub for eight months. Having succeeded in reopening, but failing in their attempts to buy the pub, the landlords surrendered the tenancy in February 2015.



**1.3 Community**

Resident’s quote: ‘The pub has been a place of contact to meet and make friends. It has allowed the elderly to meet locally, preventing loneliness. It is where our children and others had their first jobs. It has been the centre of community events: barbecues, village fêtes, the queen’s jubilee. We have used it to raise money for local charities. We are a strong community, we voluntarily

maintain our Green and village ponds and organise litter picks. The pub is where we meet and where we can replenish our spent energies after our exertions. Visitors to our Nursing Home have been able to bring loved ones out for a change of scene and to spend time with them.'

**1.4 Newnham’s Market Area**

1.4.1 Newnham Parish Census

**NEWNHAM PARISH POPULATION BY AGE FIGURES – 2016 PROJECTIONS FROM 2011 CENSUS**

Under 5	5 to 9	10 to 14	15 to 20	20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 to 79	80 to 89	90+	TOTAL
11	18	22	35	41	36	47	86	83	70	31	15	495

Above are Hampshire County Council’s population figures for Newnham Parish projected from the 2011 Census. However, these figures include the Villages of both Newnham and Nately Scures. Nately Scures includes the hamlet of Water End which has a 67-home Mobile Home Park – minimum age 50, though it is considered that the majority of residents are of retirement age. Both Nately Scures and Newnham have residential Care Homes and these factors will account in some part to the figure’s bias toward older residents.

1.4.2 Households in Newnham – demographic makeup

Based on local knowledge, a (reasonably accurate) survey of Newnham households estimates there to be 195 adults over 18 living in the Village.

This is in 89 households, 38 of which have children living at home, 11 are single households, and of the 40 remaining the majority are professional couples over 40 with 24 being retired or semi-retired.

Of the 38 (43%) households with children living at home

8 of these are with children over 18

8 are with children both over and under 18

12 are with children (mostly teenagers) under 18

10 are with younger children (four pre school age) [note five as from Sept 16].

There is a mix of AB, C1 and C2 social grade (the majority AB) with almost all properties being detached and owned or owned with mortgage.

<b>NEWNHAM VILLAGE DEMOGRAPHIC SURVEY</b>							
HOUSEHOLDS WITH CHILDREN					HOUSEHOLDS WITHOUT CHILDREN		SINGLE HOUSEHOLDS
Younger children	Teenagers	Mix of	18s and over	Majority professional couples over 40			
Pre school age	Primary school age	teenagers under and over 18		retired or semi retired			
4	6	12	8	8	16	24	11
TOTAL 38					TOTAL 40		

Newnham is a small but closely knit community with a vibrant demographic mix of families of all age ranges from those with young children upwards. Young couples in their 20s and early 30s without children are lacking – house prices being a major contributing factor.

The Old House at Home will be a venue where local young people feel welcome and can socialise with their friends – the majority of them are likely to be

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working behind the bar at some point. The Old House has traditionally given Newnham’s young adults their first jobs and this opportunity to establish themselves within their community. The Old House will largely not be a destination pub for young adults in their late teens and early twenties.

**1.5 Surrounding area**

1.5.1 Destination pub market area

Newnham is surrounded within a five mile radius by growing communities (nominally large villages but with the population of small towns) and all subject to increasing housing growth.

Old House at Home – Market area populations in 2016  
(HCC figures projected from the 2011 census)

Hook 7,763 (1-2 miles) Odiham 6001 (three miles)  
Old Basing 7,206 (three miles); Hartley Wintney 5,792 (five miles).

These areas are all moderately affluent with a mix of AB, C1 and C2 social grade and the majority owned or owned with mortgage.

Basingstoke (unparished urban area) population 88,576 (under six miles).

Maintaining a thriving business, as with most ‘rural character’ pubs will require a strong reputation as a destination pub. The Dolphin at Bishampton (case study) assesses that only 20% of their trade is ‘local’, hence their strategy of building a reputation for excellent quality and value for money via Trip Advisor (see 11.7 Marketing the pub business).

1.5.2 Hook – Newnham’s nearest large community and business centre

<b>HOOK PARISH POPULATION BY AGE FIGURES – 2016 PROJECTIONS FROM 2011 CENSUS</b>												
Under 5	5 to 9	10 to 14	15 to 20	20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 to 79	80 to 89	90+	TOTAL
447	551	558	446	639	932	1214	1248	929	480	253	66	7763

Hook is a family-oriented community with large junior and infant schools, the reception class intake being four classes, approximately 100 pupils.

Hook has a significant business community with village centre business parks plus the large Bartley Wood Business Park outside the centre. Notable companies include Virgin Media Inc, BMW Group Financial Services, Lenovo, Serco, Trimble Navigation and HP. A recent survey by the emerging Hook Neighbourhood Plan (HNP) team included responses from 86 businesses and their provisional report includes

“Most people we surveyed wanted somewhere nice to eat in the Centre of Hook, lots of people also asked for Italian, and a number of people mentioned the Sausage Pub as being a good pub” so if you are wondering where to pitch the offering, that has stood the test of time!

**1.6 Local Competition**

1.6.1 The Old House at Home is Newnham’s only pub. We have a small village hall (Newnham Clubroom) but this is not comparable and has no licence.

- 1.6.2 The closest pub is the Hogget, approximately a mile away on a major road junction of the A30 / A289. It is a good 'roadside' rather than 'rural character' pub and so catering for a very different market. The majority of surrounding Villages have one or more pub, the closest comparable 'local' being the Coach & Horses in Rotherwick approximately two miles away along country lanes or the public right of way across the golf course. A number of Old Home at Home locals for the time being cycle or drive to the Coach & Horses.
- 1.6.3 The 'competition' – neighbouring village pubs – have been supportive of the Old House at Home reopening, their message being that every good local pub is an asset to its community and the village pub culture.
- 1.6.4 Based on rateable values, Anthony Miller assesses in his Viability Study that the Old House at Home (rateable values, £29,750) has held a good trading position compared to other pubs in the area. Evidence gathered of surrounding village pubs being fully booked is indicative of demand.
- 1.6.5 The expertise, advice and support of other local publicans will be valuable in reopening Old House and sourcing suitable tenants. Their operating models and performance will provide useful information to draw on. Note: The Fox & Goose in Greywell is now successful following a change to its business model in 2014... According to Greywell Parish Council: 'The Fox & Goose was having financial problems and Punch Taverns looked set to pull the plug. We sought successfully to designate the pub as an "Asset of Community Value" under the Localism Act 2011. In practice this was not needed as a new business partner has completely revitalised the pub and it is thriving again.'

## 1.7 Old House at Home – Ownership and status – recent and current

- 1.7.1 In February 2010, then owners GRS Inns (who had merged with London Town pubs in 2007) called in the administrators. GRS disposed of their 44 leased pubs and sought to restructure, while continuing to trade, being operated on behalf of the Anglo Irish Bank. This was the background against which the Old House at Home tenants were operating and trying to buy the pub. When the tenants left in February 2015, the pub was advertised on a 'free of tie' lease.
- 1.7.2 Page from Pubs for Let website 4th June 2015 – **SEE FIG 1.**  
<http://www.pubsforlet.co.uk/pubs/old+house+at+home>  
 It is evidenced that in June 2015, the Old House at Home was marketed by GRS being in 'very good condition...', with accommodation, in a 'much sought out area...' with a 'good size car park which can park 20+ cars'..., 'outside seating area with chairs and tables for approx 20 people'.. 'average spend inclusive of lunch time trade £35+ per head...', at an annual rent of £30,000'.
- 1.7.3 The Old House at Home was registered by Newnham Parish Council as an Asset of Community Value with Basingstoke & Deane District Council in July 2015. However ACV status can't influence sale if debt is involved.
- 1.7.4 The Old House at Home and sold by Christie and Co within a second package of 146 others in September 2015 to Red Oak Taverns. A Christie's press release read – **SEE FIG 2.**
- 1.7.5 The Old House at Home has been closed since February 2015 when the tenants left. A security 'caretaker' was in residence up to the time Red Oak Taverns registered their application for change of use to Housing in April 2016. Since then the building has been standing empty and will require repair, cleaning and refurbishment.

Pubs  
forLet

Pubs owned and operated by us

FIG 1

Not some dodgy recruitment agency

Home

Running a Pub

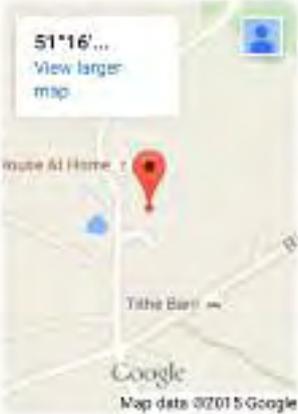
Our Agreements

Search for a Pub

Apply Now

About Us

> PUBS > OLD HOUSE AT HOME





### Old House At Home

**Address**  
Tyney Lane, Newnham Green, Basingstoke, RG22 7 5AH

**Availability**  
Available

[EMAIL OPS MANAGER](#)

[OPS MANAGER DETAILS](#)

APPLY NOW

This is an unique opportunity to acquire this well established quality food (average spend Inclusive of lunch time trade £35+ per head) venue in this much sought out area between Hook and Basingstoke.

The Old House is located in the small village of Newnham Green with easy access to mainline railway and the M3.

The House is in very good condition and has been well looked after, The outside has a seating area with chairs and tables for approx. 20 people. There is a good size car park which can park 20 + cars.

The living accommodation consists of 3 good sized rooms (double bedroom) and a bathroom. There is gas central heating throughout the building.

The trading area/ Kitchen prep. Consists of a covered back yard with walk in refrigeration as well as other auxiliary equipment. You have access from the yard to a Prep room as well as the main kitchen. The prep room and the kitchen are also internally connected. The Kitchen is a full equipped trade kitchen. Between the kitchen and the restaurant is a still room with crockery/cutlery storage and coffee machines etc.

Although a traditional style pub the bar area is used as restaurant with only a small area used as the bar. The restaurant area is spread across two rooms, the first one being the original bars with all the tradition beams an open fires the second area which leads of the bar is the old stables which have been very tastefully converted. This part can be separated from the main area and used for private functions and has its own access to the outside areas.

The house is on offer either on a short or substantial free of tie agreement circa £30000 rent per annum.

04/06/2015 12:35

@

FIG 2

Christie + Co sells 146 pubs to Red Oak Taverns Christie + Co is pleased to announce the sale of 146 tenanted pubs to Red Oak Taverns on behalf of the liquidators handling the GRS group of companies. The acquisition brings Red Oak's total tally of pubs to 170.

Located throughout England and Wales, the pubs were predominantly let on free-of-tie leases with the majority being freehold sites.

Christie + Co has been advising the liquidators, PwC, and Pebble Solutions since 2011 when the GRS Estate, InnDeeD, Pubfolio and Goldtry consisted of 463 pubs. Over the past three years Christie + Co has sold off over 300 of the assets individually, mostly for continued licensed use.

Noel Moffitt, Director at Christie + Co has been handling the disposal for the last four years. He comments: The sale underpins the resurgence in market sentiment towards the tenanted pub sector, where buyers are seeing potential in the pubs and their tenants.”

Since purchase, Red Oak Taverns have taken no evident action with regard to the Old House at Home other than commissioning an assessment of unviability. Red Oak Taverns has a subsidiary company, Bath and Stratford Homes Ltd, incorporated in June 2015, whose business is '68100 - Buying and selling of own real estate' (<https://beta.companieshouse.gov.uk/company/09629224>).

1.7.6 In April 2016 an application for Change of Use was registered with Basingstoke and Deane Borough Council – 16/01315/FUL Old House at Home, Tylney Lane, Newnham: Change of Use, A4 Public House to C3 Residential Dwellinghouse. Red Oak Taverns have not consulted with the community regarding the future of the pub or their intentions to make use of it as development opportunity. Attempts by the Parish Council to discuss community support for reopening had been sidestepped until after the planning application was made public. Red Oak Taverns then agreed to meet but only to confirm their intention to maximise profit from the site to support other areas of their business. This then is their business model, but operating at the expense of Newnham’s Community.

**1.8 Recent trading figures**

An account from the previous landlord for the period 2007 to 2014 indicates:

Average annual turnover £330,000; highest £419,000 (net of VAT); Lowest 2014 annual turnover £265,000 following the fire and eight months’ closure. Note these figures were achieved in the post ‘credit crunch’ period.

In 2014 the tenant put in an offer for the Old House at Home of £315,000 on a going-concern basis. At the time it was on GRS books for £350,000 at an annual rent of £33,000.

This would tie in realistically with the rent of £30,000 being marketed by GRS in June 2015. Figures sourced by Fleurets (c£30,000 rent, £29,750 rateable value) also indicated a trading position well above ‘benchmark’ figures.

These figures would strongly support a viable business.

Local Pubs: Rateable Value and Rent. From Anthony's Miller's report of May 2016

PROPERTY	Rateable Value 1.4.2010	Est. FMT as at 1.4.2010	Ushers details as at 1999		
			Lease terms	Rent 1998	FMT barrels
Old House at Home	£29,750	£350,000	U 10	£25,954	210
Kings Arms, Whitchurch	£10,000	£120,000	U 10	£11,000	125
Greyhound, Overton	£8,800	£102,500	U 10	£16,249	200
Coach & Horses, Rotherwick	£11,000	£130,000			
Falcon, Rotherwick	£35,000	£410,000			
Hogget, Hook	£47,500	£525,000			
Y Knot Inn, Water End	£8,700	£102,500			
Old White Hart, Hook	£51,500	£570,000			

KEY: U 10 is an Ushers 10 year tied lease.

**1.9 SWOT**

**1.9.1 Strengths**

- A rural business operating since 1725
- Integral to Newnham’s heritage and sense of place
- Supporting local business and providing community employment
- Previous rent, turnover and rateable value indicative of strong business
- Attractive Victorian frontage building – typical period model of rural pub
- In-keeping ‘rural character’ interior: bay windows, wooden floors & panelling, open fires

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- Dining area (stable) offers scope for improvement and expansion
- Idyllic location on Village Green
- Rural setting for walkers, cyclists and family outings
- (Taken from Fleurets' assessment) 'the main trading area is presented in two zones... and in total provide a maximum of 35 covers' with the 'barn' dining area providing a further 20'.
- Seating area to front of pub SW facing
- Garden to rear with scope for expanding seating area.
- Car park for 20+ cars with potential for some additional parking
- Strong and supportive local community
- A good publicity base to build on
- An enduring reputation as the 'sausage pub' to develop and expand
- Well connected to large residential & business communities within 5 miles
- Relatively affluent local community, mix of AB, C1, C2
- Local demand – other good destination food venues often fully booked
- An inclusive business model focusing on quality locally sourced produce, friendly service and value for money
- A family and business community with great potential to maximise weekday and off-peak trade.

1.9.2 Weakness

- No current trading figures on which to evidence viable business
- Being closed and without a tenant makes pub vulnerable to 'change of use' applications
- Being uninhabited, potentially increasing refurbishment costs
- Newnham is only a small community so there is dependence on the 'destination pub' market
- Relatively small size of the premises restricts numbers at any one time
- As with any pub, real success will depend on finding the right tenants.

1.9.3 Opportunities

- To alter and refurbish to maximise potential and efficient use of space
- To present the Old House as an attractive premises for tenants
- To present an attractive rent and remuneration package for tenants
- Opportunity for tenant couple to take ownership of new business
- Business model permitting low rents and incentive for tenants to grow the business
- Opportunity for ambitious tenant chef put their own stamp on a new business and build reputation
- To provide a well-priced, excellent quality, locally source food and drink venue for the local community and the destination pub market
- To retain Newnham's Community Pub for future generations
- To be part of the groundswell of local communities looking to reverse the trend of declining rural services and facilities
- To enable a thriving local business to support local employment and trade
- To protect part of Newnham's heritage and sense of place
- To provide a welcoming venue to enable the community to come together
- To build and strengthen community spirit and cohesion
- To improve local services *vis* a village shop
- To provide 'more than pub' to cater for all sections of the community.

1.9.4 Threats

- Planning application for Change of Use to a dwelling house.

## 2. MARKET BACKGROUND

### 2.1 Post 'credit crunch'

Christie's study into property values for 2009 (*The Caterer* 15th January 2010) said '...pub values have now fallen 29% since their peak in the fourth quarter of 2007'. Large pub estates, built up by pub owning companies (PubCos) using cheap finance, were selling assets to reduce debt.

The industry had to cope with the combined pressure of the smoking ban (Health Act 2006) imposed from 1st July 2007 – in all enclosed public places in England including pubs, bars and restaurants – and the credit crunch 'officially' starting on 9th August 2007.

According to the *Daily Telegraph* on 8th August 2013 'Count the ways the credit crunch changed your lives': 'The average British alcohol consumption fell from the equivalent of 9.2 litres of pure alcohol during 2007 to less than 8 litres last year.... Those who still ate out did so on a budget... Fine diners found ways of trimming their bills. Puddings were the biggest victims... research house NPD calculated that 96 million fewer puddings were consumed on restaurant premises in 2012 than 2007.'

Beer consumption has been falling since the 90s (see Fig 1) – rising prices and low cost supermarkets sales have continued to put strain on the traditional tied pub tenancy model, showing it inflexible and increasingly uncompetitive.

According to the 'Great Milton Community Pub Ltd 2013'... 'The traditional model separates the pub owner from the pub operator. The pub owner has charged rents and generally been slow to invest capital in the property. The pub operator has struggled with weak sales, high tied beer costs, an uneconomic rent and insufficient capital to invest in the asset. This is a vicious circle, which can lead to a loss of incentive and subsequent poor management leading to poor performance and declining sales.'

As a result of these pressures the nature of pub ownership is changing with large estates broken up and pubs bought by individuals or small groups. According to CAMRA there were on average 28 pub closures a week in the UK between April and December 2013.

It should be noted that in these years the Old House at Home had strong trading figures.



### 2.2 Recent trends

The Plunkett Foundation reported a notable increase, from 2013, in the number of communities looking to set co-operative pubs and a significant jump in the number of co-operative pubs opening.

# UK Quarterly Beer Barometer

FIG 3



2nd Quarter 2016 (April to June)

## Moving annual total beer sales ('000 barrels)

Total sales	Q1		Q2		Q3		Q4	
	Volume	% change						
1997							36,611	
1998	36,525		36,809		36,115		35,760	-2.3%
1999	35,691	-2.3%	34,975	-5.0%	35,399	-2.0%	35,827	0.2%
2000	35,464	-0.6%	35,503	1.5%	35,052	-1.0%	34,572	-3.5%
2001	34,531	-2.6%	34,432	-3.0%	34,473	-1.7%	34,627	0.2%
2002	34,953	1.2%	35,287	2.5%	35,201	2.1%	35,141	1.5%
2003	35,052	0.0%	35,033	0.0%	35,483	0.0%	35,500	1.0%
2004	35,771	2.0%	35,969	2.7%	35,495	0.0%	35,641	0.4%
2005	35,413	-1.0%	35,015	-2.7%	35,215	-0.8%	34,902	-2.1%
2006	34,778	-1.8%	35,191	0.5%	34,596	-1.8%	34,448	-1.3%
2007	34,265	-1.5%	33,600	-4.5%	33,558	-3.0%	33,155	-3.8%
2008	33,144	-3.3%	32,790	-2.4%	32,213	-4.0%	31,482	-5.0%
2009	30,961	-6.6%	30,543	-6.9%	30,503	-5.3%	30,214	-4.0%
2010	29,927	-3.3%	30,225	-1.0%	29,514	-3.2%	29,150	-3.5%
2011	29,003	-3.1%	28,272	-6.5%	28,492	-3.5%	28,477	-2.3%
2012	28,412	-2.0%	27,984	-1.0%	27,548	-3.3%	27,031	-5.1%
2013	26,871	-5.4%	26,530	-5.2%	26,898	-2.4%	26,999	-0.1%
2014	26,848	-0.1%	27,419	3.4%	27,085	0.7%	27,090	0.3%
2015	27,033	0.7%	26,638	-2.8%	26,950	-0.5%	26,909	-0.7%
2016	26,847	-0.7%	26,954	1.2%				

On-trade sales	Q1		Q2		Q3		Q4	
	Volume	% change						
1997							26,165	
1998	26,031		25,915		25,535		25,257	-3.5%
1999	25,070	-3.7%	24,800	-4.3%	24,750	-3.1%	24,505	-3.0%
2000	24,281	-3.1%	24,018	-3.2%	23,671	-4.4%	23,358	-4.7%
2001	23,134	-4.7%	22,961	-4.4%	22,794	-3.7%	22,763	-2.5%
2002	22,811	-1.4%	22,725	-1.0%	22,552	-1.1%	22,333	-1.9%
2003	22,165	0.0%	22,013	0.0%	21,981	0.0%	21,890	-2.0%
2004	21,821	-1.5%	21,796	-1.0%	21,621	-1.6%	21,513	-1.7%
2005	21,381	-2.0%	21,064	-3.4%	20,935	-3.2%	20,729	-3.6%
2006	20,499	-4.1%	20,466	-2.8%	20,145	-3.8%	19,942	-3.8%
2007	19,770	-3.6%	19,423	-5.1%	19,166	-4.9%	18,737	-6.0%
2008	18,389	-7.0%	17,876	-8.0%	17,506	-8.7%	17,048	-9.0%
2009	16,818	-8.5%	16,634	-6.9%	16,451	-6.0%	16,256	-4.6%
2010	15,951	-5.2%	15,714	-5.5%	15,430	-6.2%	15,135	-6.9%
2011	15,075	-5.5%	14,980	-4.7%	14,894	-3.5%	14,925	-1.4%
2012	14,766	-2.1%	14,576	-2.7%	14,379	-3.5%	14,166	-5.1%
2013	13,997	-5.2%	13,773	-5.5%	13,737	-4.5%	13,690	-3.4%
2014	13,600	-2.8%	13,677	-0.7%	13,610	-0.9%	13,537	-1.1%
2015	13,458	-1.0%	13,298	-2.8%	13,270	-2.5%	13,181	-2.6%
2016	13,170	-2.1%	13,105	-1.5%				

Off-trade sales	Q1		Q2		Q3		Q4	
	Volume	% change						
1997							10,445	
1998	10,494		10,894		10,580		10,503	0.6%
1999	10,621	1.2%	10,175	-6.6%	10,648	0.6%	11,322	7.8%
2000	11,183	5.3%	11,484	12.9%	11,381	6.9%	11,215	-0.9%
2001	11,397	1.9%	11,471	-0.1%	11,679	2.6%	11,864	5.8%
2002	12,143	6.5%	12,562	9.5%	12,649	8.3%	12,808	8.0%
2003	12,888	0.0%	13,020	0.0%	13,502	0.0%	13,610	6.3%
2004	13,949	8.2%	14,174	8.9%	13,874	2.8%	14,128	3.8%
2005	14,032	0.6%	13,951	-1.6%	14,279	2.9%	14,173	0.3%
2006	14,278	1.8%	14,725	5.6%	14,451	1.2%	14,506	2.4%
2007	14,496	1.5%	14,177	-3.7%	14,391	-0.4%	14,418	-0.6%
2008	14,755	1.8%	14,915	5.2%	14,707	2.2%	14,434	0.1%
2009	14,143	-4.2%	13,909	-6.7%	14,052	-4.5%	13,958	-3.3%
2010	13,976	-1.2%	14,512	4.3%	14,084	0.2%	14,015	0.4%
2011	13,928	-0.3%	13,293	-8.4%	13,598	-3.5%	13,552	-3.3%
2012	13,646	-2.0%	13,409	0.9%	13,169	-3.2%	12,866	-5.1%
2013	12,875	-5.7%	12,757	-4.9%	13,161	-0.1%	13,308	3.4%
2014	13,248	2.9%	13,742	7.7%	13,475	2.4%	13,553	1.8%
2015	13,575	2.5%	13,340	-2.9%	13,680	1.5%	13,728	1.3%
2016	13,677	0.8%	13,849	3.8%				

Plunketts cite the key reasons for this change as being:

- Growing awareness and increased confidence that communities can take over and run pubs;
- Continually high closure rates of pubs that matter to local people.
- The development of innovative ways of funding purchases, particularly through community shares;
- New powers available to communities in England, particularly the ability to register Assets of Community Value;
- Improving support available, particularly through Plunkett’s Co-operative Pubs Advice Line and the wider Frontline Service, the Department for Communities and Local Government’s Community Ownership and Management of Assets Programme in England, and the specialist support available through the UK wide Co-operative Enterprise Hub.

Christie’s *Business Outlook* of 19th January 2016 (*Morning Advertiser* 20th January 2016) says the average price of pubs increased by 10.1% in 2015, and 84% of Freeholds sold in 2015 continued as pubs, an increase of 4% on 2014.

According to Fleuret’s director and head of agency, Simon Hall:

*‘2015 will be seen as the point where the economic recovery started to reach the pub property market in all regions of England and Wales.’*

The Fleurets 2015 Survey of pub prices (*Morning Advertiser* 5th January 2016) goes on to say ‘An increased demand paired with reduced supply has led to increased pub values in virtually all areas.’

It has to be noted that the aforementioned ‘reduction in supply’ is in large part attributed to ‘bottom-end pubs’ being sold for housing. With the Old House at Home achieving annual turnovers averaging £330,000 (max £419,000) in the post ‘credit crunch’ years of 2007 to 2014 we firmly believe its trading history evidences it not to be a bottom-end pub.

The net number of pub closures in the UK has fallen from 27 to 21 per week in the six months to July 2016, according to the Campaign for Real Ale (*FT* 19th August 2016 ‘How to Buy Your Local Pub’) which attributes this fall to renewed publicity around the 2011 Localism Act and the ACV process.

Sales figures compiled by the British Beer & Pub Association still indicate a decline in beer sales in the on-trade sector of 1.1 to 2.6% in 2014 and 2015 respectively. However the 2014 figure of 1.1% is the smallest percentage decline since the earliest reported figures from 1997.

BBPA figures also indicate a continuing increase in beer prices. It has been widely predicated that pub prices in general would rise in response to the minimum wage: ‘Osborne’s living wage adds 10p to the cost of a pint’ according *The Mail* 6th April 2016 (the increase Youngs reportedly attached to their beer price due to increased staff costs).



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Price per pint	£2.02	£2.18	£2.25	£2.34	£2.43	£2.54	£2.67	£2.72	£2.85	£2.98	£3.09	£3.17	£3.23
Duty per pint	£0.28	£0.29	£0.30	£0.31	£0.32	£0.33	£0.36	£0.39	£0.41	£0.44	£0.47	£0.46	£0.45
VAT per pint	£0.30	£0.32	£0.33	£0.35	£0.36	£0.38	£0.40	£0.36	£0.42	£0.50	£0.52	£0.53	£0.54
Price - Tax	£1.43	£1.56	£1.61	£1.68	£1.76	£1.84	£1.91	£1.97	£2.02	£2.04	£2.11	£2.18	£2.24

(Note: The importance of maximising margins and a reputation for reasonable (as-reasonable-as-possible) beer prices was emphasised by the landlord of the Dolphin, Bishampton – case study pub.)

## 2.3. Recent legislation affecting pubs

### 2.3.1 The Pubs Code (Small Business, Enterprise and Employment Act 2015)

The Pubs Code came into force on 21st July 2016 and applies to all businesses owning 500 or more tied pubs in England and Wales.

The code provides that tied pub tenants:

- Have their rent reassessed if they haven't had a review for five years
- can request a market rent only (MRO) option to go free of tie and pay only a market rent in specific circumstances, including at a rent review or renewal of tenancy

<https://www.gov.uk/government/publications/pubs-code-and-adjudicator/pubs-code-and-adjudicator>

Pubs Code Adjudicator, Paul Newby, is quoted on the .gov.uk website as saying

'I am proud to be the first ever Pubs Code Adjudicator.... I completely understand and appreciate that there are tied tenants out there struggling to make a living as a result of bad deals with their landlords.

'This goes right to the heart of why the Code really matters – it is about giving more rights to tenants who need to provide for their families and keeping thriving pubs open for local communities to enjoy.'

Enterprise Inns reacted by increasing their managed premises and Christies (*Morning Advertiser* January 2015) predict Pubcos selling 2,000 to 3,000 pubs over the next three years once the details of the MRO have been finalised.

However Enterprise Inns (*Morning Advertiser* 17th May 2016) has seen growth of 5.2% in its free-of-tie business and 1.8% from its tenanted and leased business in like-for like income from the first part of this year.

### 2.3.2 General Permitted Development Order and Assets of Community Value

The Town and Country Planning (General Permitted Development) (Amendment) England Order 2015 which came into force on 6 April 2015... 'removes some permitted development rights for a drinking establishment which have been nominated or listed as an Asset of Community Value (ACV)'. The purpose behind the legislation is to protect pubs from development as they are seen to be an important part of a community.'

Permitted development rights removed are:

- change of use to a shop, restaurant or café or to financial and professional services
- Change to a temporary school
- Demolition.

(*Property Law Journal* (June 2016) <https://www.rollits.com/news/articles/changes-to-permitted-development-rights-for-pubs.aspx>)

### 2.3.3 Section 4 Town & Country Planning Act

An Article 4 direction can be made by a local planning authority. It restricts the scope of permitted development rights either in relation to a particular area or site, or a particular type of development.

A *Times* article of 17th August 2016 'Raising the bar' reported that the London borough of Wandsworth has become [the first local authority in Britain to seek](#)

to formally protect its pubs from redevelopment in a move that could be replicated up and down the country.'

Wandsworth removed permitted development rights from 120 pubs in the borough, preventing them from being demolished or converted into mini-supermarkets, estate agents, homes or shops without planning permission.

Wandsworth said it was the first council in Britain to grant these Article 4 Directions on such a scale and said it hoped that other local authorities would follow suit... Planning experts said that an Article 4 Direction could provide greater protection for a pub than listing it as an Asset of Community Value... but it was essential to have a planning system which supported it.'

## **3 OUR VISION**

### **3.1 Renovation**

The Old House at Home will be renovated without alteration to the main external fabric of the building in keeping with its status as a significant building at the heart of the Conservation area and a registered 'Victorian Building at Risk'. Alteration and renovation will present and equip the pub in excellent condition suitable for new tenants to take over.

### **3.2. Thriving village local**

To re-establish the Old House at Home at the heart of Newnham's community. The Old House at Home will reopen as a community and family pub with quality, locally-sourced food and real ales, and a traditional, welcoming and friendly atmosphere. We will be looking to let the pub as a tenancy (see 13 Tenancy) to a couple, one of whom should be a chef looking to establish and develop his/her reputation, and one suited to front of house. The menu will be based on the highest quality locally sourced ingredients, be realistically priced and cater for a variety of budgets and needs. There will be space and a warm welcome for families with children, and for drinkers as well as diners, with local well-kept guest ales and reasonably priced quality wines.

### **3.3 Viable community hub**

Central to its business model will be the pub as a social hub to facilitate community well-being, integration and cohesion. Menus, pricing and opening times can be tailored to meet identified needs, for example, particular days and times may be allocated to young family dining, food hours extended for local groups and clubs, a 'village drinks' afternoons on Sundays, a business lunchtime 'speed-menu' that caters for limited time, and 'coffee-shop' mornings. The *Morning Advertiser* of May 2014 advised on 'weekday visits now driving the increase in footfall for many pubs'.

A thriving pub business has the capacity to be 'more than a pub', a community hub providing an increasingly important social centre and helping to mitigate for the loss of other services experienced by Newnham and so many rural villages. Such additional services will be expected only to cover their costs.

Examples suggested are post office, parcel drop, free wi-fi and library, groceries on request, and bread baked on the premises. It is expected that the value of such services will be in their 'added-benefit' to the community – and also increasing the value of the pub to those who otherwise might use it less. Educational events such as computer and social media training have been

## 22 Old House at Home: Working Business Plan

suggested. In turn this may increase, community cohesion, well-being and involvement – and so, in time, off-peak trade – for social groups and charity events and coffee mornings for example.

**3.4 Destination pub** Building on this character and quality, its idyllic location on the Village Green (and the reputation of its chef!) the Old House at Home will appeal as an attractive family destination pub to its larger neighbouring communities of Hook, Odiham, Hartley Wintney, Old Basing, and reaching to Basingstoke. A rural walk away along Church Path, a shorter cycle or even shorter car journey, Hook is an extensive residential catchment area, with the large business parks providing a pool of workforce and client lunch trade.

## 4 OBJECTIVES

With the above in mind, our objectives are

- 4.1 To build an evidence base and business case to support a Refusal of the Planning Application for Change of Use.
- 4.2 To build an evidence base and business case to support an application to DCLG for a low interest loan via the Public Works Loan Board.
- 4.3 To be in a position to proceed with an offer for the Old House at Home in the anticipated event that change of use is refused, and so secure the pub on behalf of the community.
- 4.4 Develop a Business Plan to inform on the purchase, refurbishment, lease and future operation of the Old House at Home. As such it will be a working document and constantly updated.
- 4.5 To finance the acquisition and refurbishment of the Old House at Home with funding provided initially by a low interest loan via DCLG form the Public Works Loan Board, and to also consider a Community Share Scheme once business is established.
- 4.6 To achieve a high quality, efficient and cost-effective refurbishment to enhance quality, retain character and maximise use of available space. This will include the first floor ancillary accommodation.
- 4.7 To upgrade the building in respect of energy efficiency and carry out any remedial work that will reduce its carbon footprint and keep bills as low as possible (ref energy performance certificate (EPC)).
- 4.8 To recruit a tenant couple to live in, both being committed to running the pub as a lifestyle choice, one being a chef and one enjoying front of house.
- 4.9 To draw up a comprehensive tenancy agreement (an fixtures and fittings purchase) with the assistance of a tenancy lawyer.
- 4.10 To enable the tenants to achieve ownership of a thriving and sustainable pub business with a friendly, welcoming, community focus, with quality of venue, food and drink capable of attracting custom from at least a seven-mile radius.
- 4.11 To be in a position to charge a reasonable rent capable of repaying the interest on the loan with a small surplus to reinvest.
- 4.12 To retain sufficient contingency to cover two years' rent.
- 4.13 To establish the pub as the community hub.

## 5 EVIDENCE BASE – PURCHASE

**5.1 Potential for purchase** This Plan anticipates the Old House at Home being for sale once planning consent for change of use is refused. The Old House at Home is a registered Asset of Community Value and it is assumed that the Parish Council's Community Right to Bid under the Localism Act will apply. This in theory would allow the Parish Council six months to prepare their bid.

Red Oak Taverns is not obliged to accept an offer from the Parish Council for the Old House at Home but this outcome is likely to be assisted by the Parish Council being in a position to act quickly.

**5.2 Public Works Loan Board** An application to the Department for Communities and Local Government (DCLG) for approval for a loan from the Public Works Loan Board (PWLB)' – has been agreed and minuted by the Parish Council. (The application is submitted to DCLG via HALC.) There is potential to borrow a maximum £500,000 in one year over a maximum period of 50 years.

Discussions with DCLG finance department indicate that they aim to be supportive. With a viable business plan it is likely that a loan would be approved.

These figures were taken from the PWLB website on 21st August 2016.

PUBLIC WORKS LOAN BOARD FIXED RATE LOANS				FIG 4			
Annuity				EIP			
Period Years	rate %	Half yearly cost (£)	Total cost (£)	rate %	initial half yearly cost £	reduces by each half year	Total cost
<u>Amount of Advance: 400,000.00 (from PWLB website 21st August 2016)</u>							
4½-5	1.12	41,242.32	412,423.20	1.12	42,240.00	224.00	412,320.00
9½-10	1.25	21,338.39	426,767.80	1.25	22,500.00	125.00	426,250.00
14½-15	1.48	14,917.12	447,513.60	1.47	16,273.34	98.00	445,570.00
19½-20	1.74	11,883.73	475,349.20	1.72	13,440.00	86.00	470,520.00
24½-25	1.97	10,169.61	508,480.50	1.93	11,860.00	77.20	498,430.00
29½-30	2.14	9,068.51	544,110.60	2.10	10,866.67	70.00	528,100.00
39½-40	2.34	7,726.99	618,159.20	2.30	9,600.00	57.50	586,300.00
49½-50	2.37	6,848.56	684,856.00	2.37	<b>8,740.00</b>	47.40	639,370.00
<u>Amount of Advance: 500,000.00 (from PWLB website 21st August 2016)</u>							
4½-5	1.12	51,552.90	515,529.00	1.12	52,800.00	280.00	515,400.00
9½-10	1.25	26,672.99	533,459.80	1.25	28,125.00	156.25	532,812.50
14½-15	1.48	18,646.40	559,392.00	1.47	20,341.67	122.50	556,962.50
19½-20	1.74	14,854.66	594,186.40	1.72	16,800.00	107.50	588,150.00
24½-25	1.97	12,712.02	635,601.00	1.93	14,825.00	96.50	623,037.50
29½-30	2.14	11,335.63	680,137.80	2.10	13,583.34	87.50	660,125.00
39½-40	2.34	9,658.73	772,698.40	2.30	12,000.00	71.88	732,875.00
49½-50	2.37	8,560.70	856,070.00	2.37	<b>10,925.00</b>	59.25	799,212.50

[http://www.dmo.gov.uk/rpt\\_parameters.aspx?rptCode=D9A&page=Lending](http://www.dmo.gov.uk/rpt_parameters.aspx?rptCode=D9A&page=Lending)

Note 1 The Treasury recently concluded a consultation (3rd August 2016) proposing that the PWLB is abolished and its functions transferred to the Commissioners of the Treasury. However the proposals only affect governance and do not change any of the policy or operational aspects of lending to local authorities.

Note 2 No repayments are required in the first year.

Note 3 Bishampton & Throckmorton Parish Council advised that a business plan must evidence the means of loan repayments and a fall-back plan to repay the loan should the business fail.

Note 4 Once successful trading is established, a share option scheme could be issued to fund further improvements to the pub, or pay off part of the loan.

### 5.3 Purchase Price

- 5.3.1
- Points for consideration
  - Fleurets estimate a freehold value of £350,000.
  - In 2014 the tenant offered £315,000 on a going-concern basis.
  - Red Oak Taverns purchased the House at Home (in a group of 146 pubs for circa £36m) an average price of £246,575.

Given that value is largely based on turnover, it is necessary to establish a reasonable Fair Maintainable Trade (FMT). As the building has been effectively standing empty since February 2015, the repair and refurbishment cost to bring it back even to its previous standard must be taken into account.

## 6. EVIDENCE BASE – BRITISH BEER & PUB ASSOCIATION

### 6.1 Average pub turnover

The British Beer & Pub Association's (BBPA's) *Running a Pub*, their annual guide to costs for tenants and leases, considers information from members supplied in summary form across six different pub models. BBPA says that 'While not inclusive of all business models, they are representative of the great majority of public houses run as either tenancies or leases.'

Costs are shown on the basis that the pub business is directly operated by the tenant or leaseholder and that their income is derived from the profit remaining after operating expenses and rent payable is deducted.

#### Pub models

Seven pub models are illustrated in the report (Turnover and split for each model are general guidelines to give an indication of the focus of each business)

- i Small community local (c100% drink) turnover C£4,000/week
- ii Community wet-led (c90:10 drink/food) turnover C£5,000/week
- iii Community wet-led (c90:10 drink/food) turnover C£8,000/week
- iv Rural character (c50:50 drink/food) turnover C£5,000/week
- v Rural character (c50:50 drink/food) turnover C£8,000/week
- vi Town/country food-led (c30:70 drink/food) turnover C£10,000/week
- vii Town centre pub or bar (c70:30 drink/food) turnover C£10,000/week.

Data from the previous tenancy and the viability assessment produced by Anthony Miller (see 9), places the Old House at Home close to the 'v. Rural Character turnover £8,000 per week; £32,000 per month; £384,000 per annum' bracket. However previous trading figures were based on a high-end gastropub model achieving, according to GRS Inns, 'average spend inclusive of lunch time trade £35+ per head'.

Given that the business has to re-establish and the focus of our Vision (3) is on community, quality, and value for money, it is reasonable to align the Old House at Home figures with model 'iv. Rural Character' – turnover £5,000 per week; £260,000 per annum – at least in early years.

**Fleurets' Viability Report** for Red Oak Taverns (Stuart Parsons) makes an annual turnover assessment of £260,000. 'My opinion of FMT derives from my general experience of licenced premises of this type.'

**AVERAGE PUB TURNOVER – 2015 DATA FROM THE BRITISH BEER & PUB ASSOC**

**Rural character c £5k turnover per week [260k per annum](ex VAT) FIG 5**

Average figures for all pubs reported to BBPA in this category

TURNOVER	PER WEEK (BBPA)	PER ANNUM (BBPA x 52)	
Total Drinks Sales	£2,818	£146,536	
Total Food Sales	£2,070	£107,640	
<b>TOTAL SALES</b>	<b>£4,888</b>	<b>254,176</b>	
Cost of drinks	£1,327	£69,004	
Cost of food	£787	£40,924	
<u>Total Cost</u>	<u>£2,114</u>	<u>£109,928</u>	
<b>Gross Profit</b>	<b>£2,774</b>	<b>144,248</b>	<b>56.75% GP margin</b>

OPERATING COSTS	PER WEEK	PER ANNUM	% COST TO TURNOVER
Wages & Salaries	£944	£49,088	19.31%
Rates	£140	£7,280	2.86%
Utilities	£339	£17,628	6.94%
Repairs & Renewals	£84	£4,368	1.72%
Insurance	£43	£2,236	0.88%
Marketing/Promotion/Telephone	£71	£3,692	1.45%
Consumables	£30	£1,560	0.61%
Waste Disposal/Cleaning/Hygiene	£54	£2,808	1.10%
Professional fees	£48	£2,496	1.98%
Bank charges	£31	£1,612	0.63%
Equipment Hire etc	£24	£1,248	0.49%
Interest on capital	£28	£1,456	0.67%
Other Costs	£76	£3,952	1.55%
<b>Total Operating Costs</b>	<b>£1,912</b>	<b>£99,424</b>	<b>39.12%</b>
<b>Divisible Balance</b>	<b>£862</b>	<b>£44,712</b>	<b>17.64%</b>

Notes on BBPA average turnover from FIG 5

- a. The average turnover per month in the identified category (iv smaller rural character pub) is £21,181 (£254,176 per annum).
- b. These BBPA figures assume the tenant couple will live in the ancillary accommodation above the pub and do not allow for employing a manager.
- c. Anecdotal evidence from the previous landlord of the Old House at Home suggested that a turnover of £25 to £30,000 per month was required to be viable. However the previous tenants incurred the additional costs of living in their own accommodation and employing a manager to live in.
- d. A turnover of £25 to £30,000 per month will be projected for the base-line fifth year of trading for the Old House at Home.

## 6.2. Rent

### 6.2.1 Divisible balance

The following is from *The British Beer & Pub Association Guide 2016*

'Divisible balance is the profit made before rent is deducted. It provides an indication of what rent might be asked for by the pub operating company. RICS (Royal Institute of Chartered Surveyors) guidance states that rents can be in a range of 35%-65% of divisible balance. However, many pub rent settlements are more typically in the 45%-55% of the divisible balance range. All rents can be subject to negotiation by both parties.'

### 6.2.2 Rent as percentage of turnover

- BBPA benchmark figures 2016 show divisible balance being 17.64% of turnover, this (at 50-50) being 8.82% rent and profit.
- According to 'How to run a pub' (<http://howtorunapub.co.uk/pub-running-costs/>) 'the BBPA analysis shows an average rental cost of 8.8% while the ALMR (Association of Licenced Multiple Retailers) puts this at 10.6%.
- The Morning Advertiser of 29 May 2015 said 'average rent in 2015 is 7.5% of projected turnover, a drop from 8.3% in 2014'. (Average rent on a new lease is £25,549 with an average projected annual turnover of £335,377.)

Benchmarks and analysis will vary but the range of consensus is useful.

### 6.2.4 Estimating the Old House at Home's first trading year according to the BPPA's benchmark small 'rural character pub turnover..

Divisible balance = £44,712

Projected profit = £22,000 (allowable before tax)(49.2%)

- Projected Rent £22,712 (50.8%) 8.93% of turnover

This figure would support repayment of a PWLB loan up to £450,000.

Bearing in mind that no interest would be paid by the Parish Council in the first year, it may be reasonable to reduce this first year's rent to allow the tenant relief following the outlay incurred at the start of their tenancy.

Following the first year, a fixed rent of £23,000 is considered for the first five-year tenancy period (see 9 Tenants).

### 6.2.5 Figures sourced by Fleurets are c£30,000 rent; the Old House at Home was advertised by GRS in 2015 for a rent of £30,000 per annum.

**6.3. Rateable value**

Old House rateable value compared to BBPA averages.

The rateable value of the Old House at Home is £29,750 (2014). This, with a business rate multiple of 48p would give rates payable of £12,960 – which equates more closely with the higher band BBPA model ‘v Rural character’ turnover c£8,000 per week (£416,000 per annum) – shown as average £14,560. The Old House at Home’s rateable value reflects its former trading figures and is not sustainable within the current business model’s initial projections. The BBPA model reflects actual figures, so reducing the rateable value must be investigated.

Points for consideration

As noted in the *Morning Advertiser* of 11th July 2012, Rateable values (RV) are set by the Valuation Office Agency (VOA).

The RV is equivalent to annual rent a tenant would pay and is worked out according to accounts and the Fair Maintainable Trade (FMT). A percentage is applied to all income streams as well as location, style of offer and costs.

The RVs of all licensed premises are reviewed every five years and the current rating lists came into effect on 1st April 2015. However, to enable the VOA to undertake the valuations, the antecedent valuation date (AVD) is set by legislation two years before the start of the relevant rating list. So the current AVD is 1st April 2013 which sets the economic circumstances for the valuations.

So the Old House at Home would have been valued when successful under the previous tenants before the fire. Given the closure and current circumstances, it may be possible to appeal the rateable value from April 2015 – when the pub was standing empty, though being marketed by GRS. The VOA may be contacted directly or via a chartered surveyor. It is only possible to appeal the rates once in the five-year period. It is not known what rates Red Oak Taverns are currently paying.

**OLD HOUSE AT HOME: SUMMARY COMPARISON FIGURES**

**FIG 6**

	ANNUAL TURNOVER		ANNUAL RENT			RATEABLE VALUE		
	BBPA	Old House	BBPA			BBPA	Old House	
	Benchmark smaller 'rural character'	Source	Benchmark smaller 'rural character'	Source	Actual or estimated	Benchmark smaller 'rural character'	Source	Actual or estimated
1999				Fluerts	£23,000.00		Valuation Office (Fleurets)	£12,000.00
2005							VO	£42,750.00
2008		Tenant					appealed to	£29,570.00
2010		£419,667.00						
2012		Tenant		Tenant	£33,000.00			
2014		after fire						
2015		£259,784.00		GRS	£30,000.00			
				Fluerest	£30,000.00			
2016	£260,000.00		£22,356.00			£15,167.00		?
Projected		Fluerts		Parish C	£23,000.00		Parish C	£15,000.00
		Parish Council		discounted first year				
		£260,000.00						

#### 6.4. Turnover, Rent, Rateable Value Summary

It seems evident that the benchmark figures from the BBPA and Parish Council (and Fleurets) projections are easily achievable in the light of past performance. Past turnover and former tenants' figures are evidenced by previous rent and rateable values.

#### 6.5. Spend per head and customer numbers

The *Morning Advertiser* and *Big Hospitality* both reported in November 2012 on Zolpho Cooper survey findings that the average pub spend is £15.30 per head. However this was a small sample size of 2,000 and with no information regarding economic or demographic backgrounds.

If we take this figure (less than half that achieved by the previous tenants) then 327 visits per week, 47 people per day will be required to achieve the BBPA benchmark small 'rural character' pubs turnover.

The Old House at Home presently has a 'car park with 20+ spaces, garden seating for 20' (GRS figures); 'the main trading area is presented in two zones... and in total provide a maximum of 35 covers' with the 'barn' dining area providing a further 20' (Fleurets' report).

Plans from 1993 show the approved expansion of the car park to 20 spaces – Google maps clearly show 19 which will be expanded to 21+. There is room for two cars at the front in winter when the seating area removed. An average of two people per car would allow for 42 (winter 46) visits at one time. It would be reasonable to assume weekend family trade would increase this average – plus friends are likely to car share putting the potential capacity for car driven trade at 84 individuals (winter 92). Plus local trade, walkers a cyclists. It is also possible to park on the lane across the Green at peak times (as happens for events the church which has minimal parking).

Our drawings show ample space for 46 covers with a further eight allowed by the proposed glass link extension. There is outdoor seating at front facing the Green for c15, with 30+ in the garden.

The Old House at Home doesn't have the capacity to support a model catering for 350 people at weekends and nobody in the week. But according to the *Morning Advertiser* of May 2014 'weekday visits are now driving the increase in footfall for many pubs'. With a business model catering for all sections of its community and market area, the Old House has ample scope to cater for sufficient and above sufficient numbers through varied and consistent trade.

Eric Spencer of Bruton Knowles identifies just one model of 'gastropub' saying 'ideal properties will have up to 100 covers, a separate wet bar and outdoor space for al-fresco dining, preferably with a garden'. The Old House at Home would seem to match this ideal quite closely though it terms of covers specified, for a smaller pub it would be difficult not to. The BBPA model of distinguishing between smaller and larger 'rural character' pubs is more helpful.

7. EVIDENCE BASE ALMR REPORT

FIG 7



MARKET TRENDS & DYNAMICS

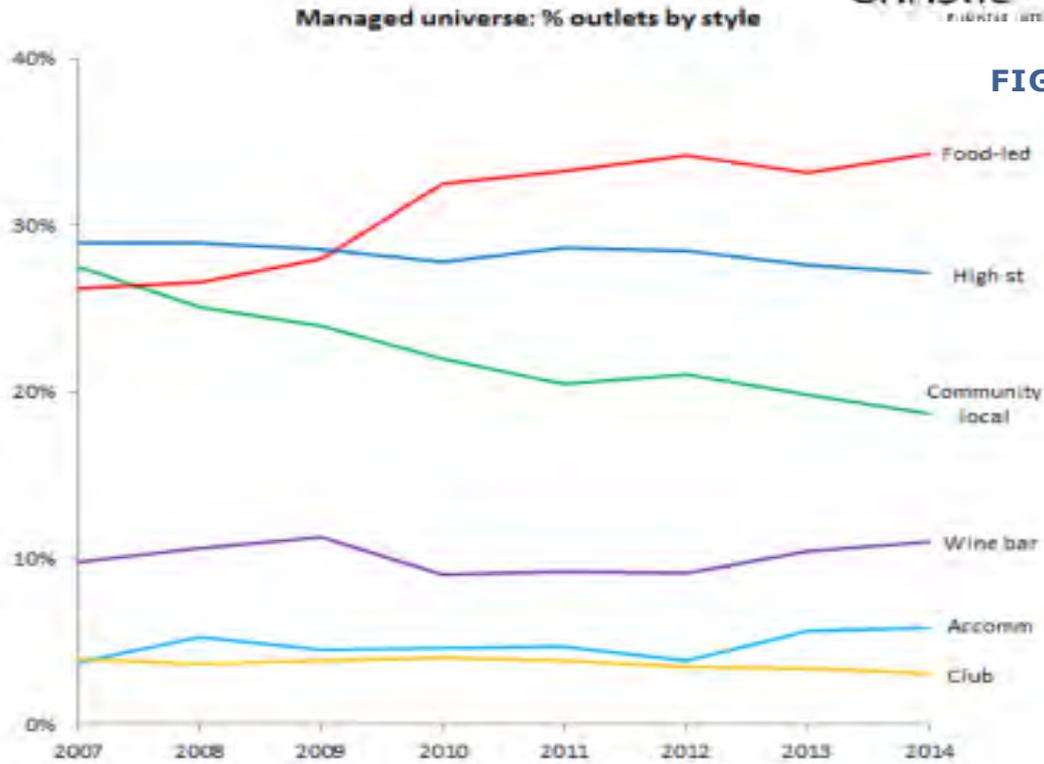


FIG 7.1

4

MARKET TRENDS - FOOD VS DRINK

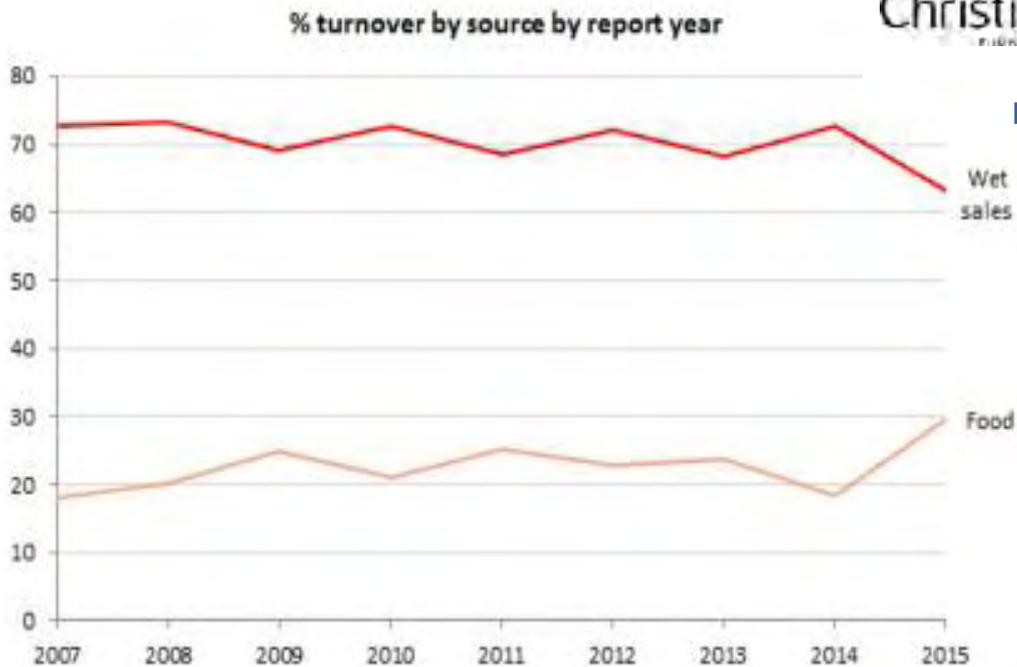
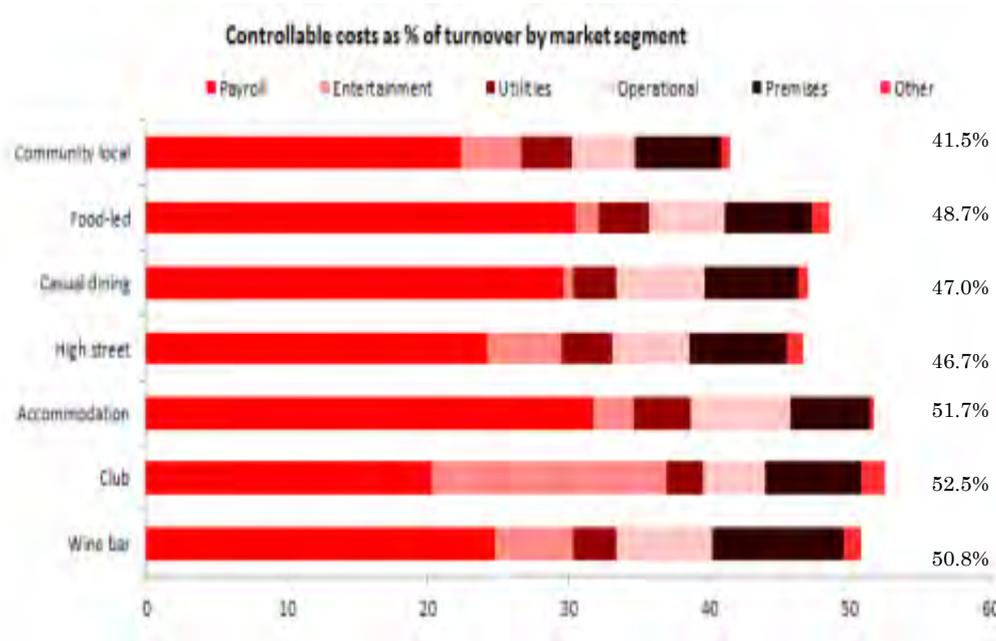


FIG 7.2

5

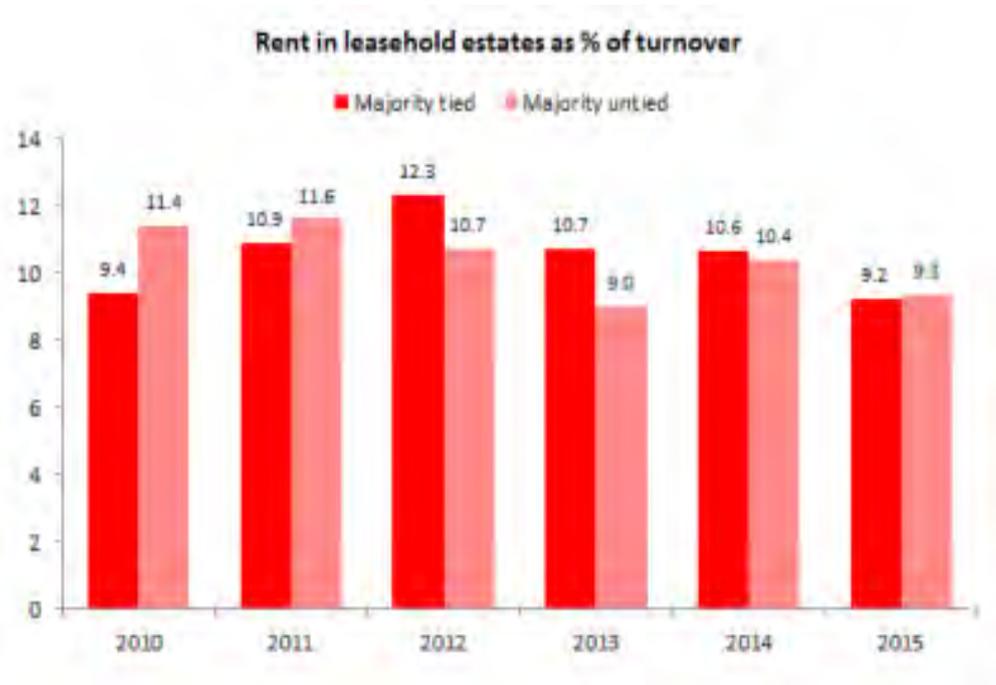
## COSTS BY MARKET SEGMENT

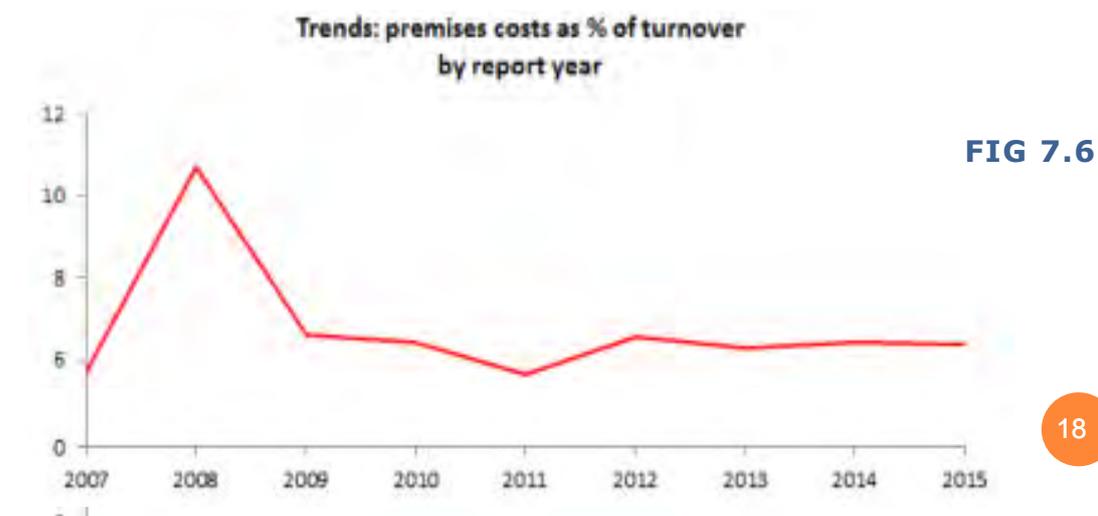
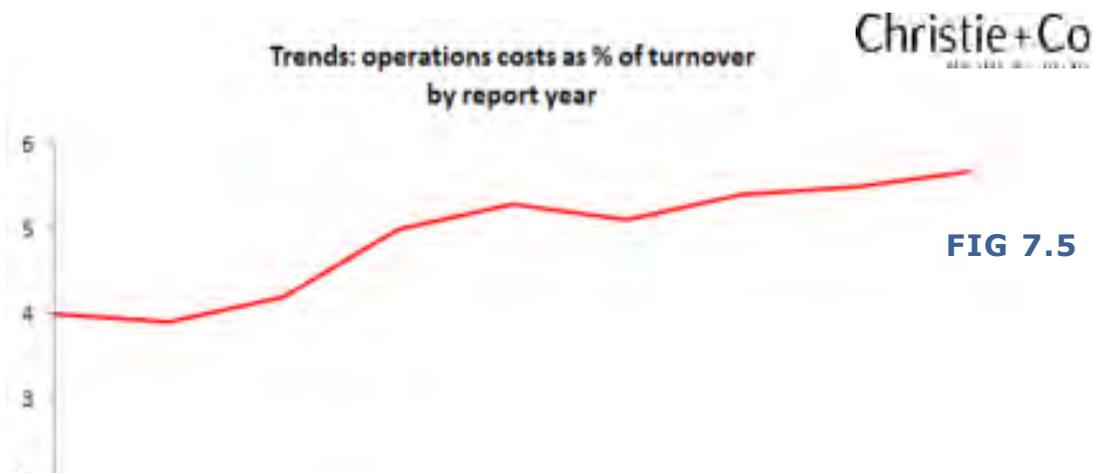
FIG 7.3



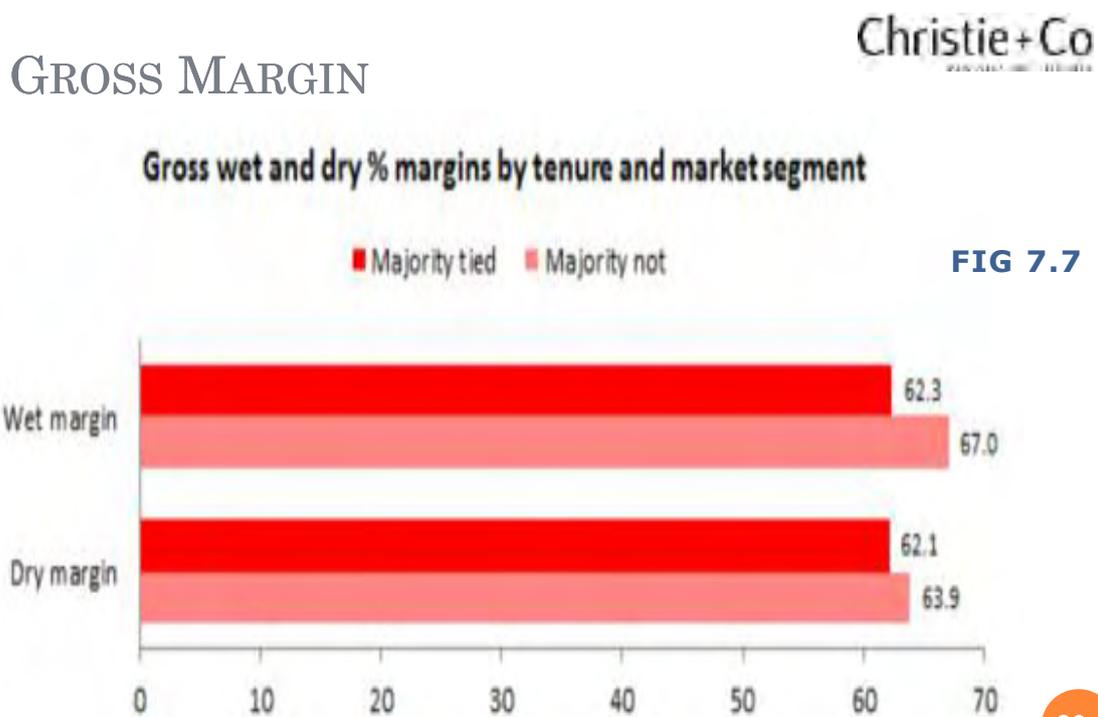
## RENT – TIED VS NON-TIED

FIG 7.4





18



20

## **8 EVIDENCE BASE - VIABILITY STUDY**

### **8.1 Anthony Miller: GVA Consultant and Pub is the Hub Advisor**

The Parish Council instructed Anthony Miller to assess the Viability of the Old House at Home in order to support a case for refusing change of use

Mr Miller was a Founder Director of Humberts Leisure, elected a Fellow of the Royal Institution of Chartered Surveyors in 1978, and now a Consultant with GVA following 50 years in the pub and leisure industry.

After eight years in two breweries he worked in private practice undertaking valuations for purchase and sale, rating, asset valuations, rent reviews and acting as an expert witness or arbitrator in cases predominantly to do with Public Houses.

During the recent changes within the Industry he has helped set up and carry out valuations for a number of the new Pub Companies including British Country Inns, Enterprise Inns and Ushers. He has appeared in the County Court as an expert witness and given evidence in Local Valuation Courts on Rating Appeals. He has worked in a family brewery helping to manage their portfolio of some 200 pubs before moving to Bass Mitchells and Butler's Property & Licensing Department.

Since 'retiring', in addition to consultancy work with GVA, Mr Miller has been an Adviser to Pub is The Hub (PITH) overseeing their business in the South East of England. The work has involved giving advice to Local Authorities on how they can improve services to the rural communities and to communities wishing to acquire their local pub. He chairs a Board with representatives from all the brewers and many of the Pub Companies in the South East as well as representatives from the Department of Communities and Local Government, the Post Office, the BBPA, Applause, and South East Tourist Board.

Until four years ago, he was chairman of British Country Inns, a Pub Company originally set up under an Enterprise Investment Scheme, with 30 pubs in the Midlands and South West of England and into Wales. The outlets are held freehold apart from one that is leasehold. This is a portfolio of Free Houses in rural locations trading as local and destination outlets where food accounts for a significant percentage of the turnover. The outlets operate under a mix of managed and leased arrangements.

Mr Miller is one of five investors owning a public house fronting the River Thames in Twickenham. They purchased the freehold interest in the White Swan five years ago and now operate the business as a Free House under direct management.

### **8.2 Implications of Mr Miller's Viability Study for the Old House at Home Business Model**

Given the evidence from previous trading figures and rateable value which Mr Miller considered, and his experience and expertise, these figures (**FIG 8**) are accepted as a sound and positive assessment of the Old House at Home's potential – and part of the evidence base to demonstrate viability and justify purchase.

However, as indicated in the Vision (3) the initial priority of the Parish Council and Community Pub Steering Group is to sustain a viable Village asset for the benefit of the present and future community. Our approach will initially be

FMT Turnover	£375,000	
Gross Profit at 67.5%	£253,125	
Less		
Wages at 31% of T/O		
Fixed and Variable Costs at 16% of T/O		
Total costs	£176,250	
Net Profit	£ 76,875	
Less Interest on capital		
Cash	£ 8,000	
Stock	£15,000	
FF&E	£45,000	
Total	£68,000	
Interest at 5%	£ 3,400	
<u>Divisible Balance</u>	<u>£73,475</u>	
Rental bid at 50%		
Rent	£ 36,737	say £36,500

'This leaves the tenant with an income of £36,500 in addition to accommodation provided.

The rent over the initial five years of the term would be discounted in Years 1 & 2 from £36,500 to – in Year 1 £25,000, rising in Year 2 to £30,000 and in Year 3 to £36,500 until the first review. This would give the business time to reach a maturity.

**FIG: 8**  
**Projected Figures for the Old House at Home from Anthony Miller’s Viability Report**

conservative and focus on the requirement of sufficient returns – for tenants’ remuneration, repaying the loan, and necessary reinvestment.

The pub’s business model will focus on quality of fayre, service, and value for money. Therefore a conservative estimate of turnover and profit in line with BBPA & ALMR benchmarks would seem a good starting point enabling new tenants to establish their business model and secure the Old House’s reputation.

This is not to say its potential will be ignored. It is recognised that while benchmarks are useful as a starting point, beyond that their use is limited and all pubs are different. The perspective of Anthony Miller is particularly valuable in providing an independent assessment, evidencing potential and challenging the ‘benchmark’ view.

## 9 EVIDENCE BASE – ‘HOW TO RUN A PUB’

From the ‘How to run a pub website ‘Essential advice’

### Operating costs FIG 9

‘One can extrapolate an approximation of average operating costs for pubs as a percentage of their turnover from the BBPA benchmarks (ALMR benchmark is bracketed where appropriated).

Wages and Salaries –	19.6%(24%)
Rates –	3.6%
Utilities –	5.0% (4.4)
Repairs, Maintenance & Renewals –	1.5%
Building Insurance –	0.8%
Marketing / Promotion / Telephone –	1.6%
Consumables –	0.6%
Waste / Clearing / Hygiene –	1.0%
Professional fees–	0.9%
Bank & card charges –	0.6%
Equipment Hire etc –	0.4 %
Interest on capital –	0.5%
Other costs –	1.6% (2)

‘..which means of course, one can expect to spend 37.8% of turnover on operation costs and general a trading profit [devisable balance] of 17.6%’.

Average rental cost 8.8% BBPA (10.6% ALMR)

<http://howtorunapub.co.uk/pub-running-costs/>

## 10. FINANCE – OLD HOUSE OPERATING COSTS

### 10.1 Old House at Home – Base annual trading figures

Initial trading figures for the Old House at Home are shown at **FIG 10.1**. These figures set out to demonstrate that benchmark turnover for this type of pub is able to cover costs, provide a higher than average level of staffing, support an average (to begin with) remuneration for the tenants, and sufficient rent to repay a PWLB loan of up to £450,000.

These figures are compared with those produced by Fleurets and shown to be similar in most respects – the notable difference being the means of finance chosen (see **FIG 10.2 and 10.3**).

The first six months of tenancy will be rent-free. No repayments are required to the PWLB for the first 12 months of the loan period.

### 10.2 Old House at Home – Five-year forecast

**FIG 12** projects a conservative level of growth sufficient to increase the tenants’ remuneration from c£22,000 to c£30,000 over a five-year period. With a rent fixed at £23,000, profit above this will be for the tenants to generate for their own benefit.

A five-year forecast supplied by Anthony Miller gives an educated estimate of the actual trading potential of the Old House at Home **FIG 13**.

Trading Figures for Old House at Home		
	Year 1	FIG 10.1
<b>TURNOVER</b>		<b>% of turnover</b>
Total drink Sales	£156,000.00	60.00%
Total Food Sales	£104,000.00	40.00%
<b>Total Sales</b>	<b>£260,000.00</b>	
		<b>% profit</b>
GP Drink sales	£101,400.00	65.00%
GP Food sales	£65,000.00	62.50%
<b>Gross Profit</b>	<b>£166,400.00</b>	<b>64.00%</b>
<b>OPERATING COSTS</b>		<b>% of turnover</b>
Wages & Salaries	£71,500.00	27.50
Rates	£7,436.00	2.86
Utilities	£13,000.00	5.00
Repairs & Renewals	£3,640.00	1.40
Insurance	£2,340.00	0.90
Marketing/pne/wi-fi	£3,900.00	1.50
Consumables	£1,560.00	0.60
Waste Disposal/Cleaning	£2,860.00	1.10
Professional fees	£5,200.00	2.00
Bank charges	£1,560.00	0.60
Equipment Hire etc	£1,040.00	0.40
Other Costs	£4,160.00	1.60
<b>Total operating costs</b>	<b>£118,196.00</b>	<b>45.46</b>
<b>NET PROFIT</b>	<b>£48,204.00</b>	<b>18.54</b>
Interest on capital 5% £60,000	£3,000.00	
<b>Divisible Balance</b>	<b>£45,204.00</b>	<b>17.39</b>
rent	£23,000.00	8.85
Profit	£22,204.00	8.54
<b>NOTES</b>		
- Allows payment of loan from PWLB up to £450,000		
- Allows tenants a salary of £22,204 (just above level of personal allowance).		
-The rent is fixed at £23,000. Additional income adds to tenants' remuneration.		
- Tenants' income is in addition to ancillary accommodation.		

**INITIAL TRADING FORECAST  
PROJECTED FOR THE OLD HOUSE**

(Newnham Parish Council based on benchmark FMT figures)

**FIG 10.2**

Estimated Sales (FMT) - net of VAT	<b>£260,000</b>
(fair maintainable trade)	
Gross Profit @ 64%	£166,400
Less operational costs @ 45.46% of sales	£118,196
<b>Net Profit (FMOP)</b>	<b>£48,204</b>
(fair maintainable operating profit)	
Less interest of capital	£3,000
Less Tenant's remuneration	£22,204
<b>Profit/loss before finance costs (ie rent payable)</b>	<b>£23,000</b>
Less Cost of finance for £450,000 PWLB repayment loan @ 2.37% covering purchase & refurbishment = £3,335 remaining for contingency.	£19,665
NB: Minimum trading forecast	

**COMPARISON FROM EXPERT REPORT OF STUART PARSONS**

**FIG 10.3**

'5.2.2.6 I set out below my assessment of viability.

'Estimated Sales (FMT) - net of VAT	<b>£260,000</b>
(fair maintainable trade)	
Gross Profit @ 62%	£161,200
'Less operational costs @ 42% of sales	£109,200
<b>Net Profit (FMOP)</b>	<b>£52,000</b>
(fair maintainable operating profit)	
'Less Owner's remuneration	£30,000
<b>Profit/loss before finance costs</b>	<b>£22,000</b>
'Less Cost of finance	
Notional acquisition price	£350,000
Cost of refurbishment/ inventory items, say	£20,000
Stock & working capital	£10,000
	<b>£380,000</b>
'Annual repayment on mortgage	£380,000
	<b>£33,101</b>
'Profit/loss after owner's remuneration and cost of finance	(£11,101)'

**10.3 Turnover – Fair Maintainable Trade – £260,000**

This figure is as per BBPA Benchmark and Fleurets' assessment, and in line with original assessment of Old House Community Steering Group (£250,000) plus Anthony Miller's discounted first year forecast (£250,000).

**10.4 Wet / dry split 60/40**

This is roughly the BBPA benchmark for small rural character pubs (57.65/42.35) and fits the Old House at Home customer base. The Old House at Home will be a community pub, a destination pub and a family oriented pub as per the location and demographics of its market areas. Food will be good quality, locally sourced, reasonably priced, rather than a 'gastropub'. The ALMR Report shows % wet and dry sale trends converging (from 2014) and 'food-led' as the highest percentage of pub classifications and on the increase, while the 'community local' by itself is declining. The Pub will have a tenant-chef. Fleurets comment that 'if it is to be a viable business then it is essential that the destination food trade is attracted'.

**10.5 Gross profit margin – 64% average**

This figure is from the five-year forecast produced for guidance by Anthony Miller (anticipating careful local purchasing and minimum waste).

- ALMR Report for 'mostly none tied houses' 67% wet/63.1% dry (FIG 7.7)
- Peter Lumley: 'for Food and Bar we aim for a Gross Margin of 67.5%'
- Fleurets put gross profit at 62%
- BBPA figure for small 'rural character' pubs is 56.75% (bearing in mind many of these will be tied houses).

**10.6 Operating Costs 45.46% See FIG 10.1**

- BBPA benchmark small 'character pub' give operating cost of 39.12%
- Anthony Miller's five year forecast gives operating cost of 48.9%
- ALMR Report figures show 48.7% for 'food led' pubs
- Fleurets estimate 42%

So follows a consideration of what is included....

[Notes on Operating Costs](#)**10.6.1 (27.5%) Wages** are a significant consideration.

'How to Run a Pub' notes the average benchmark figures from BBPA and ALMR respectively are 19.6% and 24%. The ALMR figures for 'food led' pubs (FIG 7.3) show the percentage spend on wages as a total of operating costs to be significantly higher for 'food led' pubs than other models – unsurprisingly. The Old House at Home is looking to employ a tenant-chef and achieving excellent and friendly service catering for all sections of its market (good food family destination pub, good beer pub welcoming drinkers, all-day coffee, the office lunch-time and after work trade, local, group and charity events etc). It will need to be well-staffed to be successful and this will be important in building reputation. Anthony Miller's figures show wages at 30%. This Plan's figures allow 27.5%, increasing to 28%, which is considerably above the averages.

Alastair Scott of Malvern Inns and founder of S4Labour (*Morning Advertiser* of 12th May 2014) says 'labour costs are usually more than 20% of revenue'. He talks about the importance of forecasting for and managing labour saying that 'on average about 30% of labour cost is wasted and the biggest cost waste in the business'. Managing staff hours will be a priority.

- 10.6.2 (0%) **Entertainment** costs are likely to account for only a minimal percentage (as ALMR figures for 'food led' pubs (FIG 7.3)). As per the 'How to Run a Pub' review, 'Entertainment' is presumed to be shown under 'Other costs'.
- 10.6.3 (2.86%) **Rateable value and rates paid** A default figure of the BBPA benchmark for 'small rural pubs' has been used. Rates paid (48p in the £) were considered at '6.3 Rateable Value'. The Old House RV of £29,750 as last assessed by the Valuation Office Agency will be appealed.
- 10.6.4 (5%) **Utilities**  
 BBPA benchmark 'small character pub' 6.4
- ALMR Report figures show 5%
  - Anthony Miller's five year forecast gives 3.5
- Points for consideration
- The pub will be refurbished and utilities updated
  - PVC windows are already fitted downstairs
  - looking to maximise energy efficiency
  - the pub needs to be warm in winter
  - the stable dining area will likely benefit from roof insulation
  - there is an open fire in both bars for the winter
  - not on mains gas.
- Initially aim for the average 5% figure.
- 10.6.5 (1.4%) **Repairs and renewals**
- BBPA benchmark figures 'small rural' pub 1.72%
  - BBPA and ALMR benchmark quoted by 'How to Run a Pub' 1.5%.
  - Anthony Miller's figure is 1.4%. The pub will have been refurbished.
- 10.6.6 (0.9%) **Insurance**
- BBPA benchmark figures for 'small rural pub 0.88%
  - BBPA and ALMR benchmark quoted by 'How to Run a Pub' 0.8.
  - Anthony Miller's figure 0.9%.
- 10.6.7 (1.5%) **Marketing / Promotion / Phone**
- BBPA benchmark figures for 'small rural pub are 1.45%
  - BBPA and ALMR benchmark quoted by 'How to Run a Pub' 1.6%.
  - Anthony Miller's figure 1.6%.
- Note the prominence given to (free) social media in the marketing strategy – plus support from the Parish Council. Free Wi Fi for the pub to be included.
- 10.6.8 (0.6% - increasing to 1%) **Consumables**
- BBPA benchmark figures for 'small rural pub are 0.61%
  - BBPA and ALMR benchmark quoted by 'How to Run a Pub' 0.6%.
  - Anthony Miller's figure 1.3%. (Hopefully can economise here.)
- 10.6.9 (1.1%) **Waste / Cleaning / Hygiene**
- BBPA benchmark figures for 'small rural pub are 1.10%
  - BBPA and ALMR benchmark quoted by 'How to Run a Pub' 1.0%.
  - Anthony Miller's figure 1.1%.
- 10.6.10 (2%) **Professional fees**
- BBPA benchmark figures for 'small rural pub are 1.98%
  - BBPA and ALMR benchmark quoted by 'How to Run a Pub' 0.9%.
  - Anthony Miller's figure 2.0%. Higher figure sensible given new business. To be decreased in Years 2-4, then increased again in Year 5 pending new tenancy agreement.

Expert Report of S Parsons BSc MRICS FAVLP

FIG 11



5.2.2.6 I set out below my assessment of viability.

Estimated Sales (FMT) - net of VAT		£260,000
Gross Profit @ 62%	£161,200	
<u>Less</u> operational costs @ 42% of sales	<u>£109,200</u>	
Net Profit (FMOP)		£52,000
<u>Less</u>		
Owner's remuneration (See 5.2.2.11 below)		<u>£30,000</u>
Profit/loss before finance costs		£22,000
<u>Less</u>		
Cost of finance		
Notional acquisition price, say	£350,000	
Cost of refurbishment/inventory items, say	£20,000	
Stock and working capital	<u>£10,000</u>	
	£380,000	
Annual repayment on £380,000 mortgage (see 5.2.2.12 below)		£33,101
Profit/Loss after owner's remuneration and cost of finance		(£11,101)

5.2.2.9 My opinion of FMT derives from my general experience of licensed premises of this type.

NOTES

- Assumption of over 100% mortgage at 5% not realistic for a business model and not relevant to the situation of the Parish Council or Red Oak Taverns
- Red Oak Taverns paid £246,575 for the Old House at Home (as a average price).
- Ancillary accommodation to be considered with regards to salary.

10.6.11 (0.6%) Bank and Charge Cards

- BBPA benchmark figures for 'small rural pub are 0.63%
- BBPA and ALMR benchmark quoted by 'How to Run a Pub' 0.6%.
- Anthony Miller's figure 0.6%.

10.6.12 (0.4%) Equipment hire

- BBPA benchmark figures for 'small rural pub are 0.49%
- BBPA and ALMR benchmark quoted by 'How to Run a Pub' 0.4%.
- Anthony Miller's figure 0.5%.

10.6.13 (1.6) Other costs

BBPA benchmark figures for 'small rural pub are 1.55%  
 BBPA and ALMR average figures quoted by "How to Run a Pub' 1.6%.  
 Anthony Miller's figure 2.0%.

10.7 Interest on Capital

This assumes the tenant taking a loan at 5% to cover the initial outlay required to take on the Tenancy, also assuming the pub will be fully kitted out and operational. Figures as Anthony Miller's estimate (valuation needed):

Fixtures & fittings £45,000 Stock (food and drink) £10,000 Cash £5,000.

'Pub tenancies all have different costs and cash requirements vary from pub to pub – anything from £5,000 to £70,000' [http:// www.runathwaitespub.co.uk/](http://www.runathwaitespub.co.uk/)

'The startup cost for pub tenants is normally between £20,000 and £50,000' <http://publandlordadvisor.uk/pubs-for-lease>.

**10.8 Rent – 8.85%-to 7.49% after five years**

Rent is discussed at 6.2. ..the BBPA analysis shows an average rental cost of 8.8% while the ALMR (Association of Licenced Multiple Retailers) puts this at 10.6%. The *Morning Advertiser* of 29 May 2015 said 'average rent in 2015 is 7.5% of projected turnover, a drop from 8.3% in 2014'.

**10.9 More than a pub**

The value to the community of the 'more than a pub' concept is immense and integral to the project. These facilities and services will develop over time and be self sustaining. They will need only to cover their costs and as such will not be shown in the budget figures.

OLD HOUSE AT HOME: FIVE-YEAR TRADING FIGURES – MINIMUM FORECAST											FIG 12
	Year 1		Year 2		Year 3		Year 4		Year 5		
		% of turnover									
<b>TURNOVER</b>											
Total drink Sales	£156,000.00	60.00%	£160,680.00	59.31%	£165,500.40	58.61%	£170,465.41	57.92%	£175,579.37	57.21%	
Total Food Sales	£104,000.00	40.00%	£110,240.00	40.69%	£116,854.40	41.39%	£123,865.66	42.08%	£131,297.60	42.79%	
<b>Total Sales</b>	<b>£260,000.00</b>		<b>£270,920.00</b>		<b>£282,354.80</b>		<b>£294,331.08</b>		<b>£306,876.98</b>		
		% profit									
GP Drink sales	£101,400.00	65.00%	£104,442.00	65.00%	£107,575.26	65.00%	£110,802.52	65.00%	£114,126.59	65.00%	
GP Food sales	£65,000.00	62.50%	£68,900.00	62.50%	£73,034.00	62.50%	£77,416.04	62.50%	£82,061.00	62.50%	
<b>Gross Profit</b>	<b>£166,400.00</b>	<b>64.00%</b>	<b>£173,342.00</b>	<b>64.00%</b>	<b>£180,609.26</b>	<b>64.00%</b>	<b>£188,218.56</b>	<b>64.00%</b>	<b>£196,187.60</b>	<b>64.00%</b>	
		% of turnover									
<b>OPERATING COSTS</b>											
Wages & Salaries	£71,500.00	27.50%	£75,857.60	28.00%	£79,059.34	28.00%	£82,412.70	28.00%	£85,925.55	28.00%	
Rates	£7,436.00	2.86%	£7,436.00	2.86%	£7,436.00	2.86%	£7,436.00	2.86%	£7,436.00	2.86%	
Utilities	£13,000.00	5.00%	£13,546.00	5.00%	£14,117.74	5.00%	£14,716.55	5.00%	£15,343.85	5.00%	
Repairs & Renewals	£3,640.00	1.40%	£4,063.80	1.50%	£4,517.68	1.60%	£5,003.63	1.70%	£5,216.91	1.70%	
Insurance	£2,340.00	0.90%	£2,438.28	0.90%	£2,541.19	0.90%	£2,648.98	0.90%	£2,761.89	0.90%	
Marketing/phone/wi-fi	£3,900.00	1.50%	£4,063.80	1.50%	£4,235.32	1.50%	£4,414.97	1.50%	£4,603.15	1.50%	
Consumables	£1,560.00	0.60%	£2,167.36	0.80%	£2,823.55	1.00%	£2,943.31	1.00%	£3,068.77	1.00%	
Waste/Cleaning	£2,860.00	1.10%	£3,007.21	1.10%	£3,134.14	1.10%	£3,267.07	1.10%	£3,406.33	1.10%	
Professional fees	£5,200.00	2.00%	£3,251.04	0.12%	£2,823.55	0.10%	£2,943.31	0.10%	£4,603.15	0.15%	
Bank charges	£1,560.00	0.60%	£1,625.52	0.60%	£1,694.13	0.60%	£1,765.99	0.60%	£1,841.26	0.60%	
Equipment Hire	£1,040.00	0.40%	£1,354.60	0.50%	£1,411.77	0.50%	£1,471.66	0.50%	£1,534.38	0.50%	
Other Costs	£4,160.00	1.60%	£4,334.72	1.60%	£4,517.68	1.60%	£4,709.30	1.60%	£4,910.03	1.60%	
<b>Total</b>	<b>£118,196.00</b>	<b>45.46%</b>	<b>£123,145.93</b>	<b>45.45%</b>	<b>£128,312.09</b>	<b>45.44%</b>	<b>£133,733.46</b>	<b>45.44%</b>	<b>£140,651.30</b>	<b>45.83%</b>	
<b>NET PROFIT</b>	<b>£48,204.00</b>	<b>18.54%</b>	<b>£50,196.07</b>	<b>18.53%</b>	<b>£52,297.17</b>	<b>18.52%</b>	<b>£54,485.09</b>	<b>18.51%</b>	<b>£55,536.30</b>	<b>18.10%</b>	
Interest on capital 5% £60,000	£3,000.00		£3,000.00		£3,000.00		£3,000.00		£3,000.00		
<b>Divisible Balance</b>	<b>£45,204.00</b>	<b>17.39%</b>	<b>£47,196.07</b>	<b>17.42%</b>	<b>£49,297.17</b>	<b>17.46%</b>	<b>£51,485.09</b>	<b>17.49%</b>	<b>£52,536.30</b>	<b>17.12%</b>	
rent	£23,000.00	8.85%	£23,000.00	8.49%	£23,000.00	8.15%	£23,000.00	7.81%	£23,000.00	7.49%	
Profit	£22,204.00	8.54%	£24,196.07	8.93%	£26,297.17	9.31%	£28,485.09	9.68%	£29,536.30	9.62%	

40 Old House at Home: Working Business Plan

FIVE YEAR FORECAST FOR OLD HOUSE AT HOME - ANTHONY MILLER

**FIG 13:  
PRODUCED BY  
ANTHONY MILLER  
TO SHOW  
POTENTIAL FOR  
OLD HOUSE AT  
HOME TRADING  
FIGURES**

TURNOVER	YEAR 1				YEAR 2			
	£	GP %	£	%	£	GP %	£	
Liquor	£175,000.00	65%	£113,750.00		£200,000.00	65%	£130,000.00	
Food	£75,000.00	62.5%	£46,875.00		£100,000.00	62.5%	£62,500.00	
<b>TOTAL</b>	<b>£250,000.00</b>	<b>64.25</b>	<b>£160,625.00</b>		<b>£300,000.00</b>	<b>64.17</b>	<b>£192,500.00</b>	
<b>WORKING EXPENSES</b>								
Wages	£75,000.00				£90,000.00			
Rates	£10,000.00				£10,500.00			
Utilities	£8,750.00				£9,500.00			
Repairs&renewals	£3,500.00				£4,000.00			
Insurance	£2,250.00				£2,500.00			
Marketing	£4,000.00				£4,000.00			
Consumables	£3,250.00				£3,750.00			
Cleaning	£2,750.00				£3,250.00			
Professional Fees	£5,000.00				£3,000.00			
Bank charges	£1,500.00				£1,500.00			
Equipment Hire	£1,250.00				£1,500.00			
Other costs	£5,000.00				£6,000.00			
<b>Total costs</b>			<b>£122,250.00</b>	<b>48.90%</b>			<b>£139,500.00</b>	<b>46.50%</b>
<b>Net profit</b>			<b>£38,375.00</b>	<b>15.35%</b>			<b>£53,000.00</b>	<b>17.67%</b>
Interest on capital								
FF&E	£45,000.00				£45,000.00			
Cash	£5,000.00				£6,000.00			
Stock	£10,000.00				£12,000.00			
	<b>£60,000.00</b>	<b>5%</b>	<b>£3,000.00</b>		<b>£63,000.00</b>	<b>5%</b>	<b>£3,150.00</b>	
<b>Divisible balance</b>			<b>£35,375.00</b>				<b>£49,850.00</b>	
Rent at		50%	£17,687.50		50%	£24,925.00		Sep-16
		say	£18,000.00	<b>6.80%</b>		say	£25,000.00	<b>8.33%</b>
<b>YEAR 3</b>								
<b>TURNOVER</b>	<b>£</b>	<b>GP %</b>	<b>£</b>		<b>£</b>	<b>GP %</b>	<b>£</b>	
Liquor	£210,000.00	65%	£136,500.00		£225,000.00	66%	£148,500.00	
Food	£115,000.00	62.5%	£71,875.00		£125,000.00	64.0%	£80,000.00	
<b>TOTAL</b>	<b>£325,000.00</b>	<b>64.12</b>	<b>£208,375.00</b>		<b>£350,000.00</b>	<b>65.29</b>	<b>£228,500.00</b>	
<b>WORKING EXPENSES</b>								
Wages	£97,500.00				£105,000.00			
Rates	£11,000.00				£11,500.00			
Utilities	£10,000.00				£11,000.00			
Repairs&renewals	£5,000.00				£5,000.00			
Insurance	£2,750.00				£3,000.00			
Marketing	£4,500.00				£5,000.00			
Consumables	£4,000.00				£4,500.00			
Cleaning	£4,000.00				£5,000.00			
Professional Fees	£3,000.00				£3,500.00			
Bank charges	£1,500.00				£1,500.00			
Equipment Hire	£1,750.00				£2,000.00			
Other costs	£7,500.00				£7,500.00			
<b>Total costs</b>			<b>£152,500.00</b>	<b>46.92%</b>			<b>£164,500.00</b>	<b>47.00%</b>
<b>Net profit</b>			<b>£55,875.00</b>	<b>17.19%</b>			<b>£64,000.00</b>	<b>18.29%</b>
Interest on capital								
FF&E	£45,000.00				£45,000.00			
Cash	£6,500.00				£7,000.00			
Stock	£14,000.00				£15,000.00			
	<b>£65,500.00</b>	<b>5%</b>	<b>£3,275.00</b>		<b>£67,000.00</b>	<b>5%</b>	<b>£3,350.00</b>	
<b>Divisible balance</b>			<b>£52,600.00</b>				<b>£60,650.00</b>	
Rent at		50%	£26,300.00		50%	£30,325.00		
		say	£26,500.00	<b>8.15%</b>		say	£30,000.00	<b>8.57%</b>
<b>YEAR 5</b>								
<b>TURNOVER</b>	<b>£</b>	<b>GP %</b>	<b>£</b>		<b>£</b>	<b>GP %</b>	<b>£</b>	
Liquor	£235,000.00	68%	£158,625.00		£235,000.00	68%	£158,625.00	
Food	£140,000.00	65.0%	£91,000.00		£140,000.00	65.0%	£91,000.00	
<b>TOTAL</b>	<b>£375,000.00</b>	<b>66.57</b>	<b>£249,625.00</b>		<b>£375,000.00</b>	<b>66.57</b>	<b>£249,625.00</b>	
<b>WORKING EXPENSES</b>								
Wages	£110,000.00				£110,000.00			
Rates	£12,000.00				£12,000.00			
Utilities	£11,500.00				£11,500.00			
Repairs&renewals	£5,000.00				£5,000.00			
Insurance	£3,500.00				£3,500.00			
Marketing	£5,000.00				£5,000.00			
Consumables	£4,500.00				£4,500.00			
Cleaning	£5,500.00				£5,500.00			
Professional Fees	£3,500.00				£3,500.00			
Bank charges	£1,500.00				£1,500.00			
Equipment Hire	£2,000.00				£2,000.00			
Other costs	£9,000.00				£9,000.00			
<b>Total costs</b>			<b>£173,000.00</b>	<b>46.13%</b>			<b>£173,000.00</b>	<b>46.13%</b>
<b>Net profit</b>			<b>£76,625.00</b>	<b>20.43%</b>			<b>£76,625.00</b>	<b>20.43%</b>
Interest on capital								
FF&E	£45,000.00				£45,000.00			
Cash	£8,000.00				£8,000.00			
Stock	£15,000.00				£15,000.00			
	<b>£68,000.00</b>	<b>5%</b>	<b>£3,400.00</b>		<b>£68,000.00</b>	<b>5%</b>	<b>£3,400.00</b>	
<b>Divisible balance</b>			<b>£73,225.00</b>				<b>£73,225.00</b>	
Rent at		50%	£36,612.50		50%	£36,612.50		
		say	£36,500.00	<b>9.73%</b>		say	£36,500.00	<b>9.73%</b>

## 11. FINANCE – OLD HOUSE START UP FIGURES

### 11.1 Startup Costs – Parish Council

#### START-UP COSTS

##### Acquisition

Valuation Survey	£1,250.00
Building purchase	£320,000.00
F&F purchase	£8,200.00
VAT	£0.00
Stamp duty	£9,600.00
Legal fees	£5,000.00
Land registry	£400.00
Building Insurance	£550.00
	<u>£345,000.00</u>

##### Refurbishment

incl statutory testing & F&F	£80,000.00
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##### Tenancy Agreement

incl inventory	£2,000.00
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£427,000.00

Contingency	£3,000
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Loan security	£20,000
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total	<u>£450,000.00</u>
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Note 1 Assumes PWLB loan of £450,000 which covers essential finance. In addition to this, grant funding will be applied for and a community share scheme launched.

Note 2 Assumes annual repayments of <£19,665 based on published interest rates.

Note 3 VAT chargeable unless purchased as going concern. VAT reclaimable but stamp duty levied on purchase price and VAT combined.

Note 4 At present stamp duty on commercial property is levied as follows:

> £150,000 - £250,000 1%; >£250,000 - £500,000 3%

<http://www.pub-mortgage.co.uk/freehold-funding.php#legalfees> (Sydney Phillips).

Note 5 Stamp duty is payable only on the property value, not fixtures and fittings.

Note 6 These figures ringfence £20,000 as guaranteed contingency to cover one year's rent. (Further contingency funds will be available from the Tenants' purchase of fixtures and fittings.)

### 11.2 Fixtures and Fittings

The inventory value in a fully fitted-out pub 'would normally be around £40-50,000' (depending of course on size of pub!). It's not known how much of the Old House's inventory will need repairing or replacing and this will be part of the refurbishment budget. The intention is for the pub to be fitted out in readiness for tenants.

Tenants would normally purchase the trading inventory. The five-year forecasts at **FIGS 12 & 13** allow £45,000 for this tenants' expenditure (Parish Council income). It may make sense however to leave to the tenants to choose and purchase for themselves items such as cooking utensils, crockery, cutlery, glasses, furnishings etc. This will be for discussion.

Should the tenants leave, they would sell the inventory on to the incoming licensee, subject to valuation at the time by an inventory valuer.

### 11.3 Start-up Income – Parish Council

Following refurbishment, an opening balance of £20,000 has been set aside from the PWLB loan to guarantee one year's loan repayment – in the extremely unlikely event that the business be interrupted or fail.

Parish Council income from the tenants' purchase of *in-situ* fixtures and fittings – say £30,000 – will guarantee a second year's loan repayment and also add a further £10,000 for contingency.

<b>PARISH COUNCIL (OLD HOUSE) – BUDGET FIGURES FIRST FIVE YEARS</b>					
Assumes opening six months after purchase, no rent paid first six months' trading					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>INCOME</b>					
Set aside for loan security	£20,000.00				
Tenants' purchase of in-situ F&F (minimum)	£30,000.00				
Rent		£23,000.00	£23,000.00	£23,000.00	£23,000.00
<b>Total</b>	<b>£50,000.00</b>	<b>£23,000.00</b>	<b>£23,000.00</b>	<b>£23,000.00</b>	<b>£23,000.00</b>
<b>EXPENDITURE</b>					
Loan Repayments	£0.00	£19,665.00	£19,611.68	£19,558.35	£19,505.03
Tenant support	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00
Maintenance	£500.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00
Building insurance		£550.00	£560.00	£570.00	£580.00
<b>TOTAL</b>	<b>£1,500.00</b>	<b>£22,215.00</b>	<b>£22,171.68</b>	<b>£22,128.35</b>	<b>£22,085.03</b>
Surplus/defecit	£48,500.00	£785.00	£828.33	£871.65	£914.98
balance to take over	£48,500.00	£49,285.00	£50,113.33	£50,984.98	£51,899.95

#### 11.4 Contingency / loan security

As noted above, contingency will be in place to cover the unexpected and to enable loan repayments in the unlikely event the pub business is interrupted or fails. To prepare for a situation in which business fail irredeemably, it must be possible to cover the loan repayments until sale can be achieved – which may involve planning consent for change of use. Two years in considered more than sufficient time to achieve this.

Following sale, reimbursement for the tenants’ investment in the Fixtures & Fittings would need to be agreed with the help of a solicitor.

#### 11.5 Parish Precept Will not be used to fund this project.

#### 11.6 Community Share scheme

A number of residents have expressed interest in a Community Share scheme. This has not so far not been from high value investors, but from residents who would like a ‘stake’ and ownership in the pub.

The value of a Community Investment scheme is in community involvement and commitment – and in additional funding. The business plan based upon PWLB funding enables the project, but additional investment would be the ‘icing’ allowing further improvements and /or early repayment of part of the loan.

## 12 REFURBISHMENT AND ALTERATION

Following the anticipated refusal of the Change of Use application and as part of the process to negotiate the purchase of the Old House at Home, a structural survey will be undertaken.

### 12.1 Drawings (following pages)

Initial drawings have been prepared for alterations considered:

1. essential
  - repositioning and renewing toilet facilities
  - extending kitchen
  - new bathroom and kitchen/diner in the first floor accommodation.
2. cost effective to maximise useable space.
  - extending 'stable' dining area by means of a link extension to the main building having relocated the ladies toilets. (Likely Phase II)
3. desirable when budget allows. ('Phase III').
  - opening out 'stable' dining area to roof height and adding picture window – behind opening barn door to preserve the exterior of the 'stable'.

### 12.2 Planning statement pending

### 12.3 Schedule of potential works detailed costs pending

On the basis of initial costings, £80,000 has been estimated for Phase I of refurbishment and extension.

#### 12.3.1 External – pub building

- Overhaul roof, chimney and guttering
- Overhaul windows – downstairs largely replacement PVC, upstairs the sashes and woodwork likely to need repair
- Prepare and repaint external walls
- Renew external signage
- Overhaul / repair external lighting
- Scaffolding needed??

#### External – sheds, containers and enclosures

- Demolish and clear, so extending outside space, waste removal
- New fencing to partition smaller private area behind the kitchen
- Storage needed
- Area for bins needed
- Log store needed

#### External – outside space

- Clearing, landscaping and gardening, waste removal
- New fencing and garden furniture
- Children's play feature???

#### External – car park

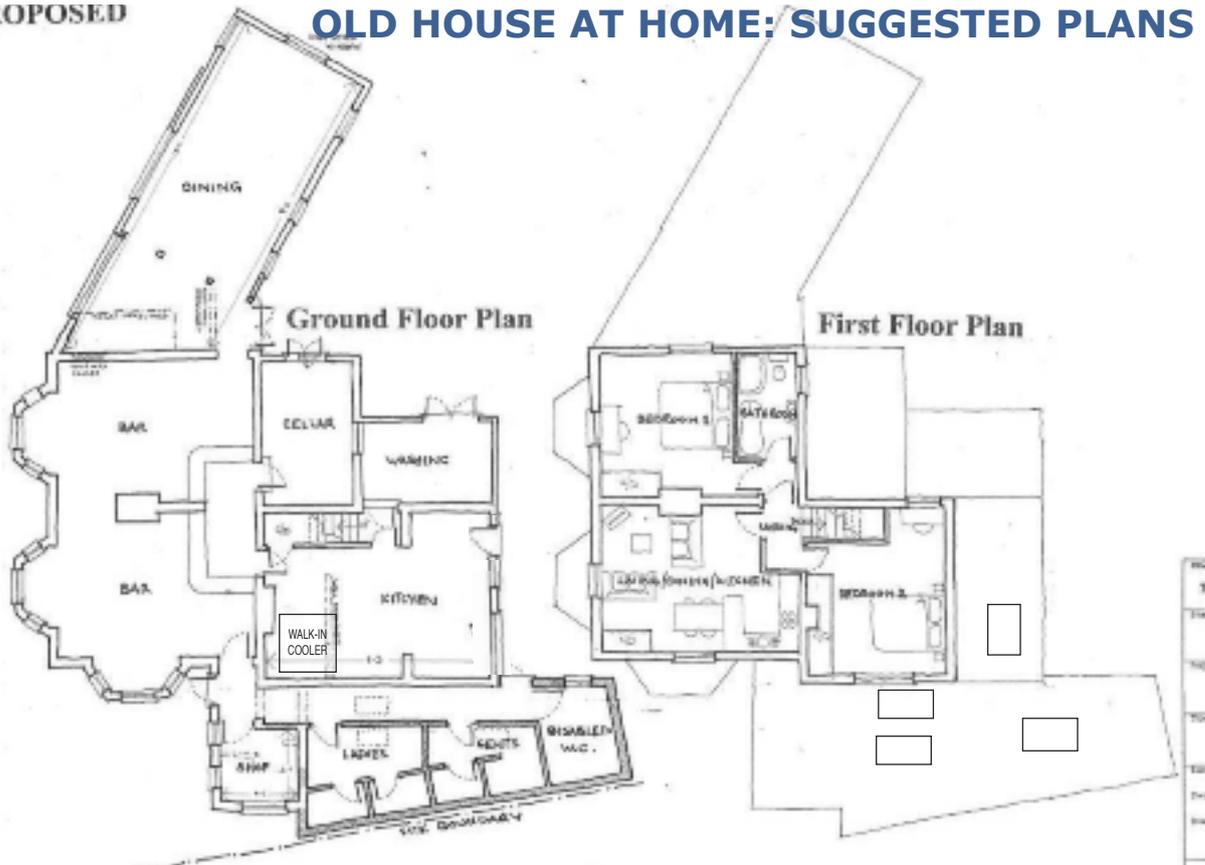
- Cut back surrounding vegetation, remove waste and landscape
- Move shed???
- Assess potential to extend car park

#### 12.3.2 Beer store 'cellar'

- Repair, clean, insulate
- New cellar cooler??

PROPOSED

OLD HOUSE AT HOME: SUGGESTED PLANS





### 12.3.3 Internal – services and utilities

- Electrics ● Plumbing ● Heating ● Gas supply
- Phone line and wi-fi
- Burglar alarm, fire alarm
- Fire extinguishers
- Certifications and energy efficiency report
- Vermin/pest eradication and proofing

**Internal – downstairs pub** – Public bar areas divided by chimney breast

- Cleaning and redecoration
- Chimney swept
- Tables, chairs, bar stools– clean, repair, replace

**Internal – ‘stable’ dining area** – Link extension to main building and removal of existing ladies toilets. Insulation.

**Internal – downstairs pub** – Commercial kitchen

- Gut and redecorate
- Sinks, waste disposal unit?, extractors – clean / replace
- Appliances – steam clean / repair / reinstall / new?  
ovens, grills, microwaves, fridges, freezers, walk-in cooler?  
glass/dish washers
- Cookware, utensils, crockery, cutlery (tenants to purchase??)

**Internal – downstairs pub** – Modification and extension to relocate toilets (and allow for future accessible ancillary ‘community hub’ facility – village shop, off sales, library, grocery, post office.... (potential for space for children’s buggies, walkers coats and rucksacks etc?)).

**Internal – downstairs pub** – Behind bar

- Cleaning and redecoration
- New beer engines
- Optics, clean / replace
- Glasses, bar towels, beer mats (tenants to purchase??)

**Internal – upstairs ancillary accommodation**

Presently three bedrooms and a bathroom, no kitchen.

- Internal restructuring to give - bedroom - kitchen/diner/livingspace - bathroom - second bedroom/office.
- Furnished / part furnished??

**Internal pub – Loft** ● Storage? Clean, repairs, insulate.

## 12.4 Potential for volunteer labour?

# 13 TENANCY

## 13.1 Tenancy– the correct model?

Options available for running the Old House

1. Leasehold
2. Tenancy
3. Manager

### 13.1.1 Leasehold

The purchase cost for a leasehold pub can range from £50,000 to £250,000. Contract terms vary from 10, 15 to 20 years-plus often with the potential for the leaseholder to sell the lease on for a financial gain. The leaseholder is responsible for external and internal repairs and maintenance.

With the leasehold model it seems the owner effectively relinquishes ownership of the pub business for a long period.

### 13.1.2 Tenancy

'Average new lease length fell to five years, a drop from seven years in 2104... with an average projected annual turnover of £335,377' (£27,948 per month) according to the *Morning Advertiser* of 29th May 2015.

Tenancy agreements are usually for three to five years. A guaranteed option is usually offered to renew the tenancy when it comes to an end.

The tenant will pay the rent and is responsible for the day-to-day management of the pub including:

- Staffing
- Marketing
- Bookkeeping and accounting
- Managing stock
- Taking responsibility for minor repairs
- Maintaining fixtures and fittings

It's normal for the owners to take responsibility for outside maintenance and major repairs.

### 13.1.3 A Managed Pub

A manager would be directly employed or employed via a pub management company.

This model is employed by the Elmley Castle Pubco Ltd set up by the residents' group owning the Queen Elizabeth near Pershore.. Anecdotal evidence from residents says the initial turnover of managers was high, but the latest manager has now been in post for over 18 months appearing pro-active and successful.

The model of using a pub management company has been employed very successfully at the White Swan in Twickenham owned by a group of five shareholders one of whom is our Pub is the Hub advisor Anthony Miller. The rationale is to allow experts to assure consistent quality of management, have the benefit of the pub management company's experience, and avoid the potential pitfalls of having the wrong tenant in place, or the potential of things going wrong for those who might otherwise have been the right tenants.

However managers come at a price, and the argument is partly based on the potential difficulty of finding the right tenants, not that it is a better model than a successful tenancy.

For the manager this 'doesn't really constitute true pub ownership' (<http://publandlordadvisor.uk/pubs>).

## 13.2 Finding the right tenants

### 13.2.1 Context

The crucial ingredient for the success of the Old House at Home will be finding the right tenants – for the pub VISION.

According to Great Milton Parish Chairman Stephen Harrod in 'How to buy your Local Pub' (*FT* 19th August 2016): 'The biggest problem was finding someone reliable to run the pub. "Career publicans" are a dying breed.' Howard Peacock who jointly led and invested in the campaign to save the Ivy House in Nunhead, London's first community-owned pub, commented that a pub can 'change overnight because of the way it's run'.

On buying the Dolphin, Bishampton Parish Council head-hunted a successful landlord/chef with the benefit and confidence of understanding his track record.

13.2.2 Advertising the pub – see <http://www.findmypub.com/>

13.2.3 Advertising for a tenant (Anthony Miller has pledged help)

1. Word-of-mouth – local pub contacts and community's pub contacts.
2. Social media – Website and facebook, blog, twitter

Twitter and Facebook are the two key social media channels to use for pubs (<http://publandlordadvisor.uk/pubs>)

Google+ and LinkedIn can also be useful

3. Free job boards – Most free job boards posting an advert for free, and then receive a list of applications. But you see an applicant and to contact them usually involves a (small) fee. (Six job boards are recommended by <http://publandlordadvisor.uk/blog/> (for finding a chef).

### 13.3 Who are the 'right tenants'?

#### 13.3.1 The ideal tenants

- Committed to the pub business as a lifestyle choice
- Circumstances suited to the ancillary first floor accommodation
- One a chef and one enjoying 'front of house'
- Welcoming and likeable
- Committed to the 'Vision' for the Old House at Home (3)
- Suited to running a rural family and community-oriented pub.
- Experience and potential to manage the business and staff
- Vision and enthusiasm to grow the business.

#### 13.3.2 Chef patron

The former tenants ran a successful business for several years in an economically challenging environment. Quality food and the commitment and aspiration of a tenant chef was an essential aspect of their business model we wish to emulate and improve on (Old House currently has 4 stars on TripAdvisor).

The successful tenant of Parish Council-owned Dolphin at Bishampton (Pershore – case study pub) is a fully qualified chef and cites this as essential.

The Old House at Home, as a newly refurbished, reopened and well publicised venue, will provide a great opportunity for a talented and motivated chef to put his/her own stamp and vision into an emerging business and so add a further (USP) unique selling point.

Note: see <http://www.morningadvertiser.co.uk/Pub-Food/Chefs/How-to-make-it-as-a-pub-chef-patron>

A chef-patron would also enable the Old House to take on trainee chefs, offer special training courses etc.

#### 13.3.3 Tenant business plans and tenancy agreements

Prospective tenants will be invited to produce a business plan and five year forecast to demonstrate how they intend to relaunch and grow the business.

The business plan would also detail personal qualities, vision and aspirations for the pub, aptitude and qualifications; knowledge of the local customer base.

EXAMPLE PUB ADVERT at [findmypub.com/](http://findmypub.com/)

## Alma Arms

21 Alma Lane, Farnham, Surrey, GU9 0LJ

Ingoing Cost: £26,000.00

**Rent: £24,000.00**

Agreement Type: Tenancy

Reference Number: 07041975 / P0061



The stated ingoing figures are correct at point of advertising. Please be aware there may be additional costs.

Relaxed yet stylish site with flexible trade areas.

Property Features:

Located on the outskirts of Farnham, the Alma is only a 15 minute drive from the thriving town centres of both Aldershot and Guildford.

This is a one bar but two room operation, offering the opportunity to host local drinkers in one bar and diners in the other. Alternatively, this area could be a comfortable, relaxed drinkers lounge with an open fire or could even be used for private dining or functions. The kitchen is small but fully equipped and operates very well catering for **a full sitting of approximately 40 covers and bar snacks**. Sunday Roasts have also been a feature here for the last 3 years.

There is an attractive external area to the rear of the pub which is popular during the summer months and there is a small childrens play area as well. There is car parking for 12 vehicles.

Trading Style:

The Alma is a lovely pub with a great reputation and a comfortable feel. The site has benefitted from a full internal redecoration within the last 3 years which was tastefully done.

Ideally this site would suit an operator with the desire to be at the very heart of the community.

Private Accommodation:

There is good sized private accommodation which comprises of two double bedrooms, a lounge, bathroom and kitchen/diner on the first floor. The top floor has a room that currently doubles as an office or bedroom.

Key Financial Information

Please be aware Energy Performance Certificates are available from the landlord.

Please note that the figures quoted are the minimum funds required.

**Rent: from £24k to £28k depending on the tie agreed**

Ingoings approx.: Deposit at quarter rent plus working capital of approx. £5k

F&F can be purchased at approx. £15k

Alma Arms

UNDER OFFER

Facilities Beer Garden External Drinking Area Catering Kitchen Function Room Smoking Solution Car Park Childrens Play Area Restaurant/Dining

The business will be restarting from two years' closure but the initial 'honeymoon period' of publicity and goodwill will give a customer base to be capitalised on and sustained.

A comprehensive tenancy agreement (plus inventory) will be drawn up with the help of a tenancy solicitor. The tenant will require finance to purchase fixtures and fitting & stock with available cash see 10.7 and FIG 13.

Rent will be fixed for the first five years to give the tenant security and an opportunity to reap the benefit from increased sales and incentive to develop the business. Rent will not be payable in the first six months – enabled by no PWLB interest repayments in the first year – and so helping tenants establish following their initial outlay.

A formula for reviewing the rent will be agreed with the tenant prior to their entering into a further tenancy agreement.

The appointed tenants will be have ownership of their business according to the VISION (to be agreed and updated with Community consent).

## 14 PUBLICITY AND SUPPORT

### 14.1 'Save our Newnham Pub'

A petition posted on change.org at the beginning of May 2016 rapidly gained over 1,200 signatures and comments, – on line and via paper copy.

We publicised via facebook, twitter, email, articles in local newspapers and leafleting door-to-door.

### 14.2 Expert advice

With contact with CAMRA, Pub is the Hub (PITH), BBC's the One Show, the Plunkett Foundation, we began to develop a network of advise and support.

The Parish Council's application for bursary support has been accepted by the Plunkett



A PETITION to save a village pub from development has attracted more than 1,000 signatures in just over a week.

Newnham Parish Council launched the petition on Change.org to save The Old House at Home, in Newnham, after the new owners applied to Basildon and Essex Borough Council to change its use to residential.

The parish council hopes to persuade the borough council to refuse permission for the application, after which it will look to purchase the pub and re-open it for the community.

Councillor Jane James, who set up the petition, said the council will look at acquiring a public works loan to buy the pub. She said: "We don't have a shop or a post office and if we lose our pub we will become soulless."

The pub has been shut since January 2015, and was bought by Red Oak Taverns in the summer last year. The petition states: "We know that the pub has been successful in the past and can be again. The village is ready to buy it and re-open it as a great local pub with good food, beers and wines. Please help us to keep our pub."

Basildon MP Maria Miller has shown her support for the campaign, and urged others to sign the petition. Posting on Twitter, she said: "Show your support for our community and sign up to save one of Basildon's lovely village pubs."

Peter James, from Newnham, posted on the petition page: "The Old House at Home has supported our village fetes and parties with beer and food. To allow developers to take this away from our community is unthinkable."

Peter Lumley, from Hook, added: "This pub has formed an important part of Newnham village life for centuries."

Paul Gaskell, also from Hook, said: "The Old House at Home is the heart of our community."

Charles Stewart, project manager at Red Oak Taverns, said the company did not want to comment.



As reported  
in the *Basingstoke*  
*Gazette* of August 2016

Foundation and we engaged the services of expert advisors Anthony Miller (GVR and Pub is the Hub) and Dale Ingram of Planning for Pubs Ltd.

Support and advice has also been provided by local publicans, breweries, planning consultants and other community pubs.

### 14.3 Objections to change of use

Locals' response to Red Oak Tavern's planning application for change of use was 84 objections and none in support.

### 14.4 BBC support

In June 2016 BBC Scotland tracked us down to take part in a BBC 4 series about issues that galvanise community action and protest. They interviewed us by the pub and staged a 'Green Event' (see *Gazette* report).

### 14.5 Community volunteers

Our campaigning and community events have prompted many offers of help from local residents. This assumes the no-small-matters of first planning refusal and then anticipated purchase of the Old House at Home.

All channels will be open to call in our pledges of help. A schedule of works will be drawn up and a Village meeting called to find key people to oversee specific areas of work and delegate and quantify the expertise and labour offered. The Vision and planned Refurbishment will be Consulted on for Village Comment and Approval. Volunteers will be called on for their knowledge, networks, and also labour. The Refurbishment budget can be usefully supplemented by residents willing to offer some time cleaning, painting and gardening.

## 14.6 Reopening the Old House at Home

Finding suitable tenants will be an ongoing publicity and networking event until successful.

Marketing will be a responsibility of the tenants but with support from the Parish Council as agreed – and it is anticipated the Parish Council will be involved in initial marketing efforts.

It is recognised that present support, publicity and novelty factor will give the Old House at Home an initial 'honeymoon period'. It goes without saying that offering quality experience, fare and service (with sufficient staff during this period) is vital to capitalise on, maintain and then build the customer base.

## 14.7 Marketing the pub business

### 14.7.1 TripAdvisor

The landlord of the Dolphin at Bishampton cited TripAdvisor as his primary marketing tool. This went hand-in-hand with his focus on quality food, ensuring his staff were welcoming, friendly and attentive at all times – and encouraging complimentary customers to comment on TripAdvisor. His card has the TripAdvisor logo and website printed on the back and the Dolphin is currently ranked no 1 in Pershore for good food and value for money.

Interestingly the pub&landlord advisor website (<http://publandlordadvisor.uk/blog/>) features an article (Mel Dixon October 15): '[Why savvy TripAdvisor pubs have an advantage over competitors](#)'. This echoes pretty much exactly what the Dolphin landlord was saying.

The article starts: 'TripAdvisor is a hugely important website for pubs. As the world's most popular travel site it has the potential to influence whether or not a customer chooses to frequent your establishment.

'If someone's going to write a review of your pub right now, then TripAdvisor is the most likely website they'll use.

At the same time, if someone wants to find out if your pub is any good, then there's a good chance they'll read-up about it on TripAdvisor.

'There are a number of pub landlords out there who are doing a great job in utilising the website as a marketing tool.

'By shrewdly managing their pub's listing, these publicans are boosting the reputation of their business.'

'[Publandlordadvisor.uk](#) even provides a guide: '[6 simple steps to conquer TripAdvisor as a pub marketing tool](#)':

1. First, register your pub on TripAdvisor
2. Create enticing images
3. Provide a great customer experience
4. Encourage reviews from happy customers
5. Respond to reviews... good, bad and strange
6. Capitalise on free added extras or 'widgets'

### 14.7.2 Social Media

Communications agency 'Clarity' (<http://www.clarity-comms.co.uk/pubs-and-social-media/>) ran an article 'Can the pub sector resurge by riding the digital wave?' (September 2014) in which it set out to investigate how pub users were using social media.

'Is social media a tool for planning and talking about the humble pub? We used social monitoring tool Pulsar to take a look... over two periods in August 2014. We analysed the volume of conversations, where they were taking place and what the focus of the conversation was.... We tracked 104,006 conversations over the seven days. This means that on a monthly basis there are approximately 450,000 conversations about pubs.... Twitter accounts for 57% of the mentions compared to 43% on Facebook.'

Facebook and Twitter are the two key social media marketing tools for anyone running a pub, bar or restaurant according to the pub&landlord advisor website who predictably have their own guides: <http://publandlordadvisor.uk/how-to-set-up-a-twitter-account-for-pubs-a-guide-for-newcomers/> and <http://publandlordadvisor.uk/brilliant-content-ideas-for-your-pub-facebook-page/>.

#### 14.7.3 Letterbox marketing

However... despite the power of social media, 'letterbox marketing' remains high in marketing strategies.

In Elmley Castle, Pershore, a week doesn't go by without at least one leaflet from the community-owned Queen Elizabeth advertising the theme/menu/specials/wine list/guest beers of the week.

'The humble door-to-door leafleting campaign should be considered a vital element of any pub's marketing efforts' says pub&landlord advisor website

In addition competitions/draws/feedback requests/pub loyalty cards are all means to capturing customer contact details to enable leafleting via email.

#### 14.7.4 Marketing roundup

- Word of mouth and recommendation
- Trip Adviser
- Social media – Twitter, Facebook or Google+
- Pub's website
- Local media coverage, local newspapers etc
- A-boards / chalkboards – indoors and outside
- Leaflets, posters and signs
- Letterbox advertising

## 15 OLD HOUSE AT HOME – DRAFT TENANCY ADVERT

Work in progress

## 16 CUSTOMER VISITS, MENUS & ADDED VALUE

Work in progress

## 17 CASE STUDIES

Advice from Dolphin at Bishampton –Work in progress