

CAMRA Public House Viability Test

1. Local Trade

The Clinton Arms is located in a hamlet with a population of approximately 20. The larger hamlet of Frithelstockstone is one mile away and it is believed the population there is around 160. The main source of trade is Torrington, the outskirts of which are 2 miles away and which has a population in the region of 6,000.

The only known potential development in the local area is that of the former creamery site at Taddipport.

There is no daytime working population who would use the pub.

2. Customer Potential

We have always encouraged any groups to use the pub. The bell ringers used to practise every Tuesday evening and we always provided free sausage and chips. We helped to raise the £1200 they needed to purchase new bell ropes by organising special events and raffles etc. Unfortunately, for the last few years, they have been struggling with lack of sufficient numbers to be able to ring and their visits have become quite rare.

When we took over the pub in 2007 there were 4 skittles teams that played in the skittle alley in the village hall at Frithelstockstone. They all came to the pub afterwards and, again, we provided free sausage and chips to encourage them to make the journey. It was very welcome business, on a Monday night in the winter, when we could have over 30 skittlers in for drink. One of the teams disbanded and two others came in less and less frequently until they stopped. This left us with just one team and the occasional away side. Even their business has decreased as the season gets shorter every year with more teams dropping out, largely it is believed due to age, and no new young teams being formed. We have always allowed locals use of a meetings room free of charge but the focus of community activities in the parish will always be the village hall which is located in Frithelstockstone, the population centre.

The pub is located a mile away from the popular Tarka cycle trail. This has been a major source of business, particularly for overnight accommodation for those undertaking the north coast to south coast run. Indeed for 2014 and 2015 the majority of bed and breakfast booking were from cyclists. The former railway station, now pub, The Puffing Billy was not, in the past, the competition to us that would have been expected for its location on the Tarka trail and its prominent roadside position on the A386 from whence we got our only passing trade. This was due to its irregular opening hours and other issues it would be inappropriate to discuss here. We used to get cyclists come off the Tarka trail and cycle up the steep hill to our pub when the Puffing Billy was closed. We always dreaded the sale of this establishment and now it has happened the effect has been worse than expected as they are now also doing accommodation. It is difficult to imagine what incentive we would have to offer to persuade cyclists to make the 2 mile hilly diversion to visit us and our little brown sign can hardly compete with their prominent frontage for road users.

We are, of course, in a tourist area and trade does vary with the seasons. The seasonal trade fell off with the recession and never seemed to recover to its previous level and became so unpredictably and widely varying that it has been very difficult to cater for in terms of staffing and stock levels.

We have advertised in visitor, tourist and local guides without any apparent benefit. Success of these adverts was monitored by asking new customers where they had heard of us and, on one occasion, by including food discount vouchers in the advert. All our events were advertised on our website and Facebook and we also sent out a monthly newsletter by email.

3. Competition

There are eleven pubs and 3 clubs within five miles. There are no other pubs that the customers in our hamlet could reasonably reach. Similarly we are not in reasonable walking distance for anyone from outside the hamlet.

Our main competition, for local trade, has become the village hall in Frithelstockstone. Prior to the refurbishment there, we had a significant level of trade from that hamlet. Now it is minimal. The village hall and playing field host all the sort of events normally associated with pubs. These can be seen on line by searching for "Frithelstock Village Hall" and clicking on "recent events" on the bar at the head of the front page.

As with all pubs, we tried to cater for a broad a spectrum of customers as possible but, in particular, the business was aimed at real ale drinkers and music lovers. We held real ale and music festivals every Easter and August bank holidays with some success. Last year attendance was really down as two new festivals sprung up with other pubs looking to generate more business. As with all rural pubs, food was an important part of our business, and I would like to think this also had a good reputation. Latterly the extreme variation in customer levels meant that the overheads incurred to satisfy the good nights resulted in heavy losses on the bad ones. We decided the solution here was to hold more special themed events where meals were pre-booked so that we knew what staffing and food were needed. These were moderately successful overall but could not be held frequently enough to make the difference required.

Live music has been very important to us and this is mainly what the pub is known for. This has been used to attract trade to both band, or solo, paid performances on a Friday night and our acoustic jamming sessions on a Sunday evening. Both were, initially very successful. Many people who performed here for the first time in public on Sunday evenings went on to form bands. We also allowed bands to practice in a spare room during the week. We had bands from all over the south west approach us for gigs. At the onset of the recession attendances fell and we started to lose money on some of the Friday band nights. This didn't improve during the recovery as other pubs started doing more music and our location made it difficult to compete. When we started doing our Sunday sessions, this was the only jam session on a Sunday in the area. This has changed now and it is difficult to

attract musicians from Appledore/Bideford (where most came from) when they can go to a pub on their doorstep. We tried experimenting with different frequencies of the Friday night performances but found that, if we didn't have a band on, virtually no one turned up, and, if we did, we lost even more money because the profit margin on the takings didn't cover the band fee. There were some nights when the gross takings were less than the band fee and they had to be paid using the till float. The basic problem was that people have to drive here and this restricts their drinking, typically more than half the customers would be driving. The pub can look very busy but some drivers will only have one soft drink all evening.

4. Flexibility of the Site

The size of the pub has always been adequate for the level of business enjoyed. Whilst 30 people in the bar make it look busy, we have held a wedding reception for 60 without overcrowding being an issue.

5. Parking

The on site parking is fairly limited at 10 spaces but the road outside can be used and this has only rarely been a problem. There is no scope for expanding the car park.

6. Public Transport

There is no public transport available within a mile of the pub. This is seen as the main problem in attracting more business from Torrington. Many people have said they would come more often, particularly to the music nights, if it wasn't for the drink driving issue. We considered the purchase of a mini-bus to bring customers in but it was decided that it would be more economical to simply pay the local taxi firm using their 8 seater, as and when required. All those customers approached thought it was a great idea but we couldn't get anyone to commit to it sufficiently in advance to make a booking.

7. Multiple Use

We did consider opening a shop but the population of the hamlet is far too small to generate any significant business and it was felt that, if potential customers had to use their cars, they would probably carry on to Torrington where a full range of facilities are available. There used to be a post office in Frithelstockstone and, had the pub been located there, it may well have been worth looking at some form of multiple use.

8. Partial Loss

Not applicable

9. Competition Case Studies

With one exception, all the eleven pubs referred to in 3. above are located in villages or Torrington itself. The exception is the Cranford Inn at St. Giles. This is a leasehold pub which has been constantly changing hands over the last 10 years as one tenant after another fails to make a go of it. It has recently changed hands again, the previous tenant only having lasted a few months.

10. The Business - Past and Present

We have seen an alarming number of pub closures over the last 7 years or so. Although it reached a level in excess of 50 per week at the onset of the recession, the rot had started well before that, without being so well publicised, due to a number of factors. The first of these was the breathalyser which was then followed by the smoking ban; difficult to argue with either on moral grounds but undoubtedly a significant problem to the pub trade.

In parallel with that social changes have taken place, to some extent forced by the recession. The alcohol duty escalator, combined with suppliers increasing costs, has guaranteed that the cost of drinking in pubs has risen above the level of inflation. It is now more common for people to get together in someone's house to have cheap drinks bought from a supermarket and many have Sky Sports which only the large town centre pubs can afford to have. Cooking at home has become more popular with both sexes, possibly due to the TV chefs, and some people will have dinner parties at home rather than go out for a meal. The generation that are now coming of drinking age communicate with each other electronically and are not looking for a social centre where they can sit around and chat over a drink. They, to a large extent, only go out to clubs having "preloaded" on supermarket drinks.

In short, we have seen a cultural change take place which has resulted in there simply being too many pubs for the available custom. It is the more rural pubs that will be the ones to struggle and, whilst they can keep coming up with ideas to attract the business their way, all their competition will be doing the same as everyone is finding it difficult.

The Clinton Arms has only survived because my wife and I have subsidised the business and worked unreasonable hours. We put in over 200 hours a week between us for the first 8 years without break, other than 2 days off in October 2012. I had to go out to work in between opening hours with all the income going in to the pub. We have had some good times but the last 9 years have, generally, been exhausting and stressful. We discussed why we carried on doing this, since there was no financial gain and we had no time to ourselves, and we concluded that it was simply because we did not want to see the pub close. However, we are not immortal and, if no one else wants to buy the pub, then it would close eventually anyway. It was with great sadness that we arrived, after much agonizing, at this decision, not least of all because it feels that we have substantially wasted 9 years of our lives and much of our assets on a lost cause. The application for change of use is made

as we need to be able to live here and generate some income from the buildings.

Any business can survive with sufficient support, either financial or with unpaid work, but it is not truly viable if it cannot survive without this.

Public House Viability Test



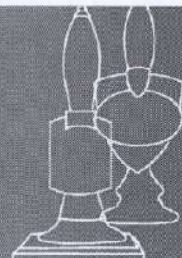
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The Public House Viability Test



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

Assessing Trade Potential

1. Local trade

- What is the location of the pub? Is it in a village, suburban area, town centre or isolated countryside?
- What is the catchment area of the pub?
- How many adults live within a one mile radius?
- In rural areas, how many adults live within a ten mile radius?
- Are there any developments planned for the area? Industrial, residential, strategic projects?
- Is there a daytime working population?

2. Customer potential

- Does the pub act as a focus for community activities? Sports teams, social groups, local societies, community meetings etc?
- Is the pub in a well visited/popular location? Is it in a picturesque town or village, on a canal/river side, on a long distance footpath, or on a cycle route?

- Does the pub appeal to those who regularly drive out to pubs?
- Is tourism encouraged in the area?
- Has the pub ever been included in any visitor or tourist guide?

3. Competition

- In rural areas, how many pubs are there within a one mile radius and within a five mile radius?
- In urban areas, how many pubs are there within reasonable walking distance?
- Bearing in mind that people like to have choices, does the pub, by its character, location, design, potentially cater for different groups of people from those of its nearest competitor(s)?
- If not, could the pub be developed to cater for different groups?

4. Flexibility of the site

- Does the pub have unused rooms or outbuildings that could be brought into use? Function rooms, store rooms etc.
- Is the site large enough to allow for building extensions?
- Have planning applications ever been submitted to extend/develop the pub building? If yes, when and what was the outcome?

- Has the pub been managed better in the past? Is there any evidence to support this? Are trading figures available for the last four years and/or from previous management regimes?
- Have there been recent efforts to ensure viability? e.g. has the pub opened regularly and at convenient hours? Conversely, have hours/facilities been reduced?
- Has the focus/theme of the pub changed recently?
- Is the pub taking advantage of the income opportunities offered by serving food? How many times a day is food served? How many times a week? Are catering facilities being optimised?
- Has the rent/repair policy of the owner undermined the viability of the pub?
- Does the pub offer an attractive range of drinks, especially quality real ales?
- Are there any possible unclaimed reliefs? e.g. where rate abatement is not granted automatically but has to be claimed.
- Does the pub promote itself effectively to potential customers? e.g. does it have an eye-catching and informative website?

11. The sale

- Where and how often has the pub been advertised for sale? Has it been advertised for at least 12 months? In particular, has the sale been placed with specialist licensed trade and/or local agents?
- Has the pub been offered for sale as a going concern?

- Has the pub been offered at a realistic competitive price? (Information to enable this to be analysed can be obtained from The Publican and Morning Advertiser newspapers and from Fleurets, specialist Chartered Surveyors)
- If yes, how many offers have been received?
- Have any valuations been carried out?
- Has the pub been closed for any length of time? Is it currently closed?
- Does the sale price of the pub, as a business, reflect its recent trading?

Case studies

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

The Pheasant Inn

Britons Lane, Shropshire WV16 4TA

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

Conclusions

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

Appendix - the NPPF

Until recently, national government planning guidance was contained in various Planning Policy Statements which ran to over 1,000 pages. They were replaced in March 2012 by the National Planning Policy Framework (NPPF), which comprises of just 52 pages of mostly high-level guidance. NPPF policies take precedence where there is any conflict with Local Plans and will always be a material consideration in planning decisions.

NPPF Paragraph 70 is especially relevant to planning applications which concern pubs. It requires LPAs to “plan positively for the provision and use of shared space, community

facilities (such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments”. It goes on that LPAs must “guard against unnecessary loss of valued facilities where this would reduce the community’s ability to meet its day-to-day needs” and “ensure that established facilities and services....are retained for the benefit of the community.” Note that this policy applies to pubs in all communities, not just rural ones.

Paragraph 7 states that the planning system should create “accessible local services that reflect the community’s needs” while paragraph 17 requires planning to “deliver community and cultural facilities and services to meet local needs”.

Paragraph 28 promotes “the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship”

Paragraph 23 recognises “town centres as the heart of their communities” and instructs LPAs to pursue policies to support their viability and vitality.

Additional Resources

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

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