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Please Contact: Ellis  
Mortimer/Karen Hood  
Extension:

21<sup>st</sup> September 2018

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**PLANNING COMMITTEE**

Tuesday 25 September 2018 at 6.00 pm  
Council Chamber, Ryedale House, Malton

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**Agenda**

16 **Late Observations**

(Pages 2 - 137)

## FREETHS

Ryedale District Council  
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20 September 2018

Our Ref: MBA/2003/2150218/1/MB

Dear Mr Housden

### THE ROYAL OAK NUNNINGTON ASSET OF COMMUNITY VALUE NOMINATION

We are instructed by Mrs Jill Greetham, the owner of The Royal Oak, Nunnington in respect of the Asset of Community Value nomination for this property . We write in response to the nomination and your letter dated 11 September 2018. Our submission references the relevant provisions of The Localism Act 2011 (“the Act”) and the Assets of Community Value (England) Regulations 2012 (“the Regulations”)

Our first observation is that the nomination form is dated 11 May 2018. It is not clear whether this was the submission date, but I note from your email of 7 June 2018 to our client, that Ryedale District Council (“RDC”) had received the nomination by the date of this email.

Regulation 7 of the Regulations states that “*The responsible authority must decide whether land nominated by a community nomination should be included in the list within eight weeks of receiving the nomination.*” From the correspondence provided to our client the exact date of receipt of the nomination is unclear, but taking the date of the above referenced email, 7 June, by which point RDC had clearly received the nomination, this would require a determination of the nomination by 2 August 2018. We therefore submit that the determination period has expired and the nomination fails.

We are aware from your discussions both direct with our client and in a telephone conversation with myself on 7 September that you sought additional information from the Parish Council to supplement the nomination. From the information provided it appears to us that this information was originally sent by the Parish Council on 17 June and then re-sent on 22 August. However, the nomination remains the same (ie: dated 11 May) and no fresh application has been submitted. RDC is unable to shift the date of nomination through receipt of additional information. The Regulations require a determination within 8 weeks of the nomination and given that this was at the latest 7 June, we repeat the determination period has expired and the nomination should fail on this ground. Regulation 7 makes no provision for considering whether the contents of community nominations are ‘valid’, in respect of the requirements of Regulation 6 and if RDC felt that the community

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nomination was deficient then it was within their power to refuse the application on these grounds. No documentation has been provided to evidence that a fresh nomination application has been submitted.

Notwithstanding that the determination period has expired and the nomination should automatically fail, we have reviewed the application against the tests set out in Section 88 (1) and (2) of the Act.

Section 88(1) states that *“a building or other land in a local authority’s area is land of community value if in the opinion of the authority –*

- (a) an actual current use of the building or other land that is not an ancillary use furthers the social wellbeing or social interests of the local community, and*
- (b) it is realistic to think that there can continue to be non-ancillary use of the building or other land which will further (whether or not in the same way) the social wellbeing or social interests of the local community.”*

The Royal Oak ceased trading as a public house on 31 December 2017 and is in occupation as a single self-contained dwelling. As you are aware an application to regularise this change of use is lodged with RDC and has a recommendation for approval at the forthcoming Planning Committee on 25 September 2018. The nomination therefore fails against Section 88(1) as the current use of the building does not further social wellbeing or social interests of the local community, being a private residential dwelling.

Section 88(2) applies two further tests as follows:

- (a) there is a time in the recent past when an actual use of the building or other land that was not an ancillary use furthered the social wellbeing or interests of the local community, and*
- (b) it is realistic to think that there is a time in the next five years when there could be non-ancillary use of the building or other land that would further (whether or not in the same way as before) the social wellbeing or social interests of the local community.*

As the public house ceased trading in December 2017 we accept that this constitutes the recent past. However the nomination application does not contain any information on how the public house, or indeed any other future potential use could further the social wellbeing or interests of the community. Nevertheless, we have assessed the application against sub section (b).

In respect of it being realistic that the building could further social wellbeing or social interests within the next five years, we first refer you to the viability assessment undertaken as part of the planning application. The committee report advises that an independent assessment has been produced by Fleurets, whom were chosen *“because they are a nationally-based firm in the leisure property sector, and had no prior connection to the business nor the applicant. CAMRA (Campaign for Real Ale) give recognition to the company for providing viability appraisals.”* (Paragraph 2.4 of Agenda Item 9, 29 August 2018).

Paragraph 6.9 advises that Fleurets conclude *“the Royal Oak is not an economically viable enterprise to run.”* Within the same paragraph the committee report states:

*“This evaluation is also irrespective of the way it has been operated by the applicant, and matters concerning the purchasing of fixtures, fittings and the licensing position. These are matters which commentators on the application have referenced as reasons for the economic viability having been harmed, and being capable of being addressed, but the viability assessment looks at the operating capability, as well as costs of set up, and this is what makes the property no longer an economically viable enterprise to run.”*

Whilst the committee report reports the position, it is worth examining the concluding paragraphs of the Fleurets report, specifically Paragraph 5.1-5.3 which states:

*“On consideration of the historic information which demonstrates recent trading performance of the Royal Oak and my assessment of the realistic credible maximum likely trade potential, it is my opinion that the property is not economically viable for continued use as a public house. My above trade appraisal and viability assessment, demonstrate that it is not capable of generating a satisfactory profit performance to make it viable/sustainable for the re-introduction of public house use. The non-viability of this course of action particularly arises as a result of the capital investment required to acquire the premises.*

*I am of the opinion that the property’s characteristics and location would cause it to be heavily reliant upon a destination type custom attracted for food. Given the range of existing competing public houses/pub restaurants and other community facilities situated in the local district, the sustainability of trading at the Royal Oak will present significant challenges and uncertainties and cannot be demonstrated to provide an operator with a satisfactory return on (i) the required capital investment; (ii) the risks of investing in the proposition; and (iii) the required entrepreneurial endeavour necessary for a party to acquire, and operate a rural located public house with a low nearby resident community.*

*I therefore conclude that the Royal Oak is not an opportunity or undertaking that is economically viable for any party who is subject to the norms of profit motivation and market led commercial costs of finance in the current economic and financial circumstances, nor indeed those reasonably expected to apply in the short to medium term time frame. Should a party nevertheless undertake such a risk and investment, they would in my opinion be subject to a high risk of business failure.”*  
(emphases added by Freeths LLP)

A copy of the committee report is provided as **Appendix A** and a copy of the Fleurets Report and Appendices is **Appendix B** to this letter. We have emphasised certain comments within Fleurets concluding paragraph as they are pertinent to the tests of Section 88(b). Firstly, Fleurets have assessed what is ‘realistic’ in respect of the public house operating as a business, and secondly they have analysed this over the medium term, which could equate to the five year period. The unequivocal conclusion of Fleurets is that the pub is not viable and there is nothing to indicate that it would be viable in the medium term. We therefore submit that the evidence clearly concludes that it is not realistic for the building as a public house to further the social wellbeing or social interests of the local community within the next five years.

Section 88(b) states that the use of the land does not need to be the same as its former use (ie a public house). However, no alternative use has been proposed by the nomination and it has been made solely in respect of safeguarding the use of the building as a public house. Although a small village, Nunnington contains a village hall which acts as a focal point for the community and there is

also a café, Fryton Catering Coffee House, on Low Street, which is licensed, albeit does not open in the evenings. Further, nearby Nunnington Hall has a café and we understand that the village hall hosts 'pop up pub' events occasionally.

Given the size of Nunnington and the facilities that it already has, it is difficult to envisage how the property could be used for other purposes that would further the social being of the community. It is also pertinent to recognise that the property is a Grade II Listed property which has been formed from two 18<sup>th</sup> century cottages. The scope for the building to adopt to change is therefore likely to be constrained by its heritage value.

We therefore conclude that it is not realistic that the building could be used for other purposes that would further the social well-being of the community or the social interests of the community.

### **Summary**

We submit that the nomination of the Royal Oak, Nunnington as an Asset of Community value fails on the basis:

- RDC has failed to issue a decision within the prescribed timescale of Regulation 7 of the Regulations
- The building is not in use for a purpose that furthers the social wellbeing or social interests of the local community.
- It is not realistic that the building will in the next five years be used for a purpose that would further the social wellbeing or social interests of the local community, whether that be as a public house due to its non-viability, or an alternative use. Further no evidence has been submitted through the nomination application which would run contrary to this view.

Accordingly the proposed nomination fails the tests set out in Section 88 (1) and (2) of the Act and should be rejected.

Should you have any queries in connection with the above submission please contact me on the details at the top of this letter.

Yours sincerely

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Mark Bassett

Principal Manager

Please respond by e-mail where possible

# APPENDIX A

**Item Number:** 9  
**Application No:** 18/00235/73A  
**Parish:** Nunnington Parish Council  
**Appn. Type:** Non Compliance with Conditions  
**Applicant:** Mrs Jill Greetham  
**Proposal:** Change of use of former pub to form a 5 bedroom private residential dwelling (retrospective).  
**Location:** Royal Oak Church Street Nunnington North Yorkshire YO62 5US

**Registration Date:** 13 April 2018  
**8/13 Wk Expiry Date:** 8 June 2018  
**Overall Expiry Date:** 17 August 2018  
**Case Officer:** Rachael Balmer **Ext:** 357

## CONSULTATIONS:

**Parish Council** Objection  
**Parish Council** Observations

## Neighbour responses:

Mr Peter Thompson, Mr Martyn Stephenson, Mr Martyn Thompson, Mrs Monika Porter, Ms Jane Thompson, Mr Martin Wilkinson, Dr John Elphinstone, Mr Robert Rand, Mrs Sue Elphinstone, Ms Sue Shilling, Mr Malcolm Evans, Ms Joanne Finkel, Mrs Anne Minister, Mr Jeremy Deedes, Mrs Ishbel Bartlett, Miss Amanda Easton, Mrs Linda Norbury, Mr James Clive, Mrs Linda Thompson, Dr And Mrs John And Sue Elphinstone, Mrs Stephanie Cornelis, Mr Aaron Turner, Mr Michael Hault, Mr Mark Booth, Mr James Manson, Mrs Natasha Ramirez, Mr Ben Fitzherbert, Mr Jason Medlycott, Mrs Margaret Matthews, Mrs Susan Usher, Mr Simon Lutman, Mr Henry Clive, Mr Daniel Parry, Mr Paul Jackson, Miss Pauline Cooke, Mr Roger Hammon, Mrs Lisa Brown, Mr Robert Jupp, Mr Edward Clive, Mrs Judith Thompson, Mrs Susan Wilkinson, Mr Richard Levien, Mrs Phil Hammon, Mrs Sophie Robinson, Mr Richard Murray Wells, Mr John Ferguson-Smith, Mr Stuart Roberts, Mr Mark Calver, Mr Paul Newman, Mr Stephen Jack, Miss Rebecca May, Mr Samuel Aviss, Mrs Nicky Jack, Mr Chris Cooke, Mr Jake Bell, Miss Emma Baxter, Mr Tom Drabble, Miss Alison Cooke, Mr Alexander Greetham, Ms Jo Mchale, Dr Nathan Stroud, Mr Neil Simmons, Mr Mark O'Bryen, Mr Matthew Allan, Ms Frances Bentley, Mrs Helen Barraclough, Mrs Anna Drabble, Mrs Maria Greetham, Miss Samantha Waine, Mr Ben Knollys, Ms Helen Cooke, Mr Chris Holland, Mr Andrew Van Blerk, Mr Wesley Allen, Miss Amy Leavy, Mrs Elise Evans,

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## 1.0 SITE:

- 1.1 The Royal Oak in Nunnington has been operating as a public housing for much of the twentieth century. It is a Grade II Listed property which has been formed from two 18thC cottages. It is situated in the village, between residences and has an area of hardstanding to the

rear which serves as the car park for up to 10 vehicles (confirmed by NYCC Highways). There is an outbuilding to the rear of the property. There is also a beer garden to the rear. The property frontage is both narrow and elevated from the road and would be accessed by steps up to the door. The pub operated on a single operator basis, i.e. it is not owned by a brewery. Most recently, the property was operating as a pub but was closed on Mondays, and served food at lunch time and evening. Private living accommodation was on the first floor, with a separate kitchen for private use on the ground floor, which is adjacent to the commercial kitchen.

## **2.0 PROPOSAL:**

- 2.1 The public house ceased trading as of 1 January 2018, and a full planning application was subsequently made for the change of use of the pub to a dwelling house. The application was registered as a full application. Since then the following events have occurred which has resulted in a change in the applications type to a s.73A application, where the development is retrospective.
- Occupancy of the former public areas as domestic accommodation;
  - Removal of the commercial kitchen equipment; and
  - The applicant also surrendered the license and this was acknowledged by the licensing officer on the 12 June 2018.
- 2.2 Members will already be aware, but it is important to note in the report, that the consideration of the application does not change because the development is retrospective. It is the consideration of the planning merits of the change of use which are relevant in the context of the policies of the adopted Development Plan.
- 2.2 There are no internal or external alterations proposed to the fabric of the building by the change of use that would require Listed Building Consent.
- 2.3 The application was not submitted with information for the Local Planning Authority to consider, against the Local Plan Strategy, whether the public house remained economically viable, and whether it had been marketed appropriately without sale if it was economically viable. The applicant duly provided a range of documentation to make her case that both of these aspects could be demonstrated. These documents include further information regarding the sale marketing of the business, the work undertaken on the property, and the details of the marketing/promotion of the public house as and eating establishment as well as a pub. Financial Accounts were also made available.
- 2.4 Officers considered that this information would need to be independently appraised by an individual who had considerable in-depth knowledge of the public house sector, to assess whether or not the Royal Oak represented a realistically economically viable prospect for a new owner. Fleurets were chosen because they are a nationally-based firm in the leisure property sector, and had no prior connection to the business nor the applicant. CAMRA (Campaign for Real Ale) give recognition to the company for providing viability appraisals. The report is available to read on the public access website for viewing planning applications, and its findings will be discussed in the body of the report. It is also attached as an annexe.

## **3.0 HISTORY:**

- 3.1 December 2017 - Planning permission and Listed Building Consent granted for conversion of the of rear stable block to a 4 person holiday cottage. This followed a withdrawn application for 3 holiday units made in early 2017.



3.2 No further relevant planning history.

#### 4.0 POLICY:

4.1 Section 38(6) of the Planning and Compulsory Purchase Act 2004 confirms that the determination of any planning application must be made in accordance with the Development Plan unless material considerations indicate otherwise. The Development Plan comprises:

The Ryedale Local Plan Strategy (2013)

The Proposals Map (2002) carried forward by the Local Plan Strategy

The 'saved' policies of the Ryedale Local Plan (2002)

The Yorkshire and Humber Plan (Regional Spatial Strategy)- York Green Belt Policies (YH9 and Y1)

(The latter two components are not considered as part of the determination of this proposal)

##### The Ryedale Plan - Local Plan Strategy (5 September 2013)

Policy SP1 General Location of Development and Settlement Hierarchy

Policy SP2 Policy SP2 Delivery and Distribution of New Housing

Policy SP11 Community Facilities and Services

Policy SP12 Heritage

Policy SP20 Generic Development Management Issues

Policy SP21 Occupancy Restrictions

The key policy relating to protection of community facilities is Policy SP11 which contains the following words:

Existing local retail, community, cultural and leisure and recreational services and facilities that contribute to the vitality of the towns and villages and the well-being of local communities will be protected from loss/redevelopment unless it can be demonstrated that:

- There is no longer a need for the facility or suitable and accessible alternatives exist; **or**
- That it is no longer economically viable to provide the facility; **or**
- Proposals involving replacement facilities provide an equivalent or greater benefit to the community and can be delivered with minimum disruption to provision.

##### Material Considerations:

National Planning Policy Framework (NPPF) (2018)

National Planning Practice Guidance

Planning (Listed Buildings and Conservation Areas) Act 1990

1990 c. 9 Part I Chapter VI Special considerations affecting planning functions

s.66 General duty as respects listed buildings in exercise of planning functions.

s.72 General duty as respects conservation areas in exercise of planning functions.

#### 5.0 CONSULTATIONS:

5.1 This application was consulted on twice, with a second re-consultation taking place after the independently economic viability assessment was produced. This also allowed consultees to see, in full, the material provided by the applicant in support of their application which came in over a period of weeks towards the end of the first consultation period.

- 5.2 A brief summary of the position of statutory and non-statutory consultees is included on the front sheet of the report and issues raised are addressed in the relevant appraisal sections of the report. All consultation responses are available for Members to view on the public access webpage, and referred to in the report accordingly.
- 5.2 In terms of neighbour responses, there has been a large number of responses received concerning the application. This is a reflection of the naturally strong feeling within the local community about the loss of the pub. A number of the generic representations (all those supporting) are made by individuals who do not live in Nunnington, so it is not clear what connection they have to the public house. There have also been objections to the loss of the public house from residences in other parts of the country - again it is not always known what the connection is, although some state it is because they visit Nunnington on a regular basis. The Nunnington Village Hall Committee and Parish Council have objected to the proposal. Members will be aware that it is the consideration of the adopted Development Plan and the discussion of material planning considerations, irrespective of their geographical origin or their number/volume, which are material to the decision making process.
- 5.3 Nunnington Parish Council made the following statements in their (initial) representations against the application:
- The pub had been viable during the previous ownership, about 8000 people visit Nunnington Hall, so plenty of footfall;
  - Asking price was very high compared to the original purchase price- the commercial kitchens have been taken out so this must be taken into account in the present value
  - Marketing over the last two years would not have included the 2017 permission for the outbuilding conversion
  - The Royal Oak and outbuildings are Grade II listed
  - The Ryedale Plan Local Plan Strategy Policy SP11 should be considered
  - The village is holding Pop up Pubs run by volunteers, which are proving to be very popular, but these can only be run once month due to licensing requirements
- 5.4 Those 43\* respondents who have supported/accepted the change of use have made the following summarised comments:
- The public house market in villages is very challenging- many closing every week;
  - There is not enough trade- same reason why post office and shop shut;
  - The owners have tried to make it work and should now be able to live in the property they own as a family;
  - No one else is willing to take it on as a going concern
  - With supermarket beer and wine and dine in for two offers- people are eating out less and less
  - The building could become vacant and be eventually sold to developers who may not have any intention of maintaining the character of the property.
  - Operating a rural pub is becoming ever more difficult to make a profit
  - 18 pubs closing each week
  - Important that the building isn't restricted in use to ensure doesn't cause detriment to the character of the village and the rural scene, by becoming vacant- and uneconomic renovate
  - There is a shortage of private dwellings - will be a better use of the space
  - The local support is not enough to commercially support and sustain a business
  - It is not financially viable and fair to force people being open at loss
  - The majority of visitors go to Nunnington Hall or the Studios- they have cafes
  - I attended events and few locals were there
  - The pub is not well located within the village and immediately evident to visitors
  - A village the size of Nunnington cannot realistically operate as a 'local'
  - The pub relies on drive-to business and this makes it in competition with a range of rural public houses- competition is intense.

- As long as the owners adhere to the plans agreed, could be developed into a beautiful family home within the community.
- Working in the drinks industry I see many customers every year with going bankrupt or face the misery of building debt trying to keep once thriving pubs going.
- Once you have invested your life savings and see them disappear, and work 16 hours a day, as Jill did common sense says any ailing business must close, and pubs are no different

5.5 Those 29\* respondents (including the Village Hall Committee) who have objected to the change of use have made the following summaries comments:

- The public house represented the only place for residents to socialise and drink on an evening- it is a community asset
- It is the only pub in the village- a community hub
- The food offer became restricted - turning customers away (one representor was declined)
- Place has been deliberately run-down
- The public house was the only place opening after 5
- Price of Public house was too high to achieve a sale
- Other small villages have viable, thriving pubs
- Replace lost fittings and sell at a reasonable price
- Where will those residents go who are elderly and unable to drive/use public transport
- The village has already lost a number of amenities
- In the past the pub was lucrative with the right management and staff
- Need for clarity over the documentation provided by the applicant - and a re-consultation
- The food branding wasn't catching the imagination of this part of Ryedale;
- They owners identified themselves as novices- and stated that with the right team could double its potential
- The owners are inexperienced, with experienced owners serving good traditional pub food
- The pub could be closed, whilst the applicant makes a re-advertisement, as the pub is owned outright.
- Not in accordance with Policy SP11 or SP13
- The applicants are custodians of a local community asset
- We are a high volume tourist area where there is demand for food and drink establishment that understand the market
- The pub was so quickly placed back on the market- at an inflated price. It should be marketed at a realistic price
- The pub offers a supportive network for the local community- supports social welfare and mental health of the patrons
- Communal celebration
- Refreshment destination for walkers, cyclists, riders and tourists.
- The public house is needed on an evening for residents who do not conform to the 9-5 lifestyle.
- They declined to open on a Monday for the darts team
- The pub furniture was very quickly removed.
- Contrary to the Howardian Hills Management Plan which recognises the decline of villages as coherent and inclusive communities - supports development of a sustainable visitor economy
- The Pop-up Pub events have been very successful with three held by the Village Hall, we would like to hold more, but temporary licenses are limited, and there is other uses for the hall and the need for volunteers. They have had 40-50 people from the village and outlying area .They demonstrate the need for the maintenance of the

social aspects provided by the Royal Oak until its closure, as an interim measure.

- Fryton Catering and Nunnington hall are not open all year round, and close on the evenings. Nunnington Hall catering is only for those visiting the hall.
- The supporting documentation provided does not support the change of use (deeds are not relevant within the context of the planning system).
- The building is Listed and will remain so irrespective of the outcome of this application
- Would expect to see price paid, sales particulars as evidence as to why the property did not sell - the information to date shows that the property has not been marketed for long enough, nor at a suitable price
- Surrounding pubs- which were on the decline- are doing well, and rather than being competition show what can be achieved with entrepreneurial effort and cash.
- The pub is the last remaining amenity within walking distance of home- having lost our other facilities- there are pubs nearby but not within walking distance
- The lack of the pub will effect holiday cottage bookings as people will be unable to get an evening meal-Nunnington relies heavily on tourism for generation of the local economy
- The pub used to be busy- opening 6 days a week for lunch and evening meals- you needed to book in advance c.7 years ago
- If the pub is lost, it is highly unlikely that Nunnington would ever have a pub again, thereby denying the community of this important social facility and loss of heritage
- Change of use to a dwelling is not within the wider interests of the area/vicinity
- What makes Nunnington special is the strong sense of community spirit, and the pub has a role to play in that, since it closed it has been sorely missed
- Deprivation of the local community of a well-loved asset- at the heart of the community
- A the rate Pubs are closing down, surely it is imperative to keep as many of them open, especially if they are still operating and servicing the village community.
- Why if someone wants to move in to the area, surely there are plenty of other properties that they could purchase and renovate instead.
- It gave the older residents a place to go for their Christmas meal
- The fact that there was a pub within walking distance serving good food was one of my considerations when I moved here 26 years ago
- If the pub changes to a dwelling, it will be nigh on impossible for it to be returned to a pub
- Nunnington is a working village not a housing estate
- It a village with few amenities and job opportunities it is terrible shame to see this happening to another village
- The village hall is no substitute is requires specific opening you cannot just walk I, meet friends and buy a drink
- Without it the village will lose its vibrancy and sense of community it will become moribund
- The lack of a pub may lead to increased instances of drink driving if people have to travel to nearby villages
- It was a viable business until the current owners took it over
- The village is losing its sense of community
- I hope whoever makes the decision about the pub lives in a small village and understands the effect losing it is having on the villagers.

\* This excludes any duplicate representations

5.6 Since the re-consultation, there has been one response made as a neutral, as they remain supportive of the retention of a public house, and is a resident from the village. As a visitor to the pub on a regular basis does not agree with comments concerning the comments that the applicant has deliberately run the public house down, but that they tried to make the best of it, and cites examples of their activities. They acknowledge the lack of economic vitality, citing:

- Changing consumer markets and behaviours
- Increasing regulatory and compliance costs
- Rising running and staff costs
- Location
- The absence of secondary supporting incomes (accommodation etc)
- Local competitors that have been able to support their core pub businesses with additional income streams and / or captive markets
- A disinterested and unsupportive Nunnington estate
- Lack of local demand from a small and partly unsupportive village ('use it or lose it')

5.7 There have been five responses made in objection to the application. These include the Parish Council:

The report produced by Fleurets notes the property **"has not been marketed at a realistic guide price"** (point 4.5.10), the Royal Oak was marketed at £650,000, ultimately reduced to £600,000, while its market value is calculated as £325,000. Nunnington Parish Council believes The Royal Oak should be publicly marketed, at a realistic market value for a reasonable period of time, before being considered for change of use.

Other commenters have raised the following matters:

- The economic viability appraisal has made a good job of disentangling the facts and leaves the authority in a dilemma.
- The report concludes that it is not economically viable to run the public house, but also:
- The property was marketed at an inflated price;
- The assessment levies some criticism of the applicant
- That the applicants were rather swift in their putting the property back on the market;
- That the public house could be run more effectively;
- The surrendering of the license was not that of a prudent owner.
- Normally the LPA would require the business to be marketed for at least two years- and this this should be undertaken.
- Do not consider it is morally right to allow the business to fold just because of the way it has been run since it was acquired.
- The approval of this application would be a significant loss to the community
- Remarket the Royal Oak at the more realistic price mentioned in the report, having also taken into account the cost of reinstating the license and the assets stripped from the kitchen by the current owner earlier this year.
- Do not agree that Nunnington Hall and Fryton cafe have likely impacted on trade. They are not comparable. Aside from the fact both have much shorter opening hours, the cafe at Nunnington Hall has been open for many years, in periods when trade at the Royal Oak was booming. Before Fryton cafe there was another tea room, which also had no impact on the Royal Oak's profitability.
- The report also states that the property is not located in an ideal position in the village- the Royal Oak has always been a central point for villagers and others to meet.
- The lapsing of the license has made it more unattractive as a buyer- and should be factored into the costs
- The report makes reference to the impact of the credit crunch on this public house. The Royal Oak has been in business for many years, apart from a short time in the 1960s when it was residential. A public house is marked at its location on the OS map of 1912. There have been economic downturns before the current recession (during the 1920s, after both World Wars, in the mid-1990s) and throughout these periods the Royal Oak has survived.
- Facilities for identified for the local community- following information

- Fryton cafe - is seasonal, does not serve a wide selection of food and is open Tues - Sun 10am - 4pm. It cannot be compared to a licensed premise, accessible to people who work and serving evening meals
- Nunnington Village Hall - is suitable for village events such as jumble sales, keep fit classes, pre-school nursery etc. but cannot be compared with the atmosphere or ambience of the public house
- Nunnington Hall - a National Trust property, with cafe. It also is seasonal and closes in the evenings. The cafe serves light lunches only
- Worsley Arms, Hovingham - an hotel, not a public house
- The Star, Harome - a Michelin starred, award winning restaurant with prices to reflect this. Whilst excellent for special occasions, this is not a viable alternative for an inexpensive drink after work
- The Pheasant Hotel, Harome - an hotel, not a public house
- Royal Oak, Gillamoor - we have heard rumours that this property may be closing as a pub
- The pub has now been closed to customers for 8 months, and in that time the heart of the village has been lost. We no longer see fellow villagers with any regularity. One cannot expect an entire community to meet at one of the nearby pubs. We all miss being able to walk to our local pub, to chat and keep the community spirit alive.
- Closure of our local pub is another example of the decline facing rural communities. In living memory Nunnington has lost the last of its village shops and a Post Office. There are no regular public transport links to the village.
- If the change in use is granted for the Royal Oak the current owner will very likely sell quickly and move on, leaving the local community without any hope of re-opening its most important amenity.
- Agreeing this planning proposal would demonstrate very short term thinking by Ryedale DC. Once lost, village amenities are gone forever. We need to support our rural communities, not be looking for quick win solutions which benefit the few.
- I would like to comment on the recent Viability Report which states The Royal Oak Inn is not viable as a lot of money would have to be spent replacing the kitchen equipment, furniture in the bar and a licence application would be needed. - There has been a deliberate attempt to de-value the property.
- The report states the village is purely residential whereas the village has several businesses running and two working farms.
- The property was being marketed at £525,000, following a reduction from the original price of £600,000. The report states that a realistic figure would be more in the region of £325,000 which would explain why no sale was forthcoming. It would be reasonable to expect the property to be marketed at the proper market value for a time.
- I would ask that the Council do not grant planning permission until the property has been marketed as a public house.

## 6.0 APPRAISAL:

- 6.1 As evidenced by the comments made on the application, public houses have a long-standing role with communities as a place of congregation, for events, or for general meeting with neighbours, friends and family. They are, despite being a commercial enterprise, a community facility, and some public houses perform a range of functions to support their viability. It is clear that the loss of the pub has been felt keenly by members of the village, but Members are aware of the need to consider objectively whether or not in planning terms the change of use is capable of being considered acceptable. It is however, a part of the planning system where financial considerations in terms of economic viability do have to be balanced with the expectations of the community, and this is through assessing the proposal against the Development Plan. There has to be a reasonable prospect of the public house in question being ran at a reasonable return. The main considerations to be taken into account are:

- i) Principle of the change of use
- ii) Further considerations

### **i) Principle of the Change of Use**

- 6.2 There are two stages to the policy position on the principle of the use, the first concerns the change of use from a pub to a dwelling house, and whether the circumstances are met to permit the change of use, according to SP11 'Community Facilities and Services', and secondly, if such a use is permitted, then what is the policy position on the formation of a new dwelling in an 'Other Village' according to SP1 and specifically SP2 'Delivery and Distribution of New Housing'.

### **Application of Policy SP11**

- 6.3 Policy SP11, 'Community Facilities' seeks to protect community facilities, where it is reasonable to do so:

Existing local retail, community, cultural and leisure and recreational services and facilities that contribute to the vitality of the towns and villages and the well-being of local communities will be protected from loss/redevelopment unless it can be demonstrated that:

- There is no longer a need for the facility or suitable and accessible alternatives exist; **or**
- That it is no longer economically viable to provide the facility; **or**
- Proposals involving replacement facilities provide an equivalent or greater benefit to the community and can be delivered with minimum disruption to services.

For the determination of this application, the third consideration is not relevant, as there are no replacement facilities. It is also clear that the tests are exclusive, in that only one needs to be satisfied.

### **Whether there is no longer a need for the facility or suitable and accessible alternatives exist**

- 6.4 For some members of the village, and visitors, the presence of the pub in the village has clearly been a valued place for meeting and socialising. It is also seen as an attraction in house purchases. The viability report has also considered the challenging economic climate in which public houses, particularly those in a rural area, now operate, and this is very different to how village pubs in the past were run. It is clear from the activities of all village pubs that they can no longer be sustained as a commercial activity through the 'wet-sales' (beverages) alone and that other income streams are needed, commonly food, but also accommodation, and event catering if they have the capability. In Nunnington itself, there are for visitors, and those residents who do not work that standard 9-5 day, the ability to visit the Fryton Café. Nunnington Hall also services those who visit the hall, and as such is likely to not meet the needs of the local residents as it closes at 5pm. It is also possible that as a result of the closure of the Pub, Fryton Café may, if there is sufficient interest, stay open later on certain days (licensing permitted) to meet that demand or open for a longer season. Whilst this is only speculation, if there is sufficient interest, the Café can consider it. The viability report has also referred to a number of establishments which compete for the trade of the Royal Oak, and the report acknowledges, that these enterprises have different attractants, serving both the expectations of tourist and residents, if not necessarily on foot.
- 6.5 Comments have been made around the success of the Pop-up-Pubs and evidenced these as a demonstration of need. These events were, by report, well attended, which is an indication that as community, the village can find alternatives to bring the village together. They are, however, specific events: planned into the diary, and provide an ability for a concerted gathering of people, as opposed to the intermittent activities of residents, who may drop into

the pub as and when they wish to. They therefore provide a positive, but different experience, and are not comparable to the activity experienced by public houses.

- 6.6 The independent economic viability assessment concluded that Nunnington as a catchment is 'relatively small', and based on the evaluation of public house offer, and other establishments for food and drink in the surrounding area, there is a range of places which will meet most needs of residents and visitors. This is of course, accepting that those small number of individuals who wish to 'walk for a pint', are instead going to require designated drivers and plan their activities accordingly. This is a very locally-defined need, and a need that is unable to generate significant interest and income. Matters concerning drink- driving (as raised in one representation) are not relevant as this is a personal behaviour, which can result in criminal prosecution, and has over the years become socially unacceptable. People now generally do expect that where a car is involved, there will be a designated driver. Drink driving is not a material planning consideration. In conclusion, for most needs, there are suitable and accessible alternatives.

Whether that it is no longer economically viable to provide the facility

i) The economic viability

- 6.7 The public interest of retaining a community facility should also be balanced with whether the facility can be run in an economically sustainable manner, as it is not reasonable to expect a private enterprise to be a community facility which runs at a loss. The independent viability report has explained that the level of 'lifestyle choice' public houses has, since the credit crunch, severely waned, as they run on the basis that they do not make a profit (and often have been at a loss). There have also been other wider changes to the way in which people use public houses, and these have all had an effect on village pubs.
- 6.8 The independent viability report, applying a realistic credible maximum likely trade potential (therefore opening it for longer than the applicants had done), concludes that the Royal Oak is not economically viable for continued use as a public house. This is because it is not capable of generating a satisfactory profit performance to make it viable/sustainable for the reintroduction of the public house use. The non-viability of this course of action particularly arises as a result of the capital investment required to acquire the premises (and this is at £325,000 with the inventory included). The key factors identified in the report which contribute to lack of economic viability are:
- After allowance for finance costs the business is loss making
  - The return on the investment required does not reflect the risk
  - The property would not be of interest to corporate pub companies, either leased or managed operators;
  - Nationally beer volumes are in decline
  - The limited car parking facilities required to operate as a destination food house
  - Better located competition will limit the opportunity to grow the turnover and profit.
- 6.9 The report also concludes that the property's location and characteristics make it heavily reliant on destination type custom attracted for food. Given the existing competition situated within the locality, the sustainability of trading will present significant challenges and uncertainties and "cannot be demonstrated to provide an operator with a satisfactory return on i) the required capital investment; ii) the risks investing in the proposition; and iii) the required entrepreneurial endeavour necessary to the and operate a rural located public house with a low nearby resident community". Criticism levelled at the report's judgement of describing the less than satisfactorily location of the pub relates to its lack of visibility and parking for destination driven food demand, and is not made in relation that of local residents seeking a drink. As such, based on the independent viability assessment, undertaken by Fleurets at the request of the Council, the Royal Oak is not an economically viable enterprise to run. This evaluation is also irrespective of the way it has been operated by the applicant,



and matters concerning the purchasing of fixtures, fittings and the licensing position. These are matters which commentators on the application have referenced as reasons for the economic viability having been harmed, and being capable of being addressed, but the viability assessment looks at the operating capability, as well as costs of set up, and this is what makes the property no longer an economically viable enterprise to run.

ii) The marketing of the public house

- 6.10 A number of comments received have noted, and the independent economic viability assessment confirmed that the Royal Oak, having been bought in 2014, was rather quickly back on the market in 2015. The precise reasons for this haste can only be explained by the applicant. The asking price was also queried by a number of respondents. The independent economic viability report has concluded that the property had not been marketed at a realistic guide price, based on the lawful use as public house, and not a residential property. It values the property as a Public House at £325,000; which is much less than any of the asking prices previously sought- which is likely to be attributed some residential 'hope' value, and see the property as a lifestyle pub- whereby the pub is run on the basis it is not profitable. It concludes "The purchase at the guide prices of both Christies and Davey and Co would make the purchase uneconomic and severe risk of business failure as the business would be unlikely to generated sufficient profit to cover finance charges let alone give the owners a sufficient return on their endeavours operating the business".
- 6.11 However, the fact that the property has been marketed at a much higher guide price than what could have been realistically expected to achieve, does not overcome the overriding issue that, even if it had been so, the Royal Oak's operation as a public house is not economically viable. The re-consultation comments have 'homed in' on this price variance as something which is material to the economic viability test, and indicated that the property should be marketed for two years at the price indicated in the viability assessment. In undertaking such an exercise this does not overcome the actual policy test of Policy SP11 concerning the economic viability of the provision of the facility, which even at the lower/realistic price value has been determined as not economically viable. To undertake such an exercise in this instance would not bring any material benefit to the consideration of the economic viability of the enterprise.
- 6.12 As referred to earlier, in applying the tests of SP11, each test is not required to be met simultaneously, it is clear that it is no longer economically viability to continue to operate the Royal Oak. In terms of the need, the independent economic valuation has identified there is a range of enterprises which will meet most needs, except those residents who would prefer to continue to have a short walk to a public house.

**Application of Polices SP1 and SP2**

- 6.13 Policy SP1- General Location of Development and Settlement Hierarchy- identifies other villages as being areas of housing restraint, and development is restricted to that which is necessary to support a sustainable, vibrant and healthy rural economy and communities. Accordingly, Policy SP2 sets out the limited scenarios where new residential development will be permitted. This includes the conversion of previously developed land and buildings, subject to the Local Needs Occupancy Condition which is set out in Policy SP21, and is applied in perpetuity:

Local Needs Occupancy

To meet local housing need in the non-service villages the occupancy of new market housing will be subject to a local needs occupancy condition where this accords with Policy SP2, and will be limited to people who:

- Have permanently resided in the parish, or an adjoining parish (including those

outside the District), for at least three years and are now in need of new accommodation, which cannot be met from the existing housing stock, or

- Do not live in the parish but have a long standing connection to the local community, including a previous period of residence of over three years but have moved away in the past three years, or service men and women returning to the Parish after leaving military service; or
- Are taking up full-time permanent employment in an already established business which has been located within the parish, or adjoining parish, for at least the previous three years; or
- Have an essential need arising from age or infirmity to move to be near relatives who have been permanently resident within the District for at least the previous three years.

6.14 The property has private accommodation, but that has been occupied on the basis that it provides ancillary accommodation to operation of the pub. This is because the occupier must go through the public areas to access the private kitchen, and as such it is not self-contained. It is clear that the applicant can indeed meet the Local Needs Occupancy (LNO) condition, as she has lived at the property for over three years and as dependants, her daughter and granddaughter have been living there too. They are aware of the LNO condition's application, and refer to it in their planning statement. As such, if Members are minded to approve this application, the applicant can meet the terms of the local need occupancy condition, meaning that she and her family can continue to live at the property. Whether the applicant decides to move, and subsequently markets the property (with the LNO condition in place- and at price which reflects that condition) will be a personal decision and a sale transaction. It is not a material planning consideration: the matter before Members is the change of use from public house to a dwelling.

#### **ii) Further considerations**

6.15 The property is a Grade II Listed Building, and within the Conservation Area of Nunnington, and so Policy SP12 - Heritage- is of relevance given the statutory obligations placed on Local Planning Authorities as a result of the 1990 Act (as referenced in the earlier Policy Section. Since the proposed change of use has no effects on the fabric of the building, this change of use is not contrary to SP12. It is not considered that the change of use to a domestic dwelling will result in any harm to the character and appearance of the Conservation Area. Though it is possible that subsequent internal alterations, which might not require planning permission, may require Listed Building Consent. The necessary consent should be sought accordingly. Furthermore, the building was originally two domestic dwellings, and so the fact that the pub has operated from there, and a domestic use has occurred before, it is not considered that the historic significance is affected. Comments have been made regarding the potential for the building to fall into disrepair. This is a prediction and not fact, although it can happen. Given the applicant's substantial investment into the Grade II Listed property, which she lives in, and owns, and the Local Planning Authority has statutory powers concerning the state of Listed Buildings, very little weight can be given to this argument.

6.16 Policy SP13 - Landscapes - has been referenced in representations, because it supports proposals which "are considered appropriate for the economic, social and environmental well-being of the area..." in this is regard the spirit and purpose of the policy is concerned with assessing the impact of new development proposals from a point of view of protecting and enhancing the natural beauty and special qualities of the AONB, in a landscape- perspective, and requiring a justification for being so located. That sentence is part of a series of matters for consideration in respect of that overall consideration. Being aware of the strong local feeling, this proposal is nevertheless for a localised change of use within the village itself, and as such it is not considered that SP13 is a relevant policy in the determination of this application.

- 6.17 Representations have sought to evidence the Howardian Hills Management Plan in support of the Public House's retention. The role of the Howardian Hills AONB Management Plan is to help understand the special qualities and natural beauty of the AONB, and provide support and recognition with a range of issues facing the economy and communities of the Howardian Hills AONB, which indirectly threaten those special quantities and natural beauty. It is not a component of the Development Plan, but can be a material consideration as there are references to it within the Development Plan. In this instance the Development Plan has a clear policy framework for the consideration of community facilities, and that has primacy in the decision making process.
- 6.18 Policy SP20- Generic Development Management Issues- considers the impact of development on the character of the area, and the design implications of development. New development is expected to respect the character and context of the immediate locality and the wider landscape/townscape character in terms of physical features and the type and variety of existing uses. This would be the case with the change of use from a public house to a dwelling, the use would be a de-intensification of the use, as such is in accordance with SP20 in all respects.
- 6.19 The surrendering of the license has not been taken into account in so far as the licence was in operation, and surrendered by the applicant. Had there been any issues of significance it would have resulted in the declining/ceasing of the license prior to the surrendering of the licence by the applicant.
- 6.20 The Development proposed would, if granted, result in the formation of a new dwelling in planning terms. However, the liability for the CIL charge would be zero-rated, due to the fact that the public house had been in continuous operation (accepting closed days) for six months in the last three years.

### **Conclusion**

- 6.21 The closure of the Royal Oak in Nunnington has understandably resulted in strong feelings within the local community. It is clear that its loss will be keenly felt by those who did frequent the pub on a regular basis. Officers, have sought to ensure that in evaluating the planning considerations of this change of use, that a thorough and impartial assessment was undertaken to determine whether the pub could remain as a realistically economically viable enterprise (irrespective of the surrendering of the licence). From the findings of the viability assessment, the continued operation of the Royal Oak is not economically viable. In terms of meeting need, there are reasonable alternatives that are capable of meeting a range (if not all) needs of residents and visitors. In accordance with the policies of the Development Plan, the change of use from Public House to dwelling is compliant with Policy SP11. Under the application of Policies SP1 and SP2, the property is capable of being a residential dwelling with the Local Needs Occupancy Condition applied. It is therefore recommended that the application is approved, with the conditions suggested below.

### **RECOMMENDATION: Approval subject to the following conditions**

- 1 The dwelling hereby approved is subject to a local needs occupancy condition where this accords with, and will be limited to people (and their dependants) who:
- Have permanently resided in the parish, or an adjoining parish (including those outside the District), for at least three years and are now in need of new accommodation, which cannot be met from the existing housing stock, or
  - Do not live in the parish but have a long standing connection to the local community, including a previous period of residence of over three years but have moved away in the past three years, or service men and women returning to the Parish after leaving

military service; or

- Are taking up full-time permanent employment in an already established business which has been located within the parish, or adjoining parish, for at least the previous three years; or
- Have an essential need arising from age or infirmity to move to be near relatives who have been permanently resident within the District for at least the previous three years.

Reason: To accord with the Policies SP1, SP2 and SP21 of the Ryedale Plan- Local Plan Strategy.

- 2 The development hereby approved is undertaken in accordance with the plans submitted in conjunction with this application.

Reason: For the avoidance of doubt.



REPORT CONCERNING ECONOMIC VIABILITY  
& SUSTAINING OF PUBLIC HOUSE USE

PREPARED BY

DAVID C SUTCLIFFE BSc MRICS  
FLEURETS

in connection with the public house premises known as

**Royal Oak Inn  
Church Street  
Nunnington  
North Yorkshire  
YO62 5US**



18<sup>th</sup> July 2018



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## 1.0 INTRODUCTION

### 1.1 Experience and Expertise

- 1.1.1 I am David Carl Sutcliffe, Director of the national practice of Chartered Surveyors, property consultants, and agents Fleurets, dealing exclusively in the provision of property advice, sales, lettings and valuations of hotels, restaurants, public houses and other forms of licensed and leisure property.
- 1.1.2 I am a Director of Fleurets and National Head of Professional Services. In addition, I am also editor of the guidance notes for the valuation of public houses on the RICS website iSurv. I am also on the RICS President's Panel of Independent Experts.
- 1.1.3 I am a Member of the Royal Institution of Chartered Surveyors, a Registered Valuer and have in excess of 29 years direct experience in my specialist licensed and leisure property field. I am based at Fleurets' Manchester office and deal with professional matters throughout the North and North West of England.

### 1.2 Instructions

- 1.2.1 I have received instructions from Mrs Rachel Balmer a senior planning officer of Ryedale District Council, seeking a report detailing an expert opinion of whether or not the Royal Oak, Nunnington ("the Property") is economically viable and has sustainable trade for the continued use as a public house. My opinion is to be prepared having regard to the assumption that the property has a premises licence and open for trade.
- 1.2.2 I confirm that I have not had any previous dealings with either the Royal Oak public house or its owners. For the sake of transparency one of my agency colleagues whilst working for another firm sold the freehold of the property in 2007, but has had no subsequent dealings with the property.
- 1.2.3 The opinions that I express herein have been prepared in the capacity of an expert witness on the instructions of the local planning authority.
- 1.2.4 The Report complies with the requirements of the Royal Institution of Chartered Surveyors as set down in 'Surveyors Acting as Expert Witnesses: Practice Statement'.



- 1.2.5 A Professional Declaration is provided at the end of the Report.
- 1.2.6 For the avoidance of doubt I confirm that this report is not intended to be a valuation of the property, either rental or capital, and it is not therefore formatted to comply with the RICS practice statements relating to property valuations.
- 1.3 Planning Policy**
- 1.3.1 My report has been commissioned by the local planning authority to establish whether the Royal Oak is able to operate as a sustainable business. It is also necessary to demonstrate that a change of use and permanent extinguishment of the property's public house use, will satisfy the relevant planning policy tests.
- 1.3.2 My report specifically addresses my opinion of whether or not the Royal Oak is economically viable for there to be a successful reintroduction and thereafter sustaining of public house trading. As a part of my considerations, I identify the alternative public house amenities which are currently available for use by the local resident community within the surrounding rural district.
- 1.3.3 In considering my opinion I have had regard to the local planning authority's guidance contained within the Ryedale District Council Local Plan Strategy, dated 5<sup>th</sup> September 2013.
- 1.3.4 The policy specifically states that for consideration of a local amenity to take a community facility out of community use, 3 tests under SP11 Community Facilities and Services are required. These are:
- i. there is no longer a need for the facility or sustainable and accessible alternatives exists, or
  - ii. that it is no longer economically viable to provide the facility, or
  - iii. proposals involving replacement facilities providing the equivalent or greater benefit to the community and can be delivered with minimum disruption to provision.
- 1.3.5 In respect of this report points i. and ii. above are within my instructions.





## 2.0 THE PROPERTY

### 2.1 Location

- 2.1.1 The property is located in the North Yorkshire village of Nunnington, which lies to the north of the B1257 approximately 3 miles to the south-east of Helmsley. Nunnington is an attractive North Yorkshire village situated on the River Rye. The village has a relatively small resident population which according to the 2011 census was only 361. Nunnington Hall a National trust property is situated to the eastern boundary of the village. This is a popular tourist attraction bringing visitors to the area. The village itself is residential in nature with a small number of properties majority of which are constructed in local stone. I understand the main village centre benefits from conservation area status.
- 2.1.2 The surrounding area is predominantly rural. The village lies to the north-east of the Howardian Hills Area of Outstanding Natural Beauty. Within the immediate area there are a number of small villages including Stonegrave, Hovingham, Sproxton, Ampferforth and the larger town of Helmsley. In addition the market town of Malton is situated approximately 8 miles to the south-east.
- 2.1.3 I understand that the properties within Nunnington are in the main privately owned and used as either private residential properties or holiday lets. In addition there is a tearoom in the village centre. The village also has a village hall which is situated to the eastern boundary of the village.
- 2.1.4 The Royal Oak is situated on Church Lane, one of the main roads in the village. The Royal Oak is set to the south western boundary of the village settlement and close to All Saints St James' Church and at the opposite end of the village from Nunnington Hall. Church Lane whilst unrestricted for parking is relatively narrow and would preclude on street parking in the area immediately surrounding the Royal Oak. This is an important consideration having regard to the customer base of the Royal Oak.
- 2.1.5 From the latest Census in 2011 the resident population of Nunnington Parish is stated as being 361 with 177 residences. In population terms this would be considered relatively small.



- 2.1.6 For the purposes of public house trading the location and situation of the Royal Oak would cause it to be significantly reliant upon attracting car born destination type custom, there being very limited potential for custom derived from the nearby resident community. As a direct result of these location characteristics the operational trading style of the public house would of necessity, need to be substantially based on a food offer attracting custom for dining.

I set out below location and site plans:



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Site Plan For identification purposes only. Not to Scale.



## 2.2 Description

2.2.1 The Royal Oak comprises a detached building which would appear to have been originally two semi-detached cottages that have been combined to create a single entity. The property is constructed in solid load-bearing stone walls and built two storeys beneath pitched pantile roofs. The original building has been significantly extended to the rear and sides in rendered brick/block walls beneath both pitched tiled and flat felt covered roofs. Given the properties listed building status most of the original sash windows have been retained.

2.2.2 The building is sited within grounds extending to circa 832 sq m (0.2 Acres), being situated towards the forward eastern side of its site fronting the highway boundary. The grounds are arranged as a customer car park lying to the western side of the building with a rough part tarmac part crushed stone surface and without space marking. The car park provides approximately 10 spaces. Directly to the rear of the building is an enclosed trade patio. Within the grounds there are outbuildings comprising three former stables and a stone store. In addition, adjacent to the main building, is the oil storage tank for the central heating set within a narrow private garden to the north of the main building.

2.2.3 Photographs showing the exterior of the property and its external grounds are set out below:-





## 2.3 Accommodation

The property has internal accommodation arranged over ground and first floor levels, briefly summarised as follows:-

### Ground Floor

- 2.3.1 There are two main customer entrances. One directly off Church Street, to the front the property, providing access into a customer bar and seating areas. In addition, there is a further access to the rear from the car park.
- 2.3.2 The trading accommodation is arranged with a single bar servery with a number of interlinked customer seating areas. There are customer toilets for ladies and gents. It was noted that there are no disabled toilet facilities. The service support accommodation comprises a wash up/utility room, a commercial kitchen and a store. Staff WC.
- 2.3.3 The interior finishes to the customer areas comprise painted plastered walls with areas of exposed stone beneath beamed ceilings. The majority of the flooring is carpeted. There is a central bar area with bar servery set to the rear of the room. To the rear of the bar is a small door giving access to the basement cellarage which acts as beer store.
- 2.3.4 To the left hand side is a raised section which was used as a dining area and provided dining for approximately 52 Covers. To the right hand side are 2 interconnected areas which were used as dining and games area.
- 2.3.5 The customer toilets are fitted with conventional fittings and predominantly tiled floors and walls. The commercial kitchen is finished with sections of metal sheeting and glazed wall tiling. At the time of my inspection the commercial kitchen equipment had been removed.

### 2.3.6 First Floor

The first floor comprises solely domestic living quarters, arranged as a landing area leading to a, a living room, a bathroom/WC and 4 bedrooms. There is an attic room above.



2.3.7 Photographs showing the property's accommodation are set out below:-



## 2.4 Services

2.4.1 The property is understood to be connected to mains electric water and drainage. This understood that the kitchen was fuelled by LPG and the central heating is oil fired. Heating to both the ground floor public house and first floor domestic quarters was by way of central heating to radiators. The ground floor trading areas have a mix of open fires and log burners in addition to the central heating.

## 2.5 Condition

2.5.1 I have not undertaken a building condition survey however the property appeared to be in good structural condition. The internal areas are in good decorative order and I would expect that a potential operator would not consider it necessary to undertake any refurbishment programme prior to reopening the business.

2.5.2 Externally there was evidence of peeling paint on the windows though this is a relatively minor issue. There are outbuildings which are currently used for storage. I understand that planning consent has been sought for the conversion of these buildings to holiday lets. It will however require significant capital investment to bring these buildings into a commercial use.



- 2.5.3 The trade inventory has been removed and it would be necessary for an operator to re-furnish the premises. Given the location and style of operation it would be necessary to provide good quality furniture.

## 2.6 Premises Licence

- 2.6.1 Enquiries made with the Licensing Authority indicate that the property has not had the benefit of a Premises Licence since 9<sup>th</sup> June 2018. I understand that the current owners of the property surrendered the licence approximately 6 months after they ceased to operate the premises as a public house. For the purposes of my report I have assumed that the business is operational as the surrender was effected after the premises ceased trading but prior to the application for a change of use and without any alternate use consents being granted. This would not have been the actions of a prudent owner.

## 2.7 Rating

- 2.7.1 The rateable values of public houses are assessed based on judgements made over their trading potential. A simple reliance on actual rateable values in order to arrive at an opinion of future trade potential is however not to be recommended nor is considered to be a reliable basis for such judgement.

- 2.7.2 Consultation of the website of the Valuation Office Agency shows that the Royal Oak has the following history of Ratesable Values (RV):

Rating List 2010 – RV £17,400 effective 1<sup>st</sup> April 2010.

Rating List 2017 – RV £10,300 effective 1<sup>st</sup> April 2017.

- 2.7.3 The 2010 Rating List entry will have been based on the property's physical size and format applicable on 1<sup>st</sup> April 2010 however the economic and trading circumstances applicable on 1<sup>st</sup> April 2007, known as the antecedent valuation date. It is likely that the assessment will have been influenced by reports of actual trade achieved in the period 2005 to 2007.





2.7.4 The 2017 Rating List entry will have been based on the property's physical size and format applicable as at 1<sup>st</sup> April 2017 however the economic and trading circumstances applicable as at 1<sup>st</sup> April 2015, the then antecedent valuation date. The property was in the process of being sold during this period and I am not certain if the rating authority would have been in possession of the historic trading information. However the reduction in the rating assessments between 2010 and 2017 would suggest that there has been a declining trading performance during this period. I will deal with this later when I consider the fair maintainable turnover.

2.7.5 The property's domestic accommodation is included in the Council Tax Valuation List within value Band C.

### **3.0 THE MARKETPLACE FOR PUBLIC HOUSES**

In this section I consider the economic, operational and social influences which impact on the demand for, trading potential and viability of public houses.

3.1 In the year 2007 the onset of the 'credit crunch' triggered a prolonged period of considerable economic uncertainty with the UK economy suffering a sustained downturn with double dip recessions in 2008/09 and 2011/12.

3.2 The economic downturn had a dual impact upon the licensed trade. Firstly, there was the effect of lower sales resulting from customers having reduced disposable income or simply exercising caution. Secondly there was the impact on the ability for prospective purchasers to raise finance. Throughout the downturn, banks were averse to risk and reluctant to entertain loans unless a borrower had relevant trade experience and accounting information was available to support the levels of trade projected. Scarcity of loan finance, together with vastly reduced bank loan to value ratios have limited purchasers' ability to raise finance and continues to do so. Some banks effectively exited from the licensed and leisure property sectors.



- 3.3 In Fleurets' experience, throughout the economic downturn lenders were reluctant to advance finance for purchases of public houses, particularly those which could not demonstrate robust levels of turnover and profitability or were closed to trade. Even in a much improved economic climate, in the absence of a sustained level of proven trade and profits, lenders are generally not prepared to provide funding unless an operator is prepared to offer alternative security. Banks tend to be averse to lending against leasehold interests. The larger multiple or corporate operators will not generally need to raise finance for individual property acquisitions however, such operators will usually only acquire sites where there is potential to generate sales in excess of £20,000 per week, net of VAT. I do not consider the Royal Oak to have any of the characteristics which would enable it to be able to generate such levels of turnover.
- 3.4 More recently the economy has returned to positive growth, albeit it has fluctuated. In 2014 GDP stood at 2.4%, rising to 2.6% in 2015 but then falling to 1.6% in 2016. 2017 fared similarly with growth of 1.8%.
- 3.5 In June 2016 the UK voted to leave the European Union in the BREXIT vote. Negotiations between Britain and the EU are ongoing following Article 50 formally being triggered and the political and economic uncertainty has returned. Import costs have increased, particularly in the food sectors, albeit this has subsided somewhat more recently, and inflation has risen strongly and as at April 2018 stood at 2.5%, having been at over 3% at the end of 2017, well above the Bank of England's target level of 2%. This has triggered a marginal rise in interest rates from 0.25% to 0.5%.
- 3.6 As a consequence of rising costs and weak wage growth consumer spending has once again come under close scrutiny. Whilst the pub sector has proved relatively resilient to these pressures so far, the press has widely reported on the struggles of the restaurant and retail sectors. Numerous restaurants across the branded, corporate and independent sectors have closed and/or been placed on the market for sale and profit warnings have been issued by a number of the major retailers.
- 3.7 This all comes on top of the challenges that the licensed retailing trade sector has already been faced with over the last 20 years or so. Rising costs and increasing administrative burdens, together with legislative changes have seen significant threats to stability at all levels. Legislation publicans must have regard to include the following:-



- Licensing Act 2003
- Food Act 1984 (as amended)
- Food Safety Act 1990 (as amended)
- Equality Act 2010
- Regulatory Reform (Fire Safety) Order 2005
- Gas & Electrical Regulations in relation to the trade inventory

3.8 The mass beer market has seen and continues to experience a shift to the off trade, which combined with the success of anti-drink drive legislation have been significant factors leading to a general decline in volume of traditional on-licensed wet sales. Recent statistics, produced by the British Beer and Pub Association (BBPA) in their UK Quarterly Beer Barometer show a decline in annual beer sales in the on-trade between Quarter 4 2000 and 2017 from 23,358,000 to 12,628,000 barrels, a decline of c.46% (expressed in terms of 36 gallon brewers' barrels). The highest levels of decline were reported in 2008 and 2009 which would be consistent with the follow on from the introduction of the ban on smoking in public places as well as the onset of the recession. Whilst the decline in beer volumes has continued the speed of decline reduced in mid-2014 to its lowest level since 2003.

3.9 During the same period annual beer sales in the off-trade showed an increase from 11,215,000 to 14,285,000 barrels, an increase of c.27%. This marks a significant switch between beer volumes consumed in trading premises such as public houses and those consumed at home purchased from retail outlets such as off licenses, general stores and supermarkets. The shift has been so significant that in 2015 the volume of beer sold in the off-trade for the first time exceeded the volume of beer sold in the on-trade, a trend which has continued and remains as at Q4 2017. A copy of the source data is attached at Appendix DCS1.

3.10 The introduction of the ban on smoking in public places in July 2007 had a significant impact upon the trade of wet led public houses. In September 2008 a report issued jointly by the Federation of Licensed Victuallers Associations (FVLA) and the British Institute of Innkeeping (BII) concluded:

*"The smoking ban has had a serious and continuing effect on trade with the very important custom of smokers much diminished and with little positive news in terms of increased non-smoker or family business. The impact has been borne most by community, drink based pubs which have also had the fewest resources to withstand the downturn."*



- 3.11 The development of large public houses, on local 'high streets', which have the ability to offer discounted prices through their better purchasing power has resulted in a decline in sales in smaller traditional outlets within a radius of up to one mile, where there is public access/transport. As a consequence many such public houses which were previously only marginally viable have now ceased trading.
- 3.12 Regular eating out has become an established part of the British psyche and, as wet sales have declined, many pubs have sought to maintain and develop their business by focusing upon food led custom. However net profit margins on food led businesses are typically 5 to 10% lower than for wet led businesses. Consequently, such pubs are dependent upon achieving a higher level of food sales in order to replace lost wet sales if the overall net profit is to be maintained.
- 3.13 Local custom tends to be mostly 'walk-to' trade drawn from the immediate community, probably from less than ½ mile radius. Assuming the business is run in a good, competent and welcoming manner, trade will essentially be attracted by the convenience of the location and the opportunity to socialise with the local community. Local custom will tend to be concentrated towards weekday evenings and weekends.
- 3.14 In contrast to local trade, destination custom is often car borne and hence is attracted from a wider catchment area. Customers are drawn to an establishment by virtue of the nature of the facilities on offer, commonly including the availability of meals. Destination food led operations tend to be targeted to a particular market, which may be families, value orientated, fine dining, ethnic or traditional and offer particular desirable characteristics.
- 3.15 The essential characteristics of most destination led business are high visibility, ease of access and good parking. The family orientated businesses are usually run as high-volume branded outlets by multiple operators, typical examples of which are Chef & Brewer, Flaming Grill, and Hungry Horse. They may often be combined with outdoor and/or indoor children's play facilities. Such businesses demand prominent road locations, a site of ¾ to one acre, a built area in the region of 7,000 to 8,000 sq ft and customer area of 2,500 to 3,500 sq ft. There has been a significant expansion in the number of this type of operation in both urban and suburban areas over the last twenty five years.



- 3.16 In more recent years an increasingly important requirement has been for such units to be developed near to business parks or at transport intersections. The most active companies in this market in more recent years have been Marston's and Greene King. Following the recession it has been the case that operators have been increasingly unwilling to compromise their site criteria.
- 3.17 Customers will also be attracted to destination venues by their setting, for example waterside properties or those where there is some historic interest or relevance.
- 3.18 The locational characteristics of the Royal Oak are such that it will not be able to rely solely on a locally resident custom and by necessity will therefore need to attract and appeal to a targeted destination type of custom, the majority of whom will be reliant upon car journeys in order to access the property.
- 3.19 The consequences of the above described economic and social trends are seen to adversely impact on public house trading, reducing alcoholic drink consumption, putting pressure on retail pricing and leading to an increasingly challenging market in which to operate. Such impacts are understood to be central to the declining numbers of public houses, both in urban and in rural districts. The background of these economic and social trends increases the risks faced by those making investments in the sector, particularly where there is a history of business failure and subsequent physical decline of premises. Such circumstances which increase the risks of making an investment into a public house all apply to the subject property.

#### **4.0 THE ECONOMIC VIABILITY OF PUBLIC HOUSES**

##### **4.1 Viability Factors**

- 4.1.1 When assessing the viability of a public house there are a number of factors which are appropriately considered and a number of potential sources of information to assist with the required appraisals.
- 4.1.2 It is firstly appropriate to consider the locational and physical characteristics of the property together with its existing local competition. Based on these considerations, a judgement can then be made over the most credible style of public house trading to be adopted at a particular site, in order to best exploit the trading potential.



- 4.1.3 It is desirable to be able to review financial information recording past trade performance of a site should this information be available, in order to help make the required judgement over future potential. However, such historic records are not always available and in incidences where there is no trade performance history, prospective operators must rely wholly on their own judgements and experience.
- 4.1.4 The British Beer and Pub Association (BBPA) have produced documentation to assist pub tenants in assessing public house operational costs and this data is of particular assistance in instances where there is an absence of past trading records.
- 4.1.5 In addition the Campaign For Real Ale, CAMRA, has published a Paper – ‘Public House Viability Test’ which identifies a number of factors they recommend it is appropriate be considered when appraising a pub’s trade potential in a variety of scenarios. It is necessary to note the CAMRA Paper is not adopted planning policy, it can however be treated as a guide to appropriate considerations.
- 4.1.6 Arising from the planning policy under SP11 referred to above in section 1.3 there are in my opinion three issues that need to be addressed, namely:
- The existence of alternative facilities which provide for people’s day-to-day needs;
  - The continuing viability of the business; and
  - The marketing of the business as a going concern.

I shall address each of these issues in turn.

#### **4.2 Local Public House Competition/Alternative Amenities**

- 4.2.1 There are a number of public houses located around the rural district surrounding Nunnington and the Royal Oak, it is helpful to consider these alternative public houses, which not only offer alternative facilities to the local communities but importantly would form direct competition to a party wishing to relaunch pub trading at the Royal Oak.



4.2.2 From my review of the locality, I have identified the following public houses and businesses as relevant competition: -

Fryton Catering Coffee House, Nunnington – (200 yards away)



The Fryton is situated in close proximity to the Royal Oak and benefits from a more central position within the village. Sandwiches and snacks are provided throughout the day. I also understand the premises are licenced and is considered better placed to cater for trade from Nunnington Hall. The Coffee House opened in April 2016.

Nunnington Village Hall – (0.5 mile away)



A traditional village hall on the outskirts of the village. This hall can be used for meetings and other community activities.

Nunnington Hall – (0.5 mile away)



Country House situated on the outskirts of the village of Nunnington. National Trust property with its own café.



Worsley Arms, Hovingham – (2.5 miles away)



Situated on the main route through Hovingham, A traditional public house providing food and beverage, together with letting accommodation. Attractive gardens with car park.

Malt Shovel, Hovingham - (2.5 miles away)



Traditional public house providing both food and beverage. Catering for a mix of local and drive to trade.

Fairfax, Gilling (4.5 miles away)



Traditional North Yorkshire Hostelry providing food and drink, together with letting accommodation. Attractive outside trading areas and car parking.





Grapes, Slingsby (4.5 miles away)



Traditional North Yorkshire public house providing food and drink in an attractive trade environment. In addition functions are also held at the property.

Star, Harome – (3.5 miles away)



Situated in the village of Harome, just outside Helmsley. A traditional North Yorkshire public house. Again, providing food and beverage and accommodation.

Pheasant Hotel, Harome – (3.5 miles away)



Country house hotel in the village of Harome, which benefits from 16 letting rooms in addition to providing food and drink in the bar. Fully modernised.



Royal Oak, Gillamoor – (8 miles away)



Traditional village pub on the main street in Gillamoor. The pub provides both food and drink, together with accommodation. In addition there is a residents' car park and on street parking in the village.

4.2.3 From the above review of the alternative public house provision located in the rural district surrounding Nunnington, it is apparent that the local village communities and those accessing the district by car are served by a range of long established alternative public houses which provide both community drinks led type offers and some with the daytime and evening food offers, in some instances also providing overnight bed & breakfast accommodation. A prospective future operator of the Royal Oak would be conscious of the extent of the established competition and would be concerned over the need to effectively attract custom away from these other public houses/pub-restaurants. In my opinion in the marketplace of 2018, the local district surrounding the Royal Oak is more than adequately supplied with public house amenities, albeit that residents of Nunnington are reliant upon car borne access.

4.2.4 Within the village of Nunnington there is Fryton's Catering Coffee House, which provides food and beverage, and is also licensed. This facility open in April 2016 and is likely to have impacted on the day time trade at the Royal Oak. In addition food is available at Nunnington Hall, though limited to day times only. In addition the Village Hall also provides a community meeting place.

**Having regard to the above I conclude that within Nunnington and the immediate area there are sufficient and better located premises that can cater for the community needs.**



#### **4.3 The Assessment of the Royal Oak's Current Trade Potential**

- 4.3.1 When assessing the viability of a public house there will be differing qualities and extent of information available to assist with judgements, dependent on the particular background circumstances applicable to each individual case.
- 4.3.2 When considering the viability of businesses one should have regard to the potential of the business and not just purely the recent trading history. In order to do this a useful format is provided by the Campaign for Real Ale (CAMRA) Paper Public House Viability Test. In my opinion the first step is to consider the target market for the business in question, this will draw in a number of the headings raised in the CAMRA paper. Having regard to the physical characteristics of the Royal Oak PH and its location I am of the opinion that the most appropriate style of trade would be as a destination food house incorporating core wet led community trade. The level of potential trade will be restricted by the location, configuration of the trading area and the availability of alternative facilities as referred to at 4.2.2 above.
- 4.3.3 To assist an assessment of the viability of the Royal Oak it is necessary to form an opinion of the property's Fair Maintainable Turnover (FMT), this being the level of trade that a Reasonably Efficient Operator (REO) would expect to achieve from all forms of income, when running the business in a proper manner, on the assumption that the property is properly repaired, maintained and decorated.
- 4.3.4 From the FMT the Fair Maintainable Operating Profit (FMOP) that a REO would expect to achieve is assessed taking into account the age, location, style, configuration and size/quality of the accommodation provided by the property, as well as the style of the trade proposed to be undertaken. The operating profit is stated before the deduction of costs of finance, depreciation, owner's remuneration/drawings and any one off exceptional costs.
- 4.3.5 In arriving at my assessment of trading potential of an existing public house, I would normally have regard to any historic trade performance data that is available in respect of other similar properties. In addition it is necessary to have regard to any established market trends in public house performance over recent years.



- 4.3.6 The economic downturn discussed in Section 3.0 above, combined with the effects of other changing social trends, including greater respect for drink driving law and increased consciousness over health, have adversely impacted on alcohol consumption and hence on the turnover and profit potential of public houses such as the Royal Oak.
- 4.3.7 In 2007 the property was on the market with Colliers Robert Barry at a guide price of £675,000. It should be appreciated that 2007 represented the peak of the property market, prior to the crash in 2007 and more particularly in 2008, after Lehman Brothers. At the time, turnover was declared as being in the region of £275,000 net. This is a transaction referred to above, which was conducted by my colleague when he was working at Colliers Robert Barry.
- 4.3.8 I have been able to interrogate Fleurets' database and I have been able to identify some information regarding historic trading performance at the Royal Oak. The property was available for sale in 2011 at a guide price of £550,000. At the time the declared turnover was £231,119 (net of VAT), a copy of the sales information is included as Appendix DCS2.
- 4.3.9 The property was being advertised on the market with Christie & Co in December 2015, with a guide price of £650,000. A copy of the sales particulars is attached in Appendix DCS2. This relates to the current owners attempt to dispose of the freehold interest. No turnover was declared although comments are that it had been recently renovated.
- 4.3.10 We also understand that Davy & Co have advertised the property for sale. What is interesting is that trading information comments state that "Information supplied by our clients show net sales comfortably in the order of £200,000, trading on limited hours over only 5 days a week and 11 months of the year, due entirely to our clients' personal preference. The business possesses outstanding trading potential given the demographic of the location and also the extent of the facilities provided."
- 4.3.11 It was also noted that the premises were closed Monday and Tuesday, also during the afternoons throughout the week. The guide price was £600,000. Copies of the sales particulars are again attached as Appendix DCS2.



- 4.3.12 The owners of the Royal Oak have provided accounting information, which I attach as Appendix DCS3. As can be seen from the accounts the turnover has been around £160,000 for the past 2 years and after adding back Director's Remuneration, more or less breaks even. This appears to be at odds with the sales particulars referred to above. I would make the following observations:
- 4.3.13 Gross Profit Margins reflecting costs of sales, but excluding staff costs and direct costs is showing a figure of circa 54%. The Royal Oak operates as a traditional freehouse serving both food and drink in a not particularly price sensitive area. I am of the view that the reasonably efficient operator would expect to achieve Gross Profit Margins closer to 60-63%, as they would be able to source their products in a competitive market and obtain discounts from local suppliers.
- 4.3.14 It should also be noted that the Ratesable Value for Royal Oak, as assessed in 2017 at £10,300 will bring this within the category of a small business and will receive significant relief against rating costs. This benefit will post date the accounting information, but will add to the profitability of the premises going forward.
- 4.3.15 In making my assessment it is appropriate to adopt an assumption that the property is open and trading with the inventory in situ. It should also be assumed to be operated by a Reasonably Efficient Operator. I am of the view this would mean the property was open for trading longer hours, particularly during the afternoons, though having regard to the increased competition from the Fryton Coffee House since it opened in 2016.
- 4.3.16 Having regard to the property's location, style and the availability of alternative food offers, I consider that it would be realistic to envisage a sales potential from all sources in the region of £4,000 per week. Thus, for the purposes of undertaking a viability analysis, I adopt a fair maintainable turnover (FMT) of £200,000. I have assumed that such sales would be 40% drink, i.e. £80,000 and 60% food, i.e. £120,000.
- 4.3.17 On the basis that the pub's trading will need to be substantially driven by a destination custom for food, I consider that it is unrealistic to expect any meaningful contribution to income to be derived from amusement machines/games, i.e. gaming machines, quiz machines and pool tables.



4.3.18 For the purposes of my assessment of viability, I assume that the property is available to its operator as an unencumbered freehold interest, thus I assume the occupier/operator would be free of any beer tie. This assumption has a direct impact on the gross profit margin that can be achieved from drinks sales. The gross profit margin reflects sales against the cost of purchasing the products for resale. With drink sales at the adopted level, I have assessed based on experience, an overall wet gross profit performance at 65% i.e. £52,000

4.3.19 The food gross profit margin needs to reflect what I consider will be a good quality traditional pub food offer, hence one which is not premium priced. As a consequence, I adopt a gross profit margin at 60% i.e. £72,000.

4.3.20 I therefore assess the gross profit achievable as follows:-

	£
GP from Wet Sales	52,000
GP from Food Sales	72,000
Overall GP	124,000
Overall GP % of overall sales	62%

4.3.21 It is necessary to consider the costs involved in running the business and maintaining the property. Such costs will vary as a result of numerous factors which include the level of sales, size/configuration of the property and sales mix. In the absence of any available evidence of actual operating expenses for the Royal Oak to assist in such judgement, I have regard to operating expense levels derived from industry research detailed in the BBPA publication - Running a Pub, a Guide to Costs for Tied Tenants and Lessees - 2017.

4.3.22 The BBPA document provides advice to tied tenants, however the drinks tie impacts only on the gross profit line and therefore the data on operating costs is considered to be a reliable and appropriate guide for the purposes of this viability exercise. The BBPA publication seeks to distinguish between different levels and styles of pub trade. In the case of the Royal Oak I consider that the BBPA model for a "rural character" category of pub with a trade level of circa £5,000 per week is the most relevant.



- 4.3.23 The model identifies operating costs of 40.3% of sales which includes a labour expense equal to 22.5% of sales, however adjusting to exclude the costs related to interest on tenant's working capital reduces the total operating expense to 39.8% of sales. It should be noted that such costs do not provide for either a manager's salary or an owner's remuneration or for entertainment costs. I enclose as Appendix DCS4 a copy of the 'model'. It should also be borne in mind that these statistics also assume a full rates bill which is not the case for the Royal Oak. Adopting a considered view of operating expenses, I adopt total operating expenses for the Royal Oak of £77,000, equivalent to 38.4% of adopted total sales.
- 4.3.24 My assessment of net profit i.e. the Fair Maintainable Operating Profit, before the expenses of finance and owner/operator's remuneration is therefore £47,000 which equates to circa 24% of the adopted total sales. In my experience such profit percentage of total sales is a reasonable profit expectation for a rural located pub of this style with mixed food and drink trade at the adopted level. It would also assume an owner operating couple who would share the kitchen and bar work.
- 4.3.25 I reiterate, the above assessment of FMOP is stated before accounting for an owner's remuneration or any costs of finance the owner/operator is obliged to incur.
- 4.3.26 An owner/operator of a public house such as the Royal Oak must be able to expect a reasonable return on their effort, labour and business risk taken if investing in acquiring, re-establishing and operating the business. To an extent, such expectations of an operator are subjective, but as a helpful independent guide, I refer to the legal case of *Brooker - v - Unique Pub Properties Limited* (2001) (Chancery Division Bristol District Registry Case No. BS002253) which gave consideration to the appropriate level of remuneration that a public house operator would reasonably expect to receive. In that case it was stated that at that time, the minimum remuneration an operator would expect was £20,000 per annum. If this figure is adjusted to reflect the subsequent increase in average earnings, it would now equate to a figure in the region of £30,000.
- 4.3.27 Regard also needs to be had to the cost of finance, i.e. the cost of funding not only for the property purchase, but also to cover the costs of any works that need to be undertaken together with required new/replacement trade furnishings, equipment and effects, as are considered necessary to enable the business once relaunched, to realise its trading potential.



4.3.28 For the purposes of the appraisal, it is also necessary to assume a notional purchase price for acquiring the freehold premises. I have difficulty in accepting the guide prices adopted for selling the premises as being realistic. These are not formal "Red Book" valuations but merely an offer to sell at a figure required by the vendor. I am of the opinion the guide prices appear to reflect the hypothetical residential value not the true value of a trading public house. For the purposes of this report I cannot assume planning consent has been or will be granted and therefore must ignore any additional value attributed to the additional residential "value". I have also had regard to other public houses that have sold in the wider area. I set out below evidence of these sales:

#### Black Lion, 8 Market Place, Thirsk, YO7 1LB



<b>Sale Date:</b>	On Market
<b>Tenure:</b>	Freehold
<b>Guide Price:</b>	£325,000
<b>Turnover:</b>	Currently closed

**Location:**

The property is situated in the centre of Thirsk, close to the main market square.

**Description:**

Mid-terrace, 2 storey brick building. Operating as a restaurant with private living accommodation at first floor.

**Business:**

Currently closed, although previously operated as a restaurant.

#### New Inn, Main Street, Huby, York, YO51 1HQ



<b>Sale Date:</b>	Sold 2018
<b>Tenure:</b>	Freehold
<b>Sale Price:</b>	£250,000 (Sold for)
<b>Turnover:</b>	Currently closed

**Location:**

The property is located in the centre of the attractive and affluent village of Huby approximately 10 miles to the north of York.

**Description:**

2 storey brick construction with painted external elevation and pitched pantile roof covering. Patio seating is to the front, along with parking for approximately 6 vehicles. To the rear, there is a second patio seating area a range of outbuildings and further parking for an additional 6 vehicles.

**Business:**

Closed.





**Hare & Hounds, Main Road, Staxton, Scarborough, YO12 4TA**



<b>Sale Date:</b>	March 2018
<b>Tenure:</b>	Freehold
<b>Sale Price:</b>	£200,000
<b>Turnover:</b>	Currently closed

**Location:**

Situated fronting onto the A64 main road on the edge of the village of Staxton

**Description:**

Rundown traditional construction in painted brick and stone under double pitched concrete tile roof covering. Single storey garage and range of outbuildings to the rear. Rear yard and parking for about 30 cars running alongside the main road.

**Business:**

Closed. Had an AGV application but unviable to bring back into reasonable pub use.

**Cayley Arms Hotel, Allerston, Pickering, YO18 7PJ**



<b>Sale Date:</b>	July 2017
<b>Tenure:</b>	Freehold
<b>Sale Price:</b>	£287,000

**Location:**

The property is located by the side of the busy A170 Helmsley to Scarborough Road.

**Description**

2 storey detached property with colour washed elevations under pitched roofs with single storey extensions to the rear. Large trading areas but all very tired.

**Business:**

No accounts.



**Royal Oak, Cropprove Road, Burton Leonard, North Yorkshire, HG3 3SJ**



<b>Sale Date:</b>	January 2018
<b>Tenure:</b>	Freehold
<b>Sale Price:</b>	£280,000
<b>Turnover:</b>	£147,692

**Location:**

The property is located on Cropprove Road close to the village green in the heart of the attractive rural village of Burton Leonard.

**Description**

An attractive 2 storey, part stone and part brick, built building beneath a pitched slate roof covering, with a painted and rendered mock Tudor finish. There is a grassed beer garden to the rear and a forecourt car parking area to the front.

**Business:**

Established traditional village freehouse. Sales of £147,692 net VAT with strong profits for the year end 31st December 2016.

- 4.3.29 Therefore for these purposes and having regard to evidence of other sales I adopt what I consider to be a credible acquisition cost having regard to the location, size, style, age and condition of the property of £325,000 i.e. 1.6 x my FMT. This also assumes trading accounts would be available and the property is open and trading with the benefit of a premises license. I have assumed an inventory value of £30,000 and to be included in the £325,000.
- 4.3.30 In addition to the purchase price a purchaser must also account for Stamp Duty Land Tax together with professional fees for the property acquisition and required application for a new Premises Licence. The assumed purchase price would trigger a liability for SDLT on £295,000 less 10% for the residential element i.e. c. £3,000. In addition I have allowed £10,000 to cover the additional acquisition expenses. The purchaser would also have to acquire stock and provide working capital thus say a further £20,000
- 4.3.31 Accordingly, I am of the view that a purchaser of the freehold for the purposes of a continuation of public house trading would need to have access to £358,000, in order to acquire the property trade at the FMT and FMOP levels.



4.3.32 In respect of the assumed freehold tenure, in my experience it is highly unlikely in the current market that a lender would fund any more than 60% of this sum and then most likely only if the purchaser was an experienced operator, accounts are available to support the projected trade and/or the borrower is able to provide alternative security. On this basis a purchaser would need to fund the balance of the cost from their own resources and hence would incur the opportunity cost of being unable to invest the money elsewhere. The cost of finance is therefore appropriately calculated as a minimum based on the total capital required both borrowed and self supplied. In the current market a typical loan term for a commercial property such as this is for 15 to 20 years with interest rates of say 4% to 5%. On the basis of a borrowed funds requirement of £358,000 over 20 years at 5% interest, this would equate to an aggregate of the monthly loan and interest payments of £2,394 per month thus annual finance costs of £28,728.

#### 4.4 Royal Oak Viability Assessment

4.4.1 I set out below my assessments of the viability of the freehold purchase, renovation, launching and subsequent continuation of public house use of the Royal Oak.

##### 4.4.2 Freehold Interest

Sales (net of VAT)		200,000
Gross profit @ 62%		<u>124,000</u>
<b>Less</b>		
Operating costs @ 38.4% of total sales		
	77,000	
Owners remuneration (see 4.3.26 above) say	<u>30,000</u>	<u>(107,000)</u>
Profit before finance costs		14,000
<b>Less</b>		
Cost of finance		
Notional acquisition price, say	335,000	
Stock & working capital	30,000	
SDLT	3,000	
Acquisition costs	<u>10,000</u>	
	358,000	
Repayment on a £358,000 mortgage (see 4.3.32 above)		<u>(28,728)</u>
Loss (after owner's remuneration and cost of finance)		<u>(14,728)</u>



- 4.4.3 Based upon the above reasoned viability appraisal, I am of the opinion that the acquisition and continuation of public house trading at the Royal Oak following the purchase of the freehold interest, would not offer a party considering such a venture a economically viable or prudent proposition. Therefore:

**I am of the opinion that the Royal Oak is not an economically viable proposition for the following reasons:**

- **After allowance for finance costs the business is loss making.**
- **The return on the investment required does not reflect the risk.**
- **The property would not be of interest to corporate pub companies, either leased or managed operators.**
- **Nationally beer volumes are in decline.**
- **The limited car parking facilities required to operate as a destination food house.**
- **Better located competition will limit the opportunity to growth the turnover and profit.**

#### **4.5 The Marketing of the Property as a Going Concern**

- 4.5.1 The licensed property market was near its peak in 2006, in terms of both transactional activity and values, this being fuelled by activity from the pub companies and also lifestyle purchasers. At this time finance was readily available from the banks, it not being unusual for 80-90% of a purchase price to be available through bank lending.

- 4.5.2 The lifestyle purchaser was a key player in the licensed property market prior to 2008. Lifestyle purchasers of public houses were common, however this was to a degree dependent upon them having a substantial capital sum to invest in their dream with the remaining capital being secured by way of a bank or other loan secured against the property. The lifestyle purchaser fell into two distinct categories:

- Existing/experienced licensees who wished to remain in the trade but required a quieter life.
- New entrants to the trade who were possibly attempting to improve their quality of life (perceived) and had funds available to invest through the sale of a residential property or possibly as a consequence of redundancy.



- 4.5.3 The lifestyle purchaser would be seeking a location and property type that particularly appealed to them. The property would become their principal place of residence and one where they intended to remain for a number of years. Trade was likely to have been relatively quiet with limited trading hours operated. The decision to acquire was made predominantly on subjective factors with less importance being placed on the potential of the business to be operated.
- 4.5.4 Up until the latter part of 2007 the lifestyle purchaser had been a common feature throughout rural counties of England, this was to a very great extent fuelled by high residential prices, the easy availability of bank finance and an increasing desire for elements of the population to improve their lifestyle.
- 4.5.5 Particularly in the years 2003 to 2006 I personally undertook a number of bank valuations for loan security purposes where the proposed acquisition fell into this category of a lifestyle purchaser. It was evident that prices were being inflated by purely subjective issues but there was a wealth of comparable evidence to support the prices being paid. To a degree this was a move away from the traditional approach to licensed property valuation that relied on the principles of fair maintainable sales and fair maintainable net profit i.e. the business being capable of trading at a level whereby loans could be repaid and the occupiers left with a reasonable level of profit. In these cases I would advise the bank that they should consider the loan to value ratio carefully and to ensure that the fair maintainable levels of profit were sufficient to meet the loan and interest payments. The lifestyle purchaser did not necessarily mean that the business was financially viable.
- 4.5.6 We are advised that the current owners acquired the premises in April 2014 for circa £400,000 including fixtures and fittings. Despite acquiring the property in 2014 our records show that the property was placed on the market by Christie & Co from 20<sup>th</sup> October 2015 to 20<sup>th</sup> April 2016. Therefore, Christie & Co commenced marketing the property only 18 months after the premises were acquired. This seems a short period to establish a business. Christie's guide price was £650,000, against an acquisition price of £400,000, although some refurbishment works are reported to have been undertaken in the interim. No sale was achieved. It would also appear that in the 6 months they were instructed no price reduction was undertaken.



- 4.5.7 Davy & Co were then instructed from May 2016 to December 2017, a period of 19 months, although there was also a period of joint agency with Christie & Co up to the end of December 2017. Christies then again had sole agency to March 2018. My understanding was that the guide price was originally £600,000 though was reduced to £575,000 in September 2016 and further reduced to £525,000 in February 2018 prior to being withdrawn from the market in March 2018.
- 4.5.8 In considering the above information it is also interesting to note that turnover declined from when the premises were acquired when it was achieving in excess of £200,000 to the subsequent turnover of £160,000. Licensed premises and particularly public houses are trading assets and their value is intrinsically linked to their trading performance. In my experience a property failing to sell after 3 years marketing will be overpriced. Fiurets statistics show that on average licensed premises take 9 to 12 months to sell. Some may take longer, although it is usually where a vendor is reluctant to adjust the guide price to reflect market conditions. I am of the view that a public house, albeit an attractive village such as Nunnington, was overpriced at £600-650,000. Given the quoted declining turnover, a more realistic expectation would have been to sell the property at a figure closer to my figure of £325,000. This also suggests the property when acquired was purchased at a figure above the market value of a public house without the potential for a change of use to residential; particularly as the benefits of any "improvements" did not improve trading performance. From my experience undertaking bank valuations, I am also of the view that this type of property with low levels of profit relative to a "hypothetical asking price" would be difficult to fund, unless the owners/purchasers were prepared to pay a premium out of personal funds for the lifestyle element of the business. At a hypothetical sale price of £600,000 including SDLT and stock purchases, would require funding that would cost nearly £50,000 per annum. I cannot envisage a situation where a purchaser would incur these costs to acquire a business with only a potential £200,000 per year turnover. It is therefore likely that a bank would be unlikely to fund a purchaser anything above £325,000 possibly less.
- 4.5.9 Christie & Co and Davy & Co are recognised licensed property agents, who have extensive experience in the public house market, however, despite this, they were unable to achieve a sale over a period of nearly 3 years. I also understand no serious offers were forthcoming. This confirms my view that the property was overpriced. The applicant has subsequently closed the business and surrendered the license. In my view this action is premature and will clearly hinder any future attempt to sell the Royal Oak as a public house.



4.5.10 I conclude that the property has not been marketed at a realistic guide price, reflecting the circumstances whereby no planning consent has been obtained for the change of use to a private residence. Based on the declared turnover and profit the purchase at the guide prices of both Christies and Davey & Co would make the purchase uneconomic and at severe risk of business failure as the business would be unlikely to generate sufficient profit to cover finance charges let alone give the owners a sufficient return of the endeavours operating the business.

## 5.0 CONCLUSIONS

5.1 On consideration of the of historic information which demonstrates recent trading performance of the Royal Oak and my assessment of the realistic credible maximum likely trade potential, it is my opinion that the property is not economically viable for continued use as a public house. My above trade appraisal and viability assessment, demonstrate that it is not capable of generating a satisfactory profit performance to make it viable/sustainable for the reintroduction of public house use. The non-viability of this course of action particularly arises as a result of the capital investment required to acquire the premises.

5.2 I am of the opinion that the property's characteristics and location would cause it to be heavily reliant upon a destination type custom attracted for food. Given the range of existing competing public houses/pub-restaurants and other community facilities situated in the local district, the sustainability of trading at the Royal Oak will present significant challenges and uncertainties and cannot be demonstrated to provide an operator with a satisfactory return on, (i) the required capital investment; (ii) the risks of investing in the proposition; and (iii) the required entrepreneurial endeavour necessary for a party to acquire, and operate a rural located public house with a low nearby resident community.

5.3 I therefore conclude, that the Royal Oak is not an opportunity or undertaking that is economically viable for any party who is subject to the norms of profit motivation and market led commercial costs of finance in the current economic and financial circumstances, nor indeed those reasonably expected to apply in the short to medium term time frame. Should a party nevertheless undertake such a risk and investment, they would in my opinion be subject to a high risk of business failure.



## 6.0 PROFESSIONAL DECLARATION

- 6.1 I have prepared this report in the capacity of a surveyor expert witness and include below the required declaration expected of Chartered Surveyors acting in this capacity.
- 6.2 I confirm that my report includes all facts which I regard as being relevant to the opinions which I have expressed and that attention has been drawn to any matter which would affect the validity of those opinions.
- 6.3 I confirm that my duty as an expert witness overrides any duty to those instructing or paying me, that I have understood this duty and complied with it in giving my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 6.4 I confirm that I am not instructed under any conditional fee arrangement.
- 6.5 I confirm that I have no conflicts of interest of any kind other than those already disclosed in my report.
- 6.6 I confirm that my report complies with the requirements of the Royal Institution of Chartered Surveyors (RICS), as set down in *Surveyors Acting as Expert Witnesses: RICS Practice Statement*.

Signed:

**DC Sutcliffe BSc MRICS**  
Director and  
National Head of Professional Service  
**Fleurets**  
Prospect House,  
324 Moston Lane East,  
Manchester,  
M40 2HZ

Dated 18th July 2018



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APPENDIX DCS1  
Quarterly Beer Barometer (BBPA)

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# UK Quarterly Beer Barometer

1st Quarter 2018 (January to March)



## Quarterly Beer sales (000 barrels)

Total sales	Q1		Q2		Q3		Q4	
	Volume	% change	Volume	% change	Volume	% change	Volume	% change
2000	6,852	-5.0%	3,070	0.4%	8,265	-4.8%	9,785	-4.7%
2001	6,812	-0.6%	4,972	-1.1%	8,906	0.5%	9,939	1.8%
2002	7,137	4.8%	9,198	8.7%	8,620	-1.0%	9,879	-0.6%
2003	7,048	-1.2%	1,185	-0.2%	9,270	5.1%	9,895	0.2%
2004	7,318	3.8%	1,485	2.1%	8,795	-5.1%	10,043	1.5%
2005	7,990	8.1%	8,687	-4.1%	6,075	-2.1%	9,730	-3.1%
2006	6,966	-1.4%	5,900	-4.5%	8,289	-0.6%	9,981	-1.5%
2007	6,789	-2.6%	8,350	-7.0%	8,357	-0.1%	8,180	-4.1%
2008	6,773	-0.2%	8,481	-4.0%	7,380	-6.9%	8,444	-0.6%
2009	5,152	-7.7%	10,983	-4.9%	7,740	-0.5%	8,154	-3.4%
2010	5,860	+4.0%	6,484	8.7%	7,039	-7.4%	7,186	-4.9%
2011	5,818	-1.5%	7,630	-8.7%	7,248	1.1%	7,781	-0.2%
2012	5,747	-1.2%	7,304	-5.6%	6,813	-6.6%	7,558	-6.9%
2013	5,507	-2.0%	6,602	-4.7%	7,180	5.4%	7,300	1.4%
2014	5,686	2.7%	7,424	8.3%	8,646	-4.7%	7,571	0.1%
2015	5,582	-0.8%	7,055	-0.2%	7,175	-4.8%	7,149	-0.1%
2016	5,816	1.1%	7,168	1.6%	6,916	-3.5%	7,181	-0.1%
2017	5,516	-3.4%	7,229	1.0%	6,809	-1.9%	7,148	0.9%
2018	5,422	-1.7%						

On-trade sales	Q1		Q2		Q3		Q4	
	Volume	% change	Volume	% change	Volume	% change	Volume	% change
2000	5,246	-6.1%	6,896	4.1%	5,969	-5.5%	6,043	-4.0%
2001	5,022	-4.1%	5,923	2.8%	5,802	-2.8%	6,011	-0.6%
2002	5,069	0.9%	8,896	-1.4%	5,028	-4.6%	5,787	-3.6%
2003	4,901	-3.2%	1,105	-2.0%	1,507	-0.8%	1,706	-1.6%
2004	4,815	-1.8%	5,069	-0.8%	5,422	-7.1%	5,999	-1.9%
2005	4,761	-2.7%	5,143	-5.6%	5,220	-2.4%	5,303	-3.7%
2006	4,470	-4.9%	5,121	-0.6%	4,822	-4.1%	5,190	-3.8%
2007	4,298	-3.8%	4,963	-0.5%	4,780	-5.2%	4,761	-8.2%
2008	3,990	-8.1%	4,649	-18.3%	4,346	-7.8%	4,302	-0.9%
2009	3,720	-5.6%	4,266	-4.1%	4,162	-4.2%	4,308	-4.5%
2010	3,415	-8.1%	4,028	-3.8%	3,878	-6.8%	3,813	-7.1%
2011	3,355	-1.8%	3,933	-7.4%	3,792	-2.2%	3,864	0.8%
2012	3,190	-4.9%	3,715	-4.8%	3,895	-5.2%	3,820	-5.9%
2013	3,021	-5.3%	3,171	-6.0%	3,660	-4.0%	3,688	-1.9%
2014	2,930	-3.0%	3,090	1.2%	3,493	-1.9%	3,513	2.0%
2015	2,862	-2.3%	3,462	-4.1%	3,477	-0.1%	3,439	-2.2%
2016	2,880	-0.4%	3,308	-1.9%	3,359	-1.4%	3,317	-1.0%
2017	2,754	-3.5%	3,319	-0.2%	3,227	-3.0%	3,262	-2.3%
2018	2,691	-1.9%						

Off-trade sales	Q1		Q2		Q3		Q4	
	Volume	% change	Volume	% change	Volume	% change	Volume	% change
2000	1,607	-7.9%	2,579	11.1%	2,895	-5.4%	3,742	-4.3%
2001	1,768	11.4%	3,048	2.5%	3,105	7.2%	3,923	4.8%
2002	2,043	15.5%	3,468	13.8%	3,191	-2.8%	4,082	4.0%
2003	2,317	3.8%	1,021	-3.8%	3,078	15.1%	4,190	2.7%
2004	1,985	-15.8%	3,625	6.2%	3,373	-8.2%	4,014	6.1%
2005	1,800	-9.5%	3,740	-2.1%	3,702	0.7%	4,338	-2.4%
2006	1,496	-4.4%	4,151	11.0%	3,427	-7.4%	4,302	1.5%
2007	1,488	-0.4%	3,172	-7.0%	3,042	0.3%	4,419	0.6%
2008	1,423	-13.8%	4,051	4.1%	3,455	-5.7%	4,145	-8.1%
2009	1,531	-10.1%	3,797	-9.8%	3,578	4.2%	4,852	-2.9%
2010	1,790	0.7%	4,338	14.1%	3,311	-11.9%	3,882	-1.7%
2011	1,463	-5.4%	3,697	-14.7%	3,458	3.7%	3,930	-1.2%
2012	1,507	3.0%	3,439	-6.1%	3,725	-0.8%	3,635	-7.7%
2013	1,566	0.3%	3,347	-3.4%	3,620	12.5%	3,781	4.1%
2014	1,506	-2.3%	3,830	14.8%	3,354	-7.4%	3,858	1.1%
2015	1,530	1.6%	4,601	-6.1%	3,696	10.2%	3,891	1.8%
2016	1,484	-1.0%	3,782	3.8%	3,979	-3.2%	3,943	0.9%
2017	1,590	11.7%	3,064	2.1%	3,573	-6.2%	4,807	3.6%
2018	1,715	-1.5%						

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APPENDIX DCS2  
Historic Sales Particulars

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Advertisement & Terms of Conditions Agreement

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**Characterful Village Freehouse** **Offers in Excess of £800,000**  
 Property ID: 10128



**The Royal Oak Inn**  
 Church Street  
 Nunnington  
 York  
 North Yorkshire  
 YO82 5UB  
 Ref: 10128  
 Price: £800,000  
 Freehold  
 • View Image Gallery  
 • Map to Basics

No PDF

Letter 1

- Fully licensed bar/restaurant & restaurant
- Stunning village location near Gullie Howard
- Potential to add 700 sq ft using bedrooms
- Spectacularly refurbished evolving a wealth of character
- Considerably accommodates 16,000 sq ft covers
- Considerable potential, currently trades approx 5 days a week
- Excellent local services accommodation
- Outside seating terrace, bar/pubs & stable block

**Location**  
 This picturesque, highly regarded North Yorkshire village is situated in the stunning Howardian Hills approximately 3 miles south of Helmsley, with Castle Howard, Riposte Abbey and Ayscote Abbey nearby. The property itself is within walking distance of the popular tourist attraction of The National Trust's Minnington Hill.

**Viewing Arrangements**  
 Strictly by appointment only via the Leeds office of Davey Co on 0113 281 0881.

**The Business Premises**

**Lounge Bar:** With return bar service, log burner double sided to the dining room, loose tables, chairs, pine seating and bar stools seats, exposed stone walling, beamed ceiling, comfortably accommodating in excess of 40 seated customers.

**Dining Room 1:** Currently utilized as a games area with double sided log burner to the lounge bar, exposed stone walling, for approx 8-10 covers, open access through to,

**Dining Room 2:** With exposed stone walling, loose tables and chairs comfortably accommodates around 18 covers.

**L.O.L.O. & Pilsner** are licensed to a good standard.

**Gentlemen's WC's:**

**Gaming Kiosk:** Extensive catering kitchen facility which is very well equipped and includes a preparation kitchen, work area and a walk in refrigerated cold room is set to the rear.

**Potential Letting Accommodation:** The former stable block set to the rear of the property with excellent access from the car park and outside seating terrace could be converted, to provide 3 excellent on-site letting bedrooms, subject to the appropriate consents. In addition, the current accommodation comprises 5 rooms (1 of which is an en-suite) and a bathroom which could also be converted, again subject to the appropriate consents, to provide a number of letting bedrooms subject to the relevant private accommodation requirements.

**The Current Accommodation**  
 As mentioned above this could provide letting bedrooms accommodation, currently configured to provide 5 good sized rooms, 1 of which has an en-suite shower room, a family bathroom, and there is also an office bedroom and storage.

**Outside**  
 There is good access to a good sized gravelled privately enclosed customer car park which also provides access with the well presented paved outside terrace seating area furnished with timber tables and chairs to seat approximately 20 customers. There is a former stable block comprising 3 large stables which could be converted to provide 3 excellent on-site letting bedrooms subject to the appropriate consents. There is also a private garden area for the use of the owners.

**Trading Information**  
 Trading information supplied by our clients show net sales comfortably in the order of £200,000 trading 6-7 limited hours only over 3 days a week and 11 months of the year, due entirely to our clients personal preference. The business possesses outstanding trading potential given the demographics of the location and also the extent of facilities provided.

Further reassuring information will be made available to genuinely interested parties who have viewed the business.

**Opening Hours**  
Monday & Tuesday: closed all day  
Wednesday - Sunday: 12.00 noon - 3.00pm & 5.00pm - 11.00pm

**Trade Fixtures & Fittings**  
We are advised that the fixtures and fittings are substantially free of lease, free purchase and lease agreements.

**Staff**  
Run by the owner with the assistance of a pool of around 6 part time members of staff.

**Licences**  
The property has a premises licence granted by the relevant local authority. It is a requirement of the Licensing Act 2003 that premises serving alcohol have a designated premises supervisor, who must be the holder of a personal licence. Prospective purchasers are advised to take appropriate specialist advice.

**Rates**  
The rateable value of the premises is approximately £17,400 with the rates payable for 2016/2017 being approximately £2,576 including transitional relief.

**Tenure**  
We are advised the property is freehold.

**VAT**  
All matters relating to VAT are reserved and VAT is payable (where appropriate at the standard rate).

**Price**  
Offers are sought in excess of £200,000 for the freehold property, the goodwill of the business and trade fixtures and fittings. Stock to be purchased separately at valuation.

Page 2 of 85  
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Property offered for sale under  
Selling for Sale Ltd (100%) owned by Bobbie

N: 520984

Christie+Co  
BUSINESS INTELLIGENCE

AS ✓  
NAT ✓



## The Royal Oak Inn

### ROYAL OAK INN

Leeds Office Ref Number: 54/55280

Church Street  
Nunnington  
York  
YO62 5U5

Freehold: £650,000

Letter 1

Contact details: Oliver Brown  
E-mail: [Oliver.Brown@christie.com](mailto:Oliver.Brown@christie.com)  
Phone: +44 (0) 113 389 2700

- Freehold North Yorkshire Village Pub
- Accommodation, Car Park, Kitchen
- Recently Renovated, 50/50 wet-dry split
- Good tourist footfall
- Potential for letting rooms
- Loan available via Christie Finance, subject to status. EPC Exempt

## Office Ref Number: 54/55280



### Situation

The Royal Oak Inn is located in Nunnington, a village in the Ryedale district of North Yorkshire, circa 10 miles from Malton and circa 5.5 miles from Helmsley on the edge of the Moors. Nunnington is close to both Castle Howard and Rievaulx Abbey providing a steady supply of tourists to the area and is within close proximity of the National Trust Nunnington Hill which attracts many visitors each year.

### The property

The building is a detached three storey, stone built, grade II listed pub, with separate stone built block to the rear currently used as several storage rooms. The car park behind provides parking for circa 10 cars.

### Internal details

The ground floor of the pub contains the main trading area, with central bar and assorted seating throughout. An adjoining room is used as a games area with darts and bar billiards, which follows onto an 'Italian corner' themed nook. The ground floor also contains a full commercial kitchen, with walk in cold room built into the rear storage block and ladies and gents WCs. To the rear of the pub is a patio beer garden, providing space for drinking and dining throughout the summer.

### Owner's accommodation

There are 3 bedrooms on the first floor 1 en suite and house bathroom, office and lounge. Upstairs there is an attic bedroom and another attic used as storage.

### The business

Our clients have renovated the property over the last 18 months, setting up a traditional Yorkshire pub restaurant with modern touches, and a menu influenced by their 14 years in Italy utilizing local ingredients. They are now looking to retire and focus on family life. The building itself is licensed to be run as a pub, wine shop or private residence giving a new owner several options. Weekly events including Italian lessons and music nights, as well as a simple well sourced menu, drives trade providing a 50/50 dry-wet split. The potential to increase trade through extending the opening hours is great and the sizeable outbuildings also offer the potential for letting rooms.

A new owner can build on the business our clients have founded, and continue to increase trade, or convert the site into several private residences as it has been in the past, subject to obtaining the relevant planning permission.

## Trading hours

Wednesday to Saturday 12pm - 3pm and 6pm - close  
Sunday lunches from 12pm - 3pm and the bar is open Sunday 6.00pm to 11.30pm

## Fixtures & fittings

Though the majority of Fixtures and Fittings are included there are several excluded items which can be purchased, and some items that belong to our clients which will be pointed out on viewing.

## Staff

There are 4 full time staff and several part timers, not including our clients. This includes the manager who has been here for 9 years. The other part timer has been here for 35 years with various owners. They can assist in the smooth transition for new owners. These two are contracted.

## Fire risk assessment

We have assumed that a suitable and sufficient Fire Risk Assessment has been carried out. Under the Regulatory Reform (Fire Safety) Order 2005 this assessment needs to be recorded in writing where there are five or more employees, the property is under enactment of a licence or where an alterations notice has been served.

## Business rates

The business rates are £15,000 with circa £8,000 payable.

## Tenure details

Freehold

## Finance & Insurance

Christie Finance and Christie Insurance are sister companies of Christie + Co and specialise in providing intelligent solutions to your business finance and insurance needs.

For full information, please call Christie Finance on 0113 389 2714 or Christie Insurance on 03330 107 160. Alternatively, apply for your business mortgage [here](#) or get a quote to insure your business [here](#).

## Valuation Services

Christie + Co has the largest national team of Chartered Surveyors and Valuers dedicated to its specialist markets, offering valuations, consultancy, rating, investment, rent reviews, lease renewals, building surveying, planning and dispute resolution advice in all our sectors.

## Viewing

No direct approach may be made to the property. For an appointment to view, please contact the agent.

Contact details: Oliver Brown  
E-mail: [Oliver.Brown@christie.com](mailto:Oliver.Brown@christie.com)  
Phone: +44 (0) 113 389 2700

Details subject to the standard conditions of Christie + Co's particulars.

See "Disclaimers" section.

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N-45767



**Royal Oak Inn  
NUNNINGTON, NORTH YORKSHIRE**

- Tremendously characterful and well known country Inn
- Highly desirable village trading location
- Spacious 4 bedroom flat for owners or managers
- Turnover £231,119 net of VAT management run

**£550,000 - Freehold**

**CONTACT US**

Viewing is strictly by prior appointment with Colliers International through

Peter Swan  
Hotels  
0113 5001800  
p.swan@colliers.com

Property Ref: L201603

Colliers International  
15-16 Park Row  
Leeds  
West Yorkshire  
LS1 5HD

[www.colliers.com/uk](http://www.colliers.com/uk)



## The Royal Oak Inn, Nunnington, York, North Yorkshire, YO62 8US



It is fully situated in a charming Georgian village, the Royal Oak is a Grade II listed building with a rich history of over 400 years. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

Location is superbly situated in the heart of the village of Nunnington, York. The Royal Oak is a very strong building and is a fine example of Georgian architecture. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### THE PROPERTY

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### PUBLIC AREAS

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### OWNER'S OR MANAGER'S FLAT

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### SERVICE AREAS

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### OUTSIDE

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### SERVICES

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### LICENCES

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.

### TRADE

The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation. The building is a fine example of Georgian architecture and has been converted into a comfortable and stylish accommodation.



#### DEVELOPMENT POTENTIAL

In addition to the outside storage areas, there are parts of the site which are presently unused and could be developed to provide more use being taken as a self-catering holiday retreat to provide income.

#### PRICE

£254,000 plus the usual completion costs and the usual solicitor's charges including exchange and land tax. Good value buy.

#### FINANCE

Can we help you find a suitable mortgage lender, for example, direct at levels of interest. We have a list of all the banks and services, who may require an insurance contribution from the lender or seller involved.

#### TO VIEW

All enquiries to view MUST be made through the vendor agent, who will arrange viewings at his/her discretion.

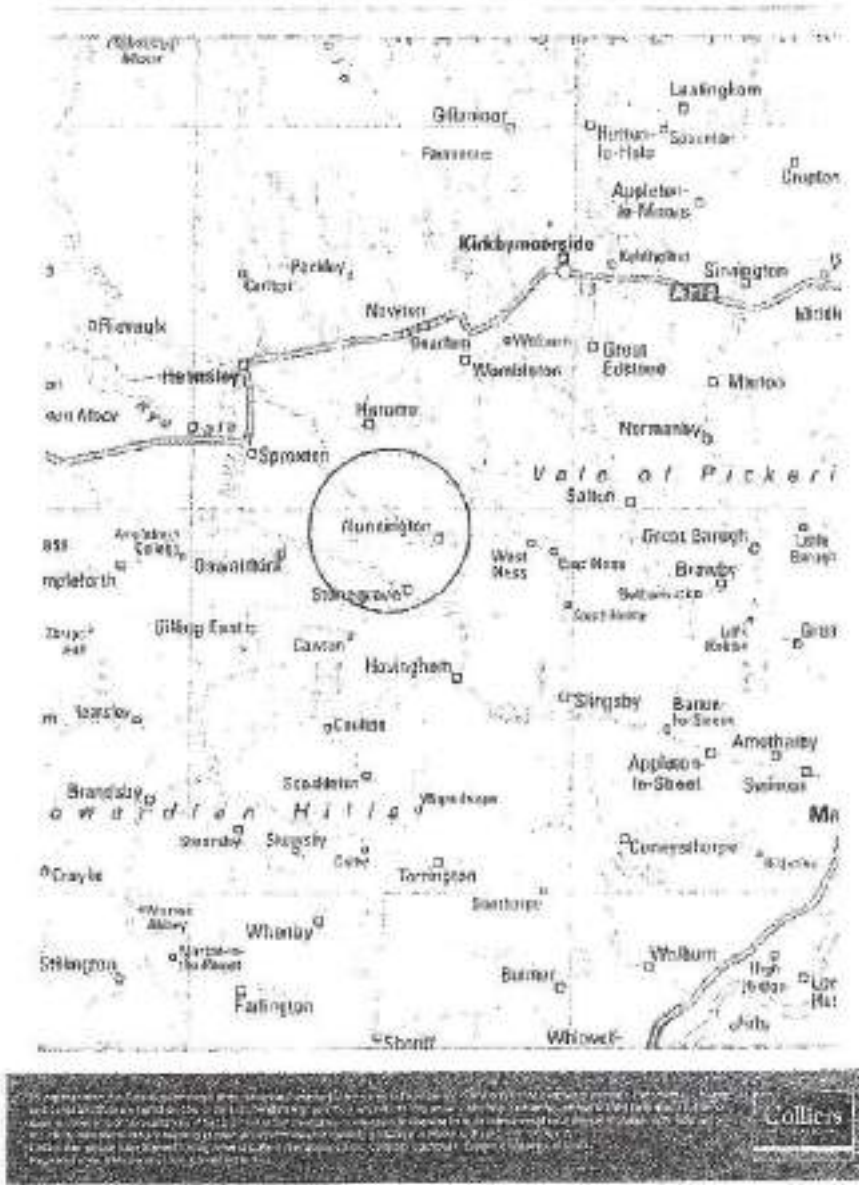
#### MILEAGES & DIRECTIONS

3870 clear acres, Hereford, RD, Market, York 19. To see 22.40. Scarborough 20.

After leaving Hereford the way is to the east of the town, to the A170. Pass through the village of Sandon, and take a right turn following the sign for Northgate. Follow the road to the village of Northgate and then turn left following the sign to Northgate. After about 3 miles you will see the road sign to Northgate. After 10 miles you will see the sign to Northgate. After 20 miles you will see the sign to Northgate. After 30 miles you will see the sign to Northgate. After 40 miles you will see the sign to Northgate. After 50 miles you will see the sign to Northgate. After 60 miles you will see the sign to Northgate. After 70 miles you will see the sign to Northgate. After 80 miles you will see the sign to Northgate. After 90 miles you will see the sign to Northgate. After 100 miles you will see the sign to Northgate.



The Royal Oak Inn, Nunnington, York, North Yorkshire, YO62 5US



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APPENDIX DCS4  
BBPA 'Rural Character Model' - 2017

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## Rural character

c. £5k turnover per week

All figures exclusive of VAT

£		
Total drinks sales	3,082	
Total food sales	2,847	
<b>Total sales</b>	<b>5,929</b>	
Cost of drinks	1,371	
Cost of food	1,087	
<b>Total cost</b>	<b>2,458</b>	
<b>Gross profit</b>	<b>3,471</b>	<b>58.5%</b> gross profit margin
		% cost to turnover
Wages & salaries	1,327	22.4%
Rates	192	3.2%
Utilities	285	4.8%
Repairs & renewals	94	1.6%
Insurance	42	0.7%
Marketing/Promotion/Telephone	80	1.4%
Consumables	36	0.6%
Waste Disposal/Cleaning/Hygiene	56	1.0%
Professional fees	82	1.4%
Bank charges	50	0.8%
Equipment hire etc	29	0.5%
Interest on capital	31	0.5%
Other costs	83	1.4%
<b>Total operating costs</b>	<b>2,387</b>	<b>40.3%</b>
<b>Divisible balance</b>	<b>1,084</b>	<b>18.3%</b>

### Notes

Figures show average for all pubs reported in this category. Figures are presented exclusive of VAT.

A manager/assistant manager salary. Pay TV and gaming machines are NOT included in the above model – extra income/cost lines must be added if these will form part of your pub business. Rates are not necessarily subject to applicable reliefs – check with your pub company/brewery as to what discounts may be available.

Where these figures are to be used in preparing business plans or for other purposes it should be borne in mind that all pubs are unique and that the actual costs incurred will be dependent on the different aims and styles of the business according to the location, the market and the skills of the tenant/lessee.

Costs do vary across the country and the size of the business, as well as its focus, will have significant impacts on costs.

## APPENDIX B



REPORT CONCERNING ECONOMIC VIABILITY  
& SUSTAINING OF PUBLIC HOUSE USE

PREPARED BY

DAVID C SUTCLIFFE BSc MRICS  
FLEURETS

in connection with the public house premises known as

**Royal Oak Inn  
Church Street  
Nunnington  
North Yorkshire  
YO62 5US**



18<sup>th</sup> July 2018



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## **Appendices**

DCS1	Quarterly Beer Barometer (BBPA)
DCS2	Historic Sales Particulars
DCS3	Accounting Information
DCS4	BBPA 'Rural Character Model' - 2017





## **1.0 INTRODUCTION**

### **1.1 Experience and Expertise**

- 1.1.1 I am David Carl Sutcliffe, Director of the national practice of Chartered Surveyors, property consultants, and agents Fleurets, dealing exclusively in the provision of property advice, sales, lettings and valuations of hotels, restaurants, public houses and other forms of licensed and leisure property.
- 1.1.2 I am a Director of Fleurets and National Head of Professional Services. In addition, I am also editor of the guidance notes for the valuation of public houses on the RICS website iSurv. I am also on the RICS President's Panel of Independent Experts.
- 1.1.3 I am a Member of the Royal Institution of Chartered Surveyors, a Registered Valuer and have in excess of 28 years direct experience in my specialist licensed and leisure property field. I am based at Fleurets' Manchester office and deal with professional matters throughout the North and North West of England.

### **1.2 Instructions**

- 1.2.1 I have received instructions from Mrs Rachel Balmer a senior planning officer of Ryedale District Council, seeking a report detailing an expert opinion of whether or not the Royal Oak, Nunnington ("the Property") is economically viable and has sustainable trade for the continued use as a public house. My opinion is to be prepared having regard to the assumption that the property has a premises licence and open for trade.
- 1.2.2 I confirm that I have not had any previous dealings with either the Royal Oak public house or its owners. For the sake of transparency one of my agency colleagues whilst working for another firm sold the freehold of the property in 2007, but has had no subsequent dealings with the property.
- 1.2.3 The opinions that I express herein have been prepared in the capacity of an expert witness on the instructions of the local planning authority.
- 1.2.4 The Report complies with the requirements of the Royal Institution of Chartered Surveyors as set down in 'Surveyors Acting as Expert Witnesses: Practice Statement'.



- 1.2.5 A Professional Declaration is provided at the end of the Report.
- 1.2.6 For the avoidance of doubt I confirm that this report is not intended to be a valuation of the property, either rental or capital, and it is not therefore formatted to comply with the RICS practice statements relating to property valuations.

### **1.3 Planning Policy**

- 1.3.1 My report has been commissioned by the local planning authority to establish whether the Royal Oak is able to operate as a sustainable business. It is also necessary to demonstrate that a change of use and permanent extinguishment of the property's public house use, will satisfy the relevant planning policy tests.
- 1.3.2 My report specifically addresses my opinion of whether or not the Royal Oak is economically viable for there to be a successful reintroduction and thereafter sustaining of public house trading. As a part of my considerations, I identify the alternative public house amenities which are currently available for use by the local resident community within the surrounding rural district.
- 1.3.3 In considering my opinion I have had regard to the local planning authority's guidance contained within the Ryedale District Council Local Plan Strategy, dated 5<sup>th</sup> September 2013.
- 1.3.4 The policy specifically states that for consideration of a local amenity to take a community facility out of community use, 3 tests under SP11 Community Facilities and Services are required. These are:
- i. there is no longer a need for the facility or sustainable and accessible alternatives exists, or
  - ii. that it is no longer economically viable to provide the facility, or
  - iii. proposals involving replacement facilities providing the equivalent or greater benefit to the community and can be delivered with minimum disruption to provision.
- 1.3.5 In respect of this report points i. and ii. above are within my instructions.



## 2.0 THE PROPERTY

### 2.1 Location

- 2.1.1 The property is located in the North Yorkshire village of Nunnington, which lies to the north of the B1257 approximately 3 miles to the south-east of Helmsley. Nunnington is an attractive North Yorkshire village situated on the River Rye. The village has a relatively small resident population which according to the 2011 census was only 361. Nunnington Hall a National trust property is situated to the eastern boundary of the village. This is a popular tourist attraction bringing visitors to the area. The village itself is residential in nature with a small number of properties majority of which are constructed in local stone. I understand the main village centre benefits from conservation area status.
- 2.1.2 The surrounding area is predominantly rural. The village lies to the north-east of the Howardian Hills Area of Outstanding Natural Beauty. Within the immediate area there are a number of small villages including Stonegrave, Hovingham, Sproxtun, Ampleforth and the larger town of Helmsley. In addition the market town of Malton is situated approximately 8 miles to the south-east.
- 2.1.3 I understand that the properties within Nunnington are in the main privately owned and used as either private residential properties or holiday lets. In addition there is a tearoom in the village centre. The village also has a village hall which is situated to the eastern boundary of the village.
- 2.1.4 The Royal Oak is situated on Church Lane, one of the main roads in the village. The Royal Oak is set to the south western boundary of the village settlement and close to All Saints St James' Church and at the opposite end of the village from Nunnington Hall. Church Lane whilst unrestricted for parking is relatively narrow and would preclude on street parking in the area immediately surrounding the Royal Oak. This is an important consideration having regard to the customer base of the Royal Oak.
- 2.1.5 From the latest Census in 2011 the resident population of Nunnington Parish is stated as being 361 with 177 residencies. In population terms this would be considered relatively small.



2.1.6 For the purposes of public house trading the location and situation of the Royal Oak would cause it to be significantly reliant upon attracting car born destination type custom, there being very limited potential for custom derived from the nearby resident community. As a direct result of these location characteristics the operational trading style of the public house would of necessity, need to be substantially based on a food offer attracting custom for dining.

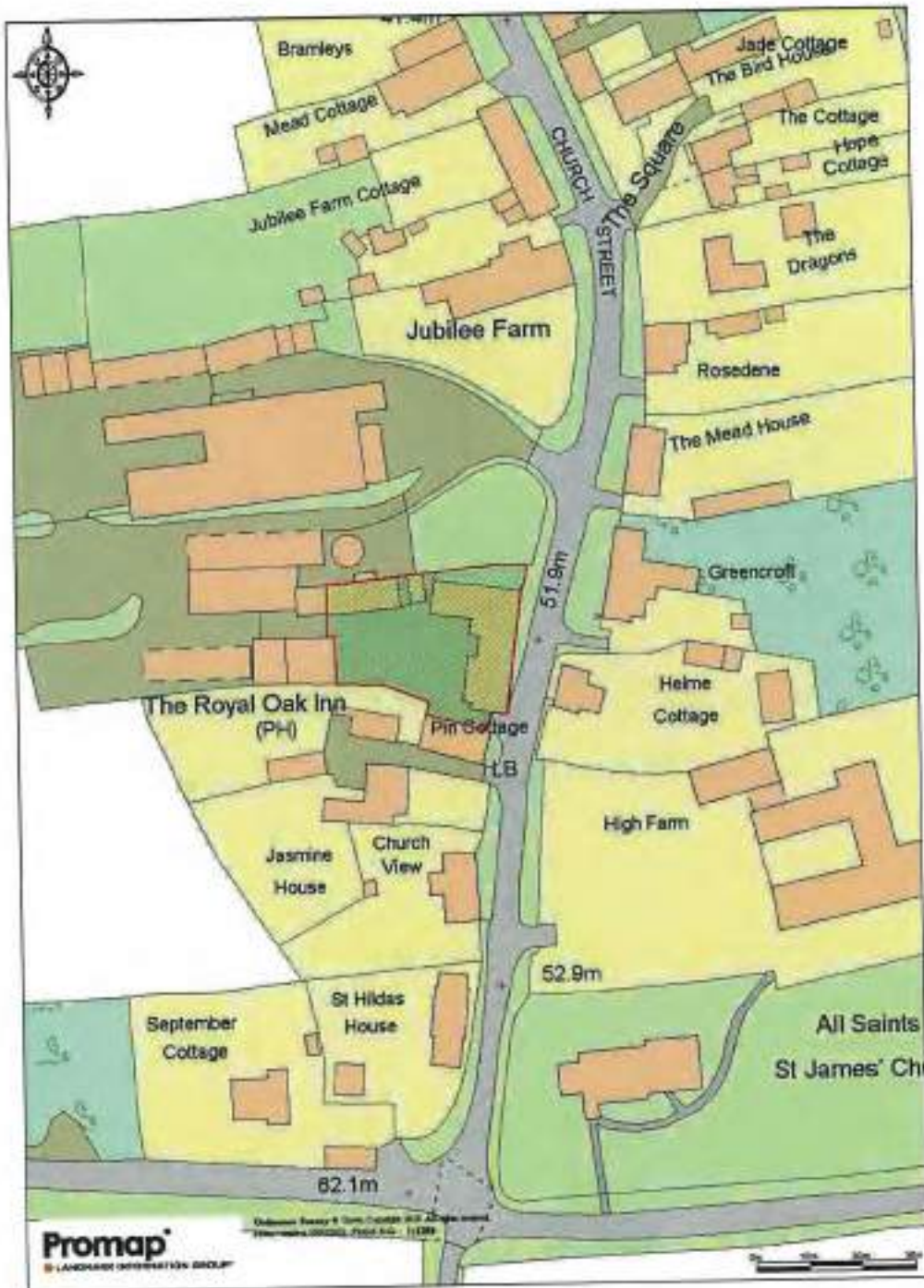
I set out below location and site plans:



Ordnance Survey © Crown Copyright 2016. All rights reserved. Licence number 1000047722



Ordnance Survey © Crown Copyright 2016. All rights reserved. Licence number 1000047722



Site Plan For identification purposes only. Not to Scale.

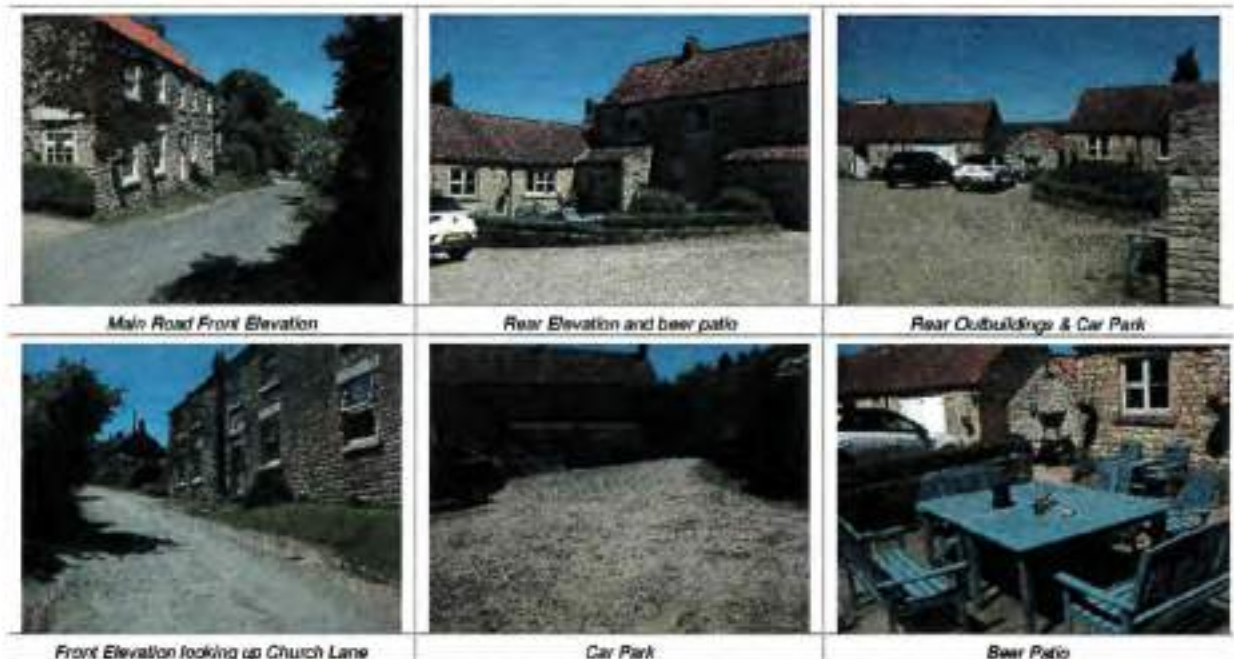


## 2.2 Description

2.2.1 The Royal Oak comprises a detached building which would appear to have been originally two semi-detached cottages that have been combined to create a single entity. The property is constructed in solid load-bearing stone walls and built two storeys beneath pitched pantile roofs. The original building has been significantly extended to the, rear and sides in rendered brick /block walls beneath both pitched tiled and flat felt covered roofs. Given the properties listed building status most of the original sash windows have been retained.

2.2.2 The building is sited within grounds extending to circa 832 sq m (0.2 Acres), being situated towards the forward eastern side of its site fronting the highway boundary. The grounds are arranged as a customer car park lying to the western side of the building with a rough part tarmac part crushed stone surface and without space marking. The car park provides approximately 10 spaces. Directly to the rear of the building is an enclosed trade patio. Within the grounds there are outbuildings comprising three former stables and a stone store. In addition, adjacent to the main building, is the oil storage tank for the central heating set within a narrow private garden to the north of the main building.

2.2.3 Photographs showing the exterior of the property and its external grounds are set out below:-





## 2.3 Accommodation

The property has internal accommodation arranged over ground and first floor levels, briefly summarised as follows:-

### Ground Floor

- 2.3.1 There are two main customer entrances. One directly off Church Street, to the front the property, providing access into a customer bar and seating areas. In addition, there is a further access to the rear from the car park.
- 2.3.2 The trading accommodation is arranged with a single bar servery with a number of interlinked customer seating areas. There are customer toilets for ladies and gents. It was noted that there are no disabled toilet facilities. The service support accommodation comprises a wash up/utility room, a commercial kitchen and a store. Staff WC.
- 2.3.3 The interior finishes to the customer areas comprise painted plastered walls with areas of exposed stone beneath beamed ceilings. The majority of the flooring is carpeted. There is a central bar area with bar servery set to the rear of the room. To the rear of the bar is a small door giving access to the basement cellarage which acts as beer store.
- 2.3.4 To the left hand side is a raised section which was used as a dining area and provided dining for approximately 52 Covers. To the right hand side are 2 interconnected areas which were used as dining and games area.
- 2.3.5 The customer toilets are fitted with conventional fittings and predominantly tiled floors and walls. The commercial kitchen is finished with sections of metal sheeting and glazed wall tiling. At the time of my inspection the commercial kitchen equipment had been removed.

### 2.3.6 First Floor

The first floor comprises solely domestic living quarters, arranged as a landing area leading to a, a living room, a bathroom/WC and 4 bedrooms. There is an attic room above.





2.3.7 Photographs showing the property's accommodation are set out below:-



## 2.4 Services

2.4.1 The property is understood to be connected to mains electric water and drainage. This understood that the kitchen was fuelled by LPG and the central heating is oil fired. Heating to both the ground floor public house and first floor domestic quarters was by way of central heating to radiators. The ground floor trading areas have a mix of open fires and log burners in addition to the central heating.

## 2.5 Condition

2.5.1 I have not undertaken a building condition survey however the property appeared to be in good structural condition. The internal areas are in good decorative order and I would expect that a potential operator would not consider it necessary to undertake any refurbishment programme prior to reopening the business.

2.5.2 Externally there was evidence of peeling paint on the windows though this is a relatively minor issue. There are outbuildings which are currently used for storage. I understand that planning consent has been sought for the conversion of these buildings to holiday lets. It will however require significant capital investment to bring these buildings into a commercial use.



- 2.5.3 The trade inventory has been removed and it would be necessary for an operator to re-furnish the premises. Given the location and style of operation it would be necessary to provide good quality furniture.

## 2.6 Premises Licence

- 2.6.1 Enquiries made with the Licensing Authority indicate that the property has not had the benefit of a Premises Licence since 9<sup>th</sup> June 2018. I understand that the current owners of the property surrendered the licence approximately 6 months after they ceased to operate the premises as a public house. For the purposes of my report I have assumed that the business is operational as the surrender was effected after the premises ceased trading but prior to the application for a change of use and without any alternate use consents being granted. This would not have been the actions of a prudent owner.

## 2.7 Rating

- 2.7.1 The rateable values of public houses are assessed based on judgements made over their trading potential. A simple reliance on actual rateable values in order to arrive at an opinion of future trade potential is however not to be recommended nor is considered to be a reliable basis for such judgement.

- 2.7.2 Consultation of the website of the Valuation Office Agency shows that the Royal Oak has the following history of Rateable Values (RV):

Rating List 2010 – RV £17,400 effective 1<sup>st</sup> April 2010.

Rating List 2017 – RV £10,300 effective 1<sup>st</sup> April 2017.

- 2.7.3 The 2010 Rating List entry will have been based on the property's physical size and format applicable on 1<sup>st</sup> April 2010 however the economic and trading circumstances applicable on 1<sup>st</sup> April 2007, known as the antecedent valuation date. It is likely that the assessment will have been influenced by reports of actual trade achieved in the period 2005 to 2007.



- 2.7.4 The 2017 Rating List entry will have been based on the property's physical size and format applicable as at 1<sup>st</sup> April 2017 however the economic and trading circumstances applicable as at 1<sup>st</sup> April 2015, the then antecedent valuation date. The property was in the process of being sold during this period and I am not certain if the rating authority would have been in possession of the historic trading information. However the reduction in the rating assessments between 2010 and 2017 would suggest that there has been a declining trading performance during this period. I will deal with this later when I consider the fair maintainable turnover.
- 2.7.5 The property's domestic accommodation is included in the Council Tax Valuation List within value Band C.

### **3.0 THE MARKETPLACE FOR PUBLIC HOUSES**

In this section I consider the economic, operational and social influences which impact on the demand for, trading potential and viability of public houses.

- 3.1 In the year 2007 the onset of the 'credit crunch' triggered a prolonged period of considerable economic uncertainty with the UK economy suffering a sustained downturn with double dip recessions in 2008/09 and 2011/12.
- 3.2 The economic downturn had a dual impact upon the licensed trade. Firstly, there was the effect of lower sales resulting from customers having reduced disposable income or simply exercising caution. Secondly there was the impact on the ability for prospective purchasers to raise finance. Throughout the downturn, banks were averse to risk and reluctant to entertain loans unless a borrower had relevant trade experience and accounting information was available to support the levels of trade projected. Scarcity of loan finance, together with vastly reduced bank loan to value ratios have limited purchasers' ability to raise finance and continues to do so. Some banks effectively exited from the licensed and leisure property sectors.



- 3.3 In Fleurets' experience, throughout the economic downturn lenders were reluctant to advance finance for purchases of public houses, particularly those which could not demonstrate robust levels of turnover and profitability or were closed to trade. Even in a much improved economic climate, in the absence of a sustained level of proven trade and profits, lenders are generally not prepared to provide funding unless an operator is prepared to offer alternative security. Banks tend to be averse to lending against leasehold interests. The larger multiple or corporate operators will not generally need to raise finance for individual property acquisitions however, such operators will usually only acquire sites where there is potential to generate sales in excess of £20,000 per week, net of VAT. I do not consider the Royal Oak to have any of the characteristics which would enable it to be able to generate such levels of turnover.
- 3.4 More recently the economy has returned to positive growth, albeit it has fluctuated. In 2014 GDP stood at 2.4%, rising to 2.6% in 2015 but then falling to 1.6% in 2016. 2017 fared similarly with growth of 1.8%.
- 3.5 In June 2016 the UK voted to leave the European Union in the BREXIT vote. Negotiations between Britain and the EU are ongoing following Article 50 formally being triggered and the political and economic uncertainty has returned. Import costs have increased, particularly in the food sectors, albeit this has subsided somewhat more recently, and inflation has risen strongly and as at April 2018 stood at 2.5%, having been at over 3% at the end of 2017, well above the Bank of England's target level of 2%. This has triggered a marginal rise in interest rates from 0.25% to 0.5%.
- 3.6 As a consequence of rising costs and weak wage growth consumer spending has once again come under close scrutiny. Whilst the pub sector has proved relatively resilient to these pressures so far, the press has widely reported on the struggles of the restaurant and retail sectors. Numerous restaurants across the branded, corporate and independent sectors have closed and/or been placed on the market for sale and profit warnings have been issued by a number of the major retailers.
- 3.7 This all comes on top of the challenges that the licensed retailing trade sector has already been faced with over the last 20 years or so. Rising costs and increasing administrative burdens, together with legislative changes have seen significant threats to stability at all levels. Legislation publicans must have regard to include the following:-



- Licensing Act 2003
- Food Act 1984 (as amended)
- Food Safety Act 1990 (as amended)
- Equality Act 2010
- Regulatory Reform (Fire Safety) Order 2005
- Gas & Electrical Regulations in relation to the trade inventory

3.8 The mass beer market has seen and continues to experience a shift to the off trade, which combined with the success of anti-drink drive legislation have been significant factors leading to a general decline in volume of traditional on-licensed wet sales. Recent statistics, produced by the British Beer and Pub Association (BBPA) in their UK Quarterly Beer Barometer show a decline in annual beer sales in the on-trade between Quarter 4 2000 and 2017 from 23,358,000 to 12,628,000 barrels, a decline of c.46% (expressed in terms of 36 gallon brewers' barrels). The highest levels of decline were reported in 2008 and 2009 which would be consistent with the follow on from the introduction of the ban on smoking in public places as well as the onset of the recession. Whilst the decline in beer volumes has continued the speed of decline reduced in mid-2014 to its lowest level since 2003.

3.9 During the same period annual beer sales in the off-trade showed an increase from 11,215,000 to 14,285,000 barrels, an increase of c.27%. This marks a significant switch between beer volumes consumed in trading premises such as public houses and those consumed at home purchased from retail outlets such as off licenses, general stores and supermarkets. The shift has been so significant that in 2015 the volume of beer sold in the off-trade for the first time exceeded the volume of beer sold in the on-trade, a trend which has continued and remains as at Q4 2017. A copy of the source data is attached at Appendix DCS1.

3.10 The introduction of the ban on smoking in public places in July 2007 had a significant impact upon the trade of wet led public houses. In September 2008 a report issued jointly by the Federation of Licensed Victuallers Associations (FVLA) and the British Institute of Innkeeping (BII) concluded:

*"The smoking ban has had a serious and continuing effect on trade with the very important custom of smokers much diminished and with little positive news in terms of increased non-smoker or family business. The impact has been borne most by community, drink based pubs which have also had the fewest resources to withstand the downturn."*



- 3.11 The development of large public houses, on local 'high streets', which have the ability to offer discounted prices through their better purchasing power has resulted in a decline in sales in smaller traditional outlets within a radius of up to one mile, where there is public access/transport. As a consequence many such public houses which were previously only marginally viable have now ceased trading.
- 3.12 Regular eating out has become an established part of the British psyche and, as wet sales have declined, many pubs have sought to maintain and develop their business by focusing upon food led custom. However net profit margins on food led businesses are typically 5 to 10% lower than for wet led businesses. Consequently, such pubs are dependent upon achieving a higher level of food sales in order to replace lost wet sales if the overall net profit is to be maintained.
- 3.13 Local custom tends to be mostly 'walk-to' trade drawn from the immediate community, probably from less than ½ mile radius. Assuming the business is run in a good, competent and welcoming manner, trade will essentially be attracted by the convenience of the location and the opportunity to socialise with the local community. Local custom will tend to be concentrated towards weekday evenings and weekends.
- 3.14 In contrast to local trade, destination custom is often car borne and hence is attracted from a wider catchment area. Customers are drawn to an establishment by virtue of the nature of the facilities on offer, commonly including the availability of meals. Destination food led operations tend to be targeted to a particular market, which may be families, value orientated, fine dining, ethnic or traditional and offer particular desirable characteristics.
- 3.15 The essential characteristics of most destination led business are high visibility, ease of access and good parking. The family orientated businesses are usually run as high-volume branded outlets by multiple operators, typical examples of which are Chef & Brewer, Flaming Grill, and Hungry Horse. They may often be combined with outdoor and/or indoor children's play facilities. Such businesses demand prominent road locations, a site of ¼ to one acre, a built area in the region of 7,000 to 8,000 sq ft and customer area of 2,500 to 3,500 sq ft. There has been a significant expansion in the number of this type of operation in both urban and suburban areas over the last twenty five years.



- 3.16 In more recent years an increasingly important requirement has been for such units to be developed near to business parks or at transport intersections. The most active companies in this market in more recent years have been Marston's and Greene King. Following the recession it has been the case that operators have been increasingly unwilling to compromise their site criteria.
- 3.17 Customers will also be attracted to destination venues by their setting, for example waterside properties or those where there is some historic interest or relevance.
- 3.18 The locational characteristics of the Royal Oak are such that it will not be able to rely solely on a locally resident custom and by necessity will therefore need to attract and appeal to a targeted destination type of custom, the majority of whom will be reliant upon car journeys in order to access the property.
- 3.19 The consequences of the above described economic and social trends are seen to adversely impact on public house trading, reducing alcoholic drink consumption, putting pressure on retail pricing and leading to an increasingly challenging market in which to operate. Such impacts are understood to be central to the declining numbers of public houses, both in urban and in rural districts. The background of these economic and social trends increases the risks faced by those making investments in the sector, particularly where there is a history of business failure and subsequent physical decline of premises. Such circumstances which increase the risks of making an investment into a public house all apply to the subject property.

#### **4.0 THE ECONOMIC VIABILITY OF PUBLIC HOUSES**

##### **4.1 Viability Factors**

- 4.1.1 When assessing the viability of a public house there are a number of factors which are appropriately considered and a number of potential sources of information to assist with the required appraisals.
- 4.1.2 It is firstly appropriate to consider the locational and physical characteristics of the property together with its existing local competition. Based on these considerations, a judgement can then be made over the most credible style of public house trading to be adopted at a particular site, in order to best exploit the trading potential.



- 4.1.3 It is desirable to be able to review financial information recording past trade performance of a site should this information be available, in order to help make the required judgement over future potential. However, such historic records are not always available and in incidences where there is no trade performance history, prospective operators must rely wholly on their own judgements and experience.
- 4.1.4 The British Beer and Pub Association (BBPA) have produced documentation to assist pub tenants in assessing public house operational costs and this data is of particular assistance in instances where there is an absence of past trading records.
- 4.1.5 In addition the Campaign For Real Ale, CAMRA, has published a Paper – “Public House Viability Test” which identifies a number of factors they recommend it is appropriate be considered when appraising a pub’s trade potential in a variety of scenarios. It is necessary to note the CAMRA Paper is not adopted planning policy, it can however be treated as a guide to appropriate considerations.
- 4.1.6 Arising from the planning policy under SP11 referred to above in section 1.3 there are in my opinion three issues that need to be addressed, namely:
- The existence of alternative facilities which provide for people’s day-to-day needs;
  - The continuing viability of the business; and
  - The marketing of the business as a going concern.

I shall address each of these issues in turn.

## **4.2 Local Public House Competition/Alternative Amenities**

- 4.2.1 There are a number of public houses located around the rural district surrounding Nunnington and the Royal Oak. It is helpful to consider these alternative public houses, which not only offer alternative facilities to the local communities but importantly would form direct competition to a party wishing to relaunch pub trading at the Royal Oak.





4.2.2 From my review of the locality, I have identified the following public houses and businesses as relevant competition: -

Fryton Catering Coffee House, Nunnington – (200 yards away)



The Fryton is situated in close proximity to the Royal Oak and benefits from a more central position within the village. Sandwiches and snacks are provided throughout the day. I also understand the premises are licenced and is considered better placed to cater for trade from Nunnington Hall. The Coffee House opened in April 2016.

Nunnington Village Hall – (0.5 mile away)



A traditional village hall on the outskirts of the village. This hall can be used for meetings and other community activities.

Nunnington Hall – (0.5 mile away)



Country House situated on the outskirts of the village of Nunnington. National Trust property with its own café.



Worsley Arms, Hovingham – (2.5 miles away)



Situated on the main route through Hovingham. A traditional public house providing food and beverage, together with letting accommodation. Attractive gardens with car park.

Malt Shovel, Hovingham - (2.5 miles away)



Traditional public house providing both food and beverage. Catering for a mix of local and drive to trade.

Fairfax, Gilling (4.5 miles away)



Traditional North Yorkshire Hostelry providing food and drink, together with letting accommodation. Attractive outside trading areas and car parking.



Grapes, Slingsby (4.5 miles away)



Traditional North Yorkshire public house providing food and drink in an attractive trade environment. In addition functions are also held at the property.

Star, Harome – (3.5 miles away)



Situated in the village of Harome, just outside Helmsley. A traditional North Yorkshire public house. Again, providing food and beverage and accommodation.

Pheasant Hotel, Harome – (3.5 miles away)



Country house hotel in the village of Harome, which benefits from 16 letting rooms in addition to providing food and drink in the bar. Fully modernised.

Royal Oak, Gillamoor – (8 miles away)



Traditional village pub on the main street in Gillamoor. The pub provides both food and drink, together with accommodation. In addition there is a residents' car park and on street parking in the village.

4.2.3 From the above review of the alternative public house provision located in the rural district surrounding Nunnington, it is apparent that the local village communities and those accessing the district by car are served by a range of long established alternative public houses which provide both community drinks led type offers and some with the daytime and evening food offers, in some instances also providing overnight bed & breakfast accommodation. A prospective future operator of the Royal Oak would be conscious of the extent of the established competition and would be concerned over the need to effectively attract custom away from these other public houses/pub-restaurants. In my opinion in the marketplace of 2018, the local district surrounding the Royal Oak is more than adequately supplied with public house amenities, albeit that residents of Nunnington are reliant upon car borne access.

4.2.4 Within the village of Nunnington there is Fryton's Catering Coffee House, which provides food and beverage, and is also licensed. This facility open in April 2016 and is likely to have impacted on the day time trade at the Royal Oak. In addition food is available at Nunnington Hall, though limited to day times only. In addition the Village Hall also provides a community meeting place.

**Having regard to the above I conclude that within Nunnington and the immediate area there are sufficient and better located premises that can cater for the community needs.**



#### **4.3 The Assessment of the Royal Oak's Current Trade Potential**

- 4.3.1 When assessing the viability of a public house there will be differing qualities and extent of information available to assist with judgements, dependent on the particular background circumstances applicable to each individual case.
- 4.3.2 When considering the viability of businesses one should have regard to the potential of the business and not just purely the recent trading history. In order to do this a useful format is provided by the Campaign for Real Ale (CAMRA) Paper Public House Viability Test. In my opinion the first step is to consider the target market for the business in question, this will draw in a number of the headings raised in the CAMRA paper. Having regard to the physical characteristics of the Royal Oak PH and its location I am of the opinion that the most appropriate style of trade would be as a destination food house incorporating core wet led community trade. The level of potential trade will be restricted by the location, configuration of the trading area and the availability of alternative facilities as referred to at 4.2.2 above.
- 4.3.3 To assist an assessment of the viability of the Royal Oak it is necessary to form an opinion of the property's Fair Maintainable Turnover (FMT), this being the level of trade that a Reasonably Efficient Operator (REO) would expect to achieve from all forms of income, when running the business in a proper manner, on the assumption that the property is properly repaired, maintained and decorated.
- 4.3.4 From the FMT the Fair Maintainable Operating Profit (FMOP) that a REO would expect to achieve is assessed taking into account the age, location, style, configuration and size/quality of the accommodation provided by the property, as well as the style of the trade proposed to be undertaken. The operating profit is stated before the deduction of costs of finance, depreciation, owner's remuneration/drawings and any one off exceptional costs.
- 4.3.5 In arriving at my assessment of trading potential of an existing public house, I would normally have regard to any historic trade performance data that is available in respect of other similar properties. In addition it is necessary to have regard to any established market trends in public house performance over recent years.



- 4.3.6 The economic downturn discussed in Section 3.0 above, combined with the effects of other changing social trends, including greater respect for drink driving law and increased consciousness over health, have adversely impacted on alcohol consumption and hence on the turnover and profit potential of public houses such as the Royal Oak.
- 4.3.7 In 2007 the property was on the market with Colliers Robert Barry at a guide price of £675,000. It should be appreciated that 2007 represented the peak of the property market, prior to the crash in 2007 and more particularly in 2008, after Lehman Brothers. At the time, turnover was declared as being in the region of £275,000 net. This is a transaction referred to above, which was conducted by my colleague when he was working at Colliers Robert Barry.
- 4.3.8 I have been able to interrogate Fleurets' database and I have been able to identify some information regarding historic trading performance at the Royal Oak. The property was available for sale in 2011 at a guide price of £550,000. At the time the declared turnover was £231,119 (net of VAT), a copy of the sales information is included as Appendix DCS2.
- 4.3.9 The property was being advertised on the market with Christie & Co in December 2015, with a guide price of £650,000. A copy of the sales particulars is attached in Appendix DCS2. This relates to the current owners attempt to dispose of the freehold interest. No turnover was declared although comments are that it had been recently renovated.
- 4.3.10 We also understand that Davy & Co have advertised the property for sale. What is interesting is that trading information comments state that "Information supplied by our clients show net sales comfortably in the order of £200,000, trading on limited hours over only 5 days a week and 11 months of the year, due entirely to our clients' personal preference. The business possesses outstanding trading potential given the demographic of the location and also the extent of the facilities provided."
- 4.3.11 It was also noted that the premises were closed Monday and Tuesday, also during the afternoons throughout the week. The guide price was £600,000. Copies of the sales particulars are again attached as Appendix DCS2



- 4.3.12 The owners of the Royal Oak have provided accounting information, which I attach as Appendix DCS3. As can be seen from the accounts the turnover has been around £160,000 for the past 2 years and after adding back Director's Remuneration, more or less breaks even. This appears to be at odds with the sales particulars referred to above. I would make the following observations:
- 4.3.13 Gross Profit Margins reflecting costs of sales, but excluding staff costs and direct costs is showing a figure of circa 54%. The Royal Oak operates as a traditional freehouse serving both food and drink in a not particularly price sensitive area. I am of the view that the reasonably efficient operator would expect to achieve Gross Profit Margins closer to 60-63%, as they would be able to source their products in a competitive market and obtain discounts from local suppliers.
- 4.3.14 It should also be noted that the Rateable Value for Royal Oak, as assessed in 2017 at £10,300 will bring this within the category of a small business and will receive significant relief against rating costs. This benefit will post date the accounting information, but will add to the profitability of the premises going forward.
- 4.3.15 In making my assessment it is appropriate to adopt an assumption that the property is open and trading with the inventory in situ. It should also be assumed to be operated by a Reasonably Efficient Operator. I am of the view this would mean the property was open for trading longer hours, particularly during the afternoons, though having regard to the increased competition from the Fryton Coffee House since it opened in 2016.
- 4.3.16 Having regard to the property's location, style and the availability of alternative food offers, I consider that it would be realistic to envisage a sales potential from all sources in the region of £4,000 per week. Thus, for the purposes of undertaking a viability analysis, I adopt a fair maintainable turnover (FMT) of £200,000. I have assumed that such sales would be 40% drink, i.e. £80,000 and 60% food, i.e. £120,000.
- 4.3.17 On the basis that the pub's trading will need to be substantially driven by a destination custom for food, I consider that it is unrealistic to expect any meaningful contribution to income to be derived from amusement machines/games, i.e. gaming machines, quiz machines and pool tables.



4.3.18 For the purposes of my assessment of viability, I assume that the property is available to its operator as an unencumbered freehold interest, thus I assume the occupier/operator would be free of any beer tie. This assumption has a direct impact on the gross profit margin that can be achieved from drinks sales. The gross profit margin reflects sales against the cost of purchasing the products for resale. With drink sales at the adopted level, I have assessed based on experience, an overall wet gross profit performance at 65% i.e. £52,000

4.3.19 The food gross profit margin needs to reflect what I consider will be a good quality traditional pub food offer, hence one which is not premium priced. As a consequence, I adopt a gross profit margin at 60% i.e. £72,000.

4.3.20 I therefore assess the gross profit achievable as follows:-

	£
GP from Wet Sales	52,000
GP from Food Sales	72,000
Overall GP	124,000
Overall GP % of overall sales	62%

4.3.21 It is necessary to consider the costs involved in running the business and maintaining the property. Such costs will vary as a result of numerous factors which include the level of sales, size/configuration of the property and sales mix. In the absence of any available evidence of actual operating expenses for the Royal Oak to assist in such judgement, I have regard to operating expense levels derived from industry research detailed in the BBPA publication - Running a Pub, a Guide to Costs for Tied Tenants and Lessees - 2017.

4.3.22 The BBPA document provides advice to tied tenants, however the drinks tie impacts only on the gross profit line and therefore the data on operating costs is considered to be a reliable and appropriate guide for the purposes of this viability exercise. The BBPA publication seeks to distinguish between different levels and styles of pub trade. In the case of the Royal Oak I consider that the BBPA model for a "rural character" category of pub with a trade level of circa £5,000 per week is the most relevant.





- 4.3.23 The model identifies operating costs of 40.3% of sales which includes a labour expense equal to 22.5% of sales, however adjusting to exclude the costs related to interest on tenant's working capital reduces the total operating expense to 39.8% of sales. It should be noted that such costs do not provide for either a manager's salary or an owner's remuneration or for entertainment costs. I enclose as Appendix DCS4 a copy of the 'model'. It should also be borne in mind that these statistics also assume a full rates bill which is not the case for the Royal Oak. Adopting a considered view of operating expenses, I adopt total operating expenses for the Royal Oak of £77,000, equivalent to 38.4% of adopted total sales.
- 4.3.24 My assessment of net profit i.e. the Fair Maintainable Operating Profit, before the expenses of finance and owner/operator's remuneration is therefore £47,000 which equates to circa 24% of the adopted total sales. In my experience such profit percentage of total sales is a reasonable profit expectation for a rural located pub of this style with mixed food and drink trade at the adopted level. It would also assume an owner operating couple who would share the kitchen and bar work.
- 4.3.25 I reiterate, the above assessment of FMOP is stated before accounting for an owner's remuneration or any costs of finance the owner/operator is obliged to incur.
- 4.3.26 An owner/operator of a public house such as the Royal Oak must be able to expect a reasonable return on their effort, labour and business risk taken if investing in acquiring, re-establishing and operating the business. To an extent, such expectations of an operator are subjective, but as a helpful independent guide, I refer to the legal case of *Brooker - v - Unique Pub Properties Limited (2001)* (Chancery Division Bristol District Registry Case No. BS002253) which gave consideration to the appropriate level of remuneration that a public house operator would reasonably expect to receive. In that case it was stated that at that time, the minimum remuneration an operator would expect was £20,000 per annum. If this figure is adjusted to reflect the subsequent increase in average earnings, it would now equate to a figure in the region of £30,000.
- 4.3.27 Regard also needs to be had to the cost of finance, i.e. the cost of funding not only for the property purchase, but also to cover the costs of any works that need to be undertaken together with required new/replacement trade furnishings, equipment and effects, as are considered necessary to enable the business once relaunched, to realise its trading potential.



4.3.28 For the purposes of the appraisal, it is also necessary to assume a notional purchase price for acquiring the freehold premises. I have difficulty in accepting the guide prices adopted for selling the premises as being realistic. These are not formal "Red Book" valuations but merely an offer to sell at a figure required by the vendor. I am of the opinion the guide prices appear to reflect the hypothetical residential value not the true value of a trading public house. For the purposes of this report I cannot assume planning consent has been or will be granted and therefore must ignore any additional value attributed to the additional residential "value". I have also had regard to other public houses that have sold in the wider area. I set out below evidence of these sales:

**Black Lion, 8 Market Place, Thirsk, YO7 1LB**


<b>Sale Date:</b>	On Market
<b>Tenure:</b>	Freehold
<b>Guide Price:</b>	<b>£325,000</b>
<b>Turnover:</b>	Currently closed

**Location:**

The property is situated in the centre of Thirsk, close to the main market square.

**Description:**

Mid-terrace, 2 storey brick building. Operating as a restaurant with private living accommodation at first floor.

**Business:**

Currently closed, although previously operated as a restaurant.

**New Inn, Main Street, Huby, York, YO61 1HQ**


<b>Sale Date:</b>	Sold 2018
<b>Tenure:</b>	Freehold
<b>Sale Price:</b>	<b>£250,000 (Sold for)</b>
<b>Turnover:</b>	Currently closed

**Location:**

The property is located in the centre of the attractive and affluent village of Huby approximately 10 miles to the north of York.

**Description**

2 storey brick construction with painted external elevation and pitched pantile roof covering. Patio seating is to the front, along with parking for approximately 6 vehicles. To the rear, there is a second patio seating area a range of outbuildings and further parking for an additional 8 vehicles.

**Business:**

Closed



**Hare & Hounds, Main Road, Staxton, Scarborough, YO12 4TA**



**Sale Date:** March 2018  
**Tenure:** Freehold  
**Sale Price:** £200,000  
**Turnover:** Currently closed

**Location:**

Situated fronting onto the A64 main road on the edge of the village of Staxton

**Description:**

Rundown traditional construction in painted brick and stone under double pitched concrete tile roof covering. Single storey garage and range of outbuildings to the rear. Rear yard and parking for about 30 cars running alongside the main road.

**Business:**

Closed. Had an ACV application but unviable to bring back into reasonable pub use.

**Cayley Arms Hotel, Allarston, Pickering, YO18 7PJ**



**Sale Date:** July 2017  
**Tenure:** Freehold  
**Sale Price:** £297,000

**Location:**

The property is located by the side of the busy A170 Helmsley to Scarborough Road.

**Description**

2 storey detached property with colour washed elevations under pitched roofs with single storey extensions to the rear. Large trading areas but all very tired.

**Business:**

No accounts.



Royal Oak, Copgrove Road, Burton Leonard, North Yorkshire, HG3 3SJ



<b>Sale Date:</b>	January 2018
<b>Tenure:</b>	Freehold
<b>Sale Price:</b>	£280,000
<b>Turnover:</b>	£147,692

**Location:**

The property is located on Copgrove Road close to the village green in the heart of the attractive rural village of Burton Leonard.

**Description**

An attractive 2 storey, part stone and part brick built building beneath a pitched slate roof covering, with a painted and rendered mock Tudor finish. There is a grassed beer garden to the rear and a forecourt car parking area to the front.

**Business:**

Established traditional village freehouse. Sales of £147,692 net VAT with strong profits for the year end 31st December 2016.

- 4.3.29 Therefore for these purposes and having regard to evidence of other sales I adopt what I consider to be a credible acquisition cost having regard to the location, size, style, age and condition of the property of £325,000 i.e. 1.6 x my FMT. This also assumes trading accounts would be available and the property is open and trading with the benefit of a premises license. I have assumed an inventory value of £30,000 and to be included in the £325,000.
- 4.3.30 In addition to the purchase price a purchaser must also account for Stamp Duty Land Tax together with professional fees for the property acquisition and required application for a new Premises Licence. The assumed purchase price would trigger a liability for SDLT on £295,000 less 10% for the residential element i.e. c. £3,000. In addition I have allowed £10,000 to cover the additional acquisition expenses. The purchaser would also have to acquire stock and provide working capital thus say a further £20,000
- 4.3.31 Accordingly, I am of the view that a purchaser of the freehold for the purposes of a continuation of public house trading would need to have access to £358,000, in order to acquire the property trade at the FMT and FMOP levels.



4.3.32 In respect of the assumed freehold tenure, in my experience it is highly unlikely in the current market that a lender would fund any more than 60% of this sum and then most likely only if the purchaser was an experienced operator, accounts are available to support the projected trade and/or the borrower is able to provide alternative security. On this basis a purchaser would need to fund the balance of the cost from their own resources and hence would incur the opportunity cost of being unable to invest the money elsewhere. The cost of finance is therefore appropriately calculated as a minimum based on the total capital required both borrowed and self supplied. In the current market a typical loan term for a commercial property such as this is for 15 to 20 years with interest rates of say 4% to 5%. On the basis of a borrowed funds requirement of £358,000 over 20 years at 5% interest, this would equate to an aggregate of the monthly loan and interest payments of £2,394 per month thus annual finance costs of £28,728.

#### 4.4 Royal Oak Viability Assessment

4.4.1 I set out below my assessments of the viability of the freehold purchase, renovation, launching and subsequent continuation of public house use of the Royal Oak.

##### 4.4.2 Freehold Interest

Sales (net of VAT)		200,000
Gross profit @ 62%		<u>124,000</u>
<b>Less</b>		
Operating costs @ 38.4% of total sales		
	77,000	
Owners remuneration (see 4.3.26above) say	<u>30,000</u>	<u>(107,000)</u>
Profit before finance costs		14,000
<b>Less</b>		
Cost of finance		
Notional acquisition price, say	335,000	
Stock & working capital	30,000	
SDLT	3,000	
Acquisition costs	<u>10,000</u>	
	358,000	
Repayment on a £358,000 mortgage (see 4.3.32 above)		<u>(28,728)</u>
Loss (after owner's remuneration and cost of finance)		<u>(14,728)</u>



4.4.3 Based upon the above reasoned viability appraisal, I am of the opinion that the acquisition and continuation of public house trading at the Royal Oak following the purchase of the freehold interest, would not offer a party considering such a venture a economically viable or prudent proposition. Therefore:

**I am of the opinion that the Royal Oak is not an economically viable proposition for the following reasons:**

- **After allowance for finance costs the business is loss making.**
- **The return on the investment required does not reflect the risk.**
- **The property would not be of interest to corporate pub companies, either leased or managed operators.**
- **Nationally beer volumes are in decline.**
- **The limited car parking facilities required to operate as a destination food house.**
- **Better located competition will limit the opportunity to growth the turnover and profit.**

#### **4.5 The Marketing of the Property as a Going Concern**

4.5.1 The licensed property market was near its peak in 2006, in terms of both transactional activity and values, this being fuelled by activity from the pub companies and also lifestyle purchasers. At this time finance was readily available from the banks, it not being unusual for 80-90% of a purchase price to be available through bank lending.

4.5.2 The lifestyle purchaser was a key player in the licensed property market prior to 2008. Lifestyle purchasers of public houses were common, however this was to a degree dependent upon them having a substantial capital sum to invest in their dream with the remaining capital being secured by way of a bank or other loan secured against the property. The lifestyle purchaser fell into two distinct categories:

- Existing/experienced licensees who wished to remain in the trade but required a quieter life.
- New entrants to the trade who were possibly attempting to improve their quality of life (perceived) and had funds available to invest through the sale of a residential property or possibly as a consequence of redundancy.



- 4.5.3 The lifestyle purchaser would be seeking a location and property type that particularly appealed to them. The property would become their principal place of residence and one where they intended to remain for a number of years. Trade was likely to have been relatively quiet with limited trading hours operated. The decision to acquire was made predominantly on subjective factors with less importance being placed on the potential of the business to be operated.
- 4.5.4 Up until the latter part of 2007 the lifestyle purchaser had been a common feature throughout rural counties of England, this was to a very great extent fuelled by high residential prices, the easy availability of bank finance and an increasing desire for elements of the population to improve their lifestyle.
- 4.5.5 Particularly in the years 2003 to 2006 I personally undertook a number of bank valuations for loan security purposes where the proposed acquisition fell into this category of a lifestyle purchaser. It was evident that prices were being inflated by purely subjective issues but there was a wealth of comparable evidence to support the prices being paid. To a degree this was a move away from the traditional approach to licensed property valuation that relied on the principles of fair maintainable sales and fair maintainable net profit i.e. the business being capable of trading at a level whereby loans could be repaid and the occupiers left with a reasonable level of profit. In these cases I would advise the bank that they should consider the loan to value ratio carefully and to ensure that the fair maintainable levels of profit were sufficient to meet the loan and interest payments. The lifestyle purchaser did not necessarily mean that the business was financially viable.
- 4.5.6 We are advised that the current owners acquired the premises in April 2014 for circa £400,000 including fixtures and fittings. Despite acquiring the property in 2014 our records show that the property was placed on the market by Christie & Co from 20<sup>th</sup> October 2015 to 20<sup>th</sup> April 2016. Therefore, Christie & Co commenced marketing the property only 18 months after the premises were acquired. This seems a short period to establish a business. Christie's guide price was £650,000, against an acquisition price of £400,000, although some refurbishment works are reported to have been undertaken in the interim. No sale was achieved. It would also appear that in the 6 months they were instructed no price reduction was undertaken.



- 4.5.7 Davy & Co were then instructed from May 2016 to December 2017, a period of 19 months, although there was also a period of joint agency with Christie & Co up to the end of December 2017. Christies then again had sole agency to March 2018. My understanding was that the guide price was originally £600,000 though was reduced to £575,000 in September 2016 and further reduced to £525,000 in February 2018 prior to being withdrawn from the market in March 2018.
- 4.5.8 In considering the above information it is also interesting to note that turnover declined from when the premises were acquired when it was achieving in excess of £200,000 to the subsequent turnover of £160,000. Licensed premises and particularly public houses are trading assets and their value is intrinsically linked to their trading performance. In my experience a property failing to sell after 3 years marketing will be overpriced. Fiurets statistics show that on average licensed premises take 9 to 12 months to sell. Some may take longer, although it is usually where a vendor is reluctant to adjust the guide price to reflect market conditions. I am of the view that a public house, albeit an attractive village such as Nunnington, was overpriced at £600-650,000. Given the quoted declining turnover, a more realistic expectation would have been to sell the property at a figure closer to my figure of £325,000. This also suggests the property when acquired was purchased at a figure above the market value of a public house without the potential for a change of use to residential; particularly as the benefits of any "improvements" did not improve trading performance. From my experience undertaking bank valuations, I am also of the view that this type of property with low levels of profit relative to a "hypothetical asking price" would be difficult to fund, unless the owners/purchasers were prepared to pay a premium out of personal funds for the lifestyle element of the business. At a hypothetical sale price of £600,000 including SDLT and stock purchases, would require funding that would cost nearly £50,000 per annum. I cannot envisage a situation where a purchaser would incur these costs to acquire a business with only a potential £200,000 per year turnover. It is therefore likely that a bank would be unlikely to fund a purchaser anything above £325,000 possibly less.
- 4.5.9 Christie & Co and Davy & Co are recognised licensed property agents, who have extensive experience in the public house market, however, despite this, they were unable to achieve a sale over a period of nearly 3 years. I also understand no serious offers were forthcoming. This confirms my view that the property was overpriced. The applicant has subsequently closed the business and surrendered the license. In my view this action is premature and will clearly hinder any future attempt to sell the Royal Oak as a public house.





4.5.10 I conclude that the property has not been marketed at a realistic guide price, reflecting the circumstances whereby no planning consent has been obtained for the change of use to a private residence. Based on the declared turnover and profit the purchase at the guide prices of both Christies and Davey & Co would make the purchase uneconomic and at severe risk of business failure as the business would be unlikely to generate sufficient profit to cover finance charges let alone give the owners a sufficient return of the endeavours operating the business.

## 5.0 CONCLUSIONS

5.1 On consideration of the of historic information which demonstrates recent trading performance of the Royal Oak and my assessment of the realistic credible maximum likely trade potential, it is my opinion that the property is not economically viable for continued use as a public house. My above trade appraisal and viability assessment, demonstrate that it is not capable of generating a satisfactory profit performance to make it viable/sustainable for the reintroduction of public house use. The non-viability of this course of action particularly arises as a result of the capital investment required to acquire the premises.

5.2 I am of the opinion that the property's characteristics and location would cause it to be heavily reliant upon a destination type custom attracted for food. Given the range of existing competing public houses/pub-restaurants and other community facilities situated in the local district, the sustainability of trading at the Royal Oak will present significant challenges and uncertainties and cannot be demonstrated to provide an operator with a satisfactory return on, (i) the required capital investment; (ii) the risks of investing in the proposition; and (iii) the required entrepreneurial endeavour necessary for a party to acquire, and operate a rural located public house with a low nearby resident community.

5.3 I therefore conclude, that the Royal Oak is not an opportunity or undertaking that is economically viable for any party who is subject to the norms of profit motivation and market led commercial costs of finance in the current economic and financial circumstances, nor indeed those reasonably expected to apply in the short to medium term time frame. Should a party nevertheless undertake such a risk and investment, they would in my opinion be subject to a high risk of business failure.



**6.0 PROFESSIONAL DECLARATION**

- 6.1 I have prepared this report in the capacity of a surveyor expert witness and include below the required declaration expected of Chartered Surveyors acting in this capacity.
- 6.2 I confirm that my report includes all facts which I regard as being relevant to the opinions which I have expressed and that attention has been drawn to any matter which would affect the validity of those opinions.
- 6.3 I confirm that my duty as an expert witness overrides any duty to those instructing or paying me, that I have understood this duty and complied with it in giving my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 6.4 I confirm that I am not instructed under any conditional fee arrangement.
- 6.5 I confirm that I have no conflicts of interest of any kind other than those already disclosed in my report.
- 6.6 I confirm that my report complies with the requirements of the Royal Institution of Chartered Surveyors (RICS), as set down in *Surveyors Acting as Expert Witnesses: RICS Practice Statement*.

Signed:

**DC Sutcliffe BSc MRICS**  
**Director and**  
**National Head of Professional Service**  
**Fleurets**  
Prospect House,  
324 Moston Lane East,  
Manchester,  
M40 2HZ

Dated 18th July 2018

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**APPENDIX DCS1**  
**Quarterly Beer Barometer (BBPA)**

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# UK Quarterly Beer Barometer

1st Quarter 2018 (January to March)



## Quarterly Beer sales ('000 barrels)

Total sales	Q1		Q2		Q3		Q4	
	Volume	% change	Volume	% change	Volume	% change	Volume	% change
2000	6,852	-5.0%	9,070	0.4%	8,865	-4.8%	9,785	-4.7%
2001	6,811	-0.6%	8,972	-1.1%	8,506	0.5%	9,333	1.6%
2002	7,137	4.8%	9,106	3.7%	8,820	-1.0%	9,879	-0.6%
2003	7,048	-1.1%	9,286	-0.2%	9,270	5.1%	9,836	0.2%
2004	7,318	3.8%	9,485	2.1%	8,775	-5.1%	10,043	1.5%
2005	7,090	-3.1%	9,007	-4.2%	8,593	2.3%	9,730	-5.1%
2006	5,966	-1.8%	9,500	4.6%	8,899	-6.6%	9,582	-1.7%
2007	6,783	-2.6%	8,835	-7.0%	8,357	-0.5%	9,180	-4.7%
2008	6,773	-0.2%	8,411	-4.0%	7,780	-6.9%	8,448	-8.0%
2009	6,232	-7.7%	8,093	-4.3%	7,740	-0.5%	8,119	-3.4%
2010	5,965	-4.0%	8,361	5.7%	7,029	-5.2%	7,775	-4.3%
2011	5,818	-2.5%	7,630	-8.7%	7,248	3.1%	7,781	-0.2%
2012	5,747	-1.2%	7,204	-5.6%	6,813	-6.0%	7,268	-5.6%
2013	5,587	-2.6%	6,863	-4.7%	7,180	5.4%	7,368	1.4%
2014	5,416	-2.7%	7,434	8.3%	6,846	-4.7%	7,373	0.1%
2015	5,392	-0.4%	7,055	-5.1%	7,173	4.8%	7,349	-0.3%
2016	5,335	-1.1%	7,168	1.6%	6,938	-3.5%	7,382	-0.9%
2017	5,516	3.4%	7,139	1.0%	6,808	-1.9%	7,348	0.9%
2018	5,422	-1.7%						

On-trade sales	Q1		Q2		Q3		Q4	
	Volume	% change	Volume	% change	Volume	% change	Volume	% change
2000	5,246	-4.1%	6,059	-4.1%	5,969	-5.5%	6,017	-4.9%
2001	5,022	-4.3%	5,923	-2.8%	5,802	-2.8%	6,015	-0.5%
2002	5,069	0.9%	5,838	-1.4%	5,629	-3.0%	5,797	-3.6%
2003	4,801	-1.3%	5,683	-2.6%	5,597	-0.6%	5,706	-1.6%
2004	4,853	-1.4%	5,660	-0.4%	5,422	-3.1%	5,599	-1.9%
2005	4,701	-2.7%	5,343	-5.6%	5,293	-2.4%	5,392	-3.7%
2006	4,470	-4.9%	5,310	-0.6%	4,972	-6.1%	5,190	-3.8%
2007	4,298	-3.8%	4,963	-4.5%	4,716	-5.2%	4,761	-6.5%
2008	3,950	-8.2%	4,449	-10.3%	4,348	-7.8%	4,302	-9.6%
2009	3,720	-5.8%	4,296	-4.1%	4,162	-4.2%	4,208	-4.5%
2010	3,415	-8.2%	4,018	-5.6%	3,678	-6.8%	3,813	-7.2%
2011	3,355	-1.8%	3,833	-3.4%	3,792	-1.1%	3,844	0.8%
2012	3,190	-4.9%	3,745	-4.8%	3,596	-5.2%	3,635	-5.5%
2013	3,021	-5.3%	3,521	-6.6%	3,360	-1.0%	3,588	-1.3%
2014	2,930	-3.0%	3,595	2.2%	3,493	-1.9%	3,515	-2.0%
2015	2,862	-2.3%	3,432	-4.1%	3,677	-0.5%	3,439	-2.2%
2016	2,850	-0.4%	3,387	-1.9%	3,359	-3.4%	3,337	-3.0%
2017	2,751	-3.5%	3,379	-0.2%	3,237	-3.8%	3,262	-2.3%
2018	2,698	-1.9%						

Off-trade sales	Q1		Q2		Q3		Q4	
	Volume	% change	Volume	% change	Volume	% change	Volume	% change
2000	1,607	-7.9%	2,975	11.3%	2,895	-3.4%	3,738	-4.3%
2001	1,789	11.4%	3,048	2.5%	3,103	7.2%	3,923	4.9%
2002	2,067	15.6%	3,468	13.8%	3,191	2.8%	4,082	4.0%
2003	2,147	3.8%	3,601	3.8%	3,673	15.1%	4,190	2.7%
2004	2,485	15.8%	3,825	6.2%	3,378	-8.2%	4,444	6.1%
2005	2,390	-3.9%	3,744	-2.1%	3,702	8.7%	4,338	-2.4%
2006	2,496	4.4%	4,151	11.9%	3,627	-7.6%	4,352	1.3%
2007	2,485	-0.4%	3,872	-7.6%	3,642	6.3%	4,419	0.6%
2008	2,873	13.6%	4,031	4.1%	3,435	-5.7%	4,146	-6.2%
2009	2,531	-10.3%	3,797	-5.8%	3,578	4.2%	4,052	-2.9%
2010	2,950	0.7%	4,333	14.1%	3,151	-11.9%	3,982	-1.7%
2011	2,463	-3.4%	3,697	-14.7%	3,436	9.7%	3,936	-1.2%
2012	2,357	3.8%	3,459	-6.4%	3,216	-5.9%	3,633	-7.7%
2013	2,566	0.3%	3,342	-1.4%	3,630	12.5%	3,781	4.1%
2014	2,506	-2.3%	3,836	14.8%	3,364	-7.4%	3,858	1.3%
2015	2,530	1.0%	3,603	-6.1%	3,696	10.2%	3,910	1.3%
2016	2,485	-1.8%	3,782	5.0%	3,579	-3.2%	3,945	0.5%
2017	2,766	11.3%	3,860	2.1%	3,573	-0.2%	4,067	3.6%
2018	2,773	-1.9%						

---

**APPENDIX DCS2**  
**Historic Sales Particulars**

---

Business Agents Valuations Corporate Sales & Acquisitions

N-721870

Location: [---] Business Type: [---] Town: [---] Area: [---] Price: [---] Search

Area: (8953)  
Result 13 of 65

Related Searches:

Show my basket

Return to Results

or First Previous Next Last

**Characterful Village Freehouse**

Offers in Excess Of £500,000

Property ID: 10128



The Royal Oak Inn  
Church Street  
Nunnington  
York  
North Yorkshire  
YO62 5UB

NO PDF

Ref: 11063

Price: £500,000

Freehold

- View Image Gallery
- Add to Basket

Letter 1

- Apply this estate to a house & restaurant
- Stunning village location near Castle Howard
- Potential to add 3-6 en-suite letting bedrooms
- Substantially refurbished retaining a wealth of character
- Comfortably accommodates 60 covers
- Confidence potential, average trade only 5 days a week
- Excellent 5 star owner accommodation
- Outside trading areas, car park & stable block



**Location**

This picturesque, highly regarded North Yorkshire village is situated in the stunning Howarth Hills approximately 3 miles south of Helmsley, with Castle Howard, Ripon Abbey and Ampthorpe Abbey nearby. The property itself is within walking distance of the popular tourist attraction of The National Trust's Nunnington Hall.

**Viewing Arrangements**

Strictly by appointment only via the Leeds office of Davey Go on: 0113 280 5981.

**The Business Premises**

**Lounge Bar:** With return bar/servery, log burner double sided to the dining room, loose tables, chairs, pew seating and bar stool seats, exposed stone walling, beamed ceiling, comfortably accommodating in excess of 40 seated customers.

**Dining Room 1:** Currently utilised as a games area with double sided log burner to the lounge bar, exposed stone walling, for around 8-10 covers, open access through to;

**Dining Room 2:** With exposed stone walling, loose tables and chairs comfortably accommodating around 16 covers.

**Ladies & Gents:** Fitted and presented to a good standard.

**Gentlemen's WC's:**

**Catering Kitchen:** Extensive catering kitchen facility which is very well equipped and includes a preparation kitchen, wash up area and a walk in refrigerated cold room is set to the rear.

**Potential Letting Accommodation:** The former stable block set to the rear of the property with excellent access from the car park and outside trading terrace could be converted, to provide 3 excellent en-suite letting bedrooms, subject to the appropriate consents. In addition, the owners accommodation comprises 5 rooms (1 of which is en-suite) and a bathroom which could also be converted, again subject to the appropriate consents, to provide a number of letting bedrooms subject to the new owners private accommodation requirements.

**The Owners Accommodation**

As mentioned above this could provide letting bedroom accommodation, currently configured to provide 5 good sized rooms, 1 of which has an en-suite shower room, a family bathroom, and there is also an attic bedroom and storage.

**Outside**

There is gated access to a good sized gravelled privately enclosed customer car park which also provides access into the well presented paved outside terrace trading area furnished with timber tables and chairs to seat approximately 20 customers. There is a former stable block comprising 3 large stables which could be converted to provide 3 excellent en-suite letting bedrooms subject to the appropriate consents. There is also a private garden area for the use of the owners.

**Trading Information**

Trading information supplied by our clients show net sales comfortably in the order of £200,000 trading on limited hours only over 5 days a week and 11 months of the year, due entirely to our clients personal preference. The business possesses outstanding trading potential given the demographics of the location and also the extent of facilities provided.

Further accounting information will be made available to genuinely interested parties who have viewed the business.

**Opening Hours**

Monday & Tuesday: Closed all day  
Wednesday - Sunday: 12.00 midday - 3.00pm & 5.00pm - 11.00pm

**Trade Fixtures & Fittings**

We are advised that the fixtures and fittings are substantially free of loan, hire purchase and lease agreements.

**Staff**

Run by our clients with the assistance of a pool of around 6 part time members of staff.

**Licences**

The property has a premises licence granted by the relevant local authority. It is a requirement of the Licensing Act 2003 that properties serving alcohol have a designated premises supervisor, who must be the holder of a personal licence. Prospective purchasers are advised to take appropriate specialist advice.

**Rates**

The rateable value of the premises is approximately £17,400 with the rates payable for 2016/2017 being approximately £8,578 including transitional relief.

**Tenure**

We are advised the property is freehold.

**VAT**

All matters relating to VAT are reserved and VAT is payable if and where appropriate at the standard rate.

**Price**

Offers are sought in excess of £200,000 for the freehold property, the goodwill of the business and trade fixtures and fittings. Stock to be purchased separately at valuation.

**Result of 88**

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N-520984

AS ✓  
NA ✓



## The Royal Oak Inn

### ROYAL OAK INN

Leeds Office Ref Number: 54/55280

Church Street  
Nunnington  
York  
YO62 5US

Freehold: £650,000

Letter 1

Contact details: Oliver Brown  
E-mail: Oliver.Brown@christie.com  
Phone: +44 (0) 113 389 2700

- ✦ Freehold North Yorkshire Village Pub
- ✦ Accommodation, Car Park, Kitchen
- ✦ Recently Renovated, 50/50 wet-dry split
- ✦ Good tourist footfall
- ✦ Potential for letting rooms
- ✦ Loan available via Christie Finance, subject to status. EPC Exempt

## Office Ref Number: 54/55280



### Situation

The Royal Oak Inn is located in Nunnington, a village in the Ryedale district of North Yorkshire, circa 10 miles from Malton and circa 6.5 miles from Helmsley on the edge of the Moors. Nunnington is close to both Castle Howard and Rievaulx Abbey providing a steady supply of tourists to the area and is within close proximity of the National Trust Nunnington Hall which attracts many visitors each year.

### The property

The building is a detached three storey, stone built, grade II listed pub, with separate stone built block to the rear currently used as several storage rooms. The car park behind provides parking for circa 10 cars.

### Internal details

The ground floor of the pub contains the main trading area, with central bar and assorted seating throughout. An adjoining room is used as a games area with darts and bar billiards, which follows onto an 'italian corner' themed nook. The ground floor also contains a full commercial kitchen, with walk in cold room built into the rear storage block and ladies and gents WCs. To the rear of the pub is a patio beer garden, providing space for drinking and dining throughout the summer.

### Owner's accommodation

There are 3 bedrooms on the first floor 1 en suite and house bathroom, office and lounge. Upstairs there is an attic bedroom and another attic used as storage.

### The business

Our clients have renovated the property over the last 18 months, setting up a traditional Yorkshire pub restaurant with modern touches, and a menu influenced by their 14 years in Italy utilizing local ingredients. They are now looking to retire and focus on family life. The building itself is licensed to be run as a pub, wine shop or private residence giving a new owner several options. Weekly events including Italian lessons and music nights, as well as a simple well sourced menu, drives trade providing a 50/50 dry-wet split. The potential to increase trade through extending the opening hours is great and the sizeable outbuildings also offer the potential for letting rooms.

A new owner can build on the business our clients have founded, and continue to increase trade, or convert the site into several private residences as it has been in the past, subject to obtaining the relevant planning permission.



## Trading hours

Wednesday to Saturday 12pm - 3pm and 6pm - close  
Sunday lunches from 12pm - 3pm and the bar is open Sunday 6.00pm to 11.30pm

## Fixtures & fittings

Though the majority of Fixtures and Fittings are included there are several excluded items which can be purchased, and some items that belong to our clients which will be pointed out on viewing.

## Staff

There are 4 full time staff and several part timers, not including our clients. This includes the manager who has been here for 9 years. The other part timer has been here for 35 years with various owners. They can assist in the smooth transition for new owners. These two are contracted.

## Fire risk assessment

We have assumed that a suitable and sufficient Fire Risk Assessment has been carried out. Under the Regulatory Reform (Fire Safety) Order 2005 this assessment needs to be recorded in writing where there are five or more employees, the property is under enactment of a licence or where an alterations notice has been served.

## Business rates

The business rates are £15,000 with circa £8,000 payable.

## Tenure details

Freehold

## Finance & Insurance

Christie Finance and Christie Insurance are sister companies of Christie + Co and specialise in providing intelligent solutions to your business finance and insurance needs.

For full information, please call Christie Finance on 0113 389 2714 or Christie Insurance on 03330 107 160. Alternatively, apply for your business mortgage [here](#) or get a quote to insure your business [here](#).

## Valuation Services

Christie + Co has the largest national team of Chartered Surveyors and Valuers dedicated to its specialist markets, offering valuations, consultancy, rating, investment, rent reviews, lease renewals, building surveying, planning and dispute resolution advice in all our sectors.

## Viewing

No direct approach may be made to the property. For an appointment to view, please contact the agent.

Contact details: Oliver Brown  
E-mail: [Oliver.Brown@christie.com](mailto:Oliver.Brown@christie.com)  
Phone: +44 (0) 113 389 2700

Details subject to the standard conditions of Christie + Co's particulars.

See "Disclaimers" section.

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N-115767



## Royal Oak Inn NUNNINGTON, NORTH YORKSHIRE

- Tremendously characterful and well known country Inn
- Highly desirable village trading location
- Spacious 4 bedroom flat for owners or managers
- Turnover £231,119 net of VAT management run

**£550,000 - Freehold**

### CONTACT US

Viewing is strictly by prior appointment with Colliers International through

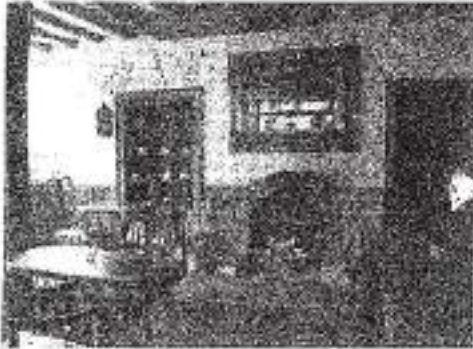
Peter Bean  
Hotels  
0113 2001888  
pbean@colliers.com

Property Ref: 1558868

Colliers International  
15-16 Park Row  
Leeds  
West Yorkshire  
LS1 5HD

[www.colliers.com/uk/leeds](http://www.colliers.com/uk/leeds)

## The Royal Oak Inn, Nunnington, York, North Yorkshire, YO62 5US



Ideally situated in a charming Conservation Village, the Royal Oak is a classic country inn with a wonderfully characterful bar and dining areas. Originally intended over the years, this well-loved inn has its eye on the future to ensure purpose-built kitchen and back of house facilities able to service high volume food trade and for events of various sizes is plenty of accommodation in the form of a specialist bedroom flat.

Location is highly sought after and offers views on the edge of the North York Moors National Park, the Royal Oak has a very strong building team and always operating local and village trade from surrounding towns and villages and the City of York. Nearby amenities include Holeside, Station, famous Castle Howard and Angkorwath School, whilst in the distance is the popular National Trust, Nunnington Hall. In addition there is a number of walking routes of various

The current owners acquired the Royal Oak in November 2007 and in the time operational previously for over 60 years and staff with a long history of experience have taken pride in doing. Now, the sale is brought about by a change in personal circumstances and the possibility of a more abroad, giving buyers a rare opportunity to secure this wonderful country inn with its numerous trading potential.

### THE PROPERTY

With origins in the 16th century, the Royal Oak is a very attractive detached Grade II listed inn converted in 1980s to include with parking area and covered roof.

### PUBLIC AREAS

Road access from the car park into the lobby with tables and garden into table facilities. Through to the bar where an open fire in the right stove contains a large tiled brick room with exposed beams, collection of traditional styles, chairs and tables and pretty oak workbenches. A step leads down to the lower level of the room with stone floor for seating and serving tables, and large stove. To utilize the stone, preferably around 100 chairs. In addition there are two heavy metal tables for around 10 and 12 dining

### OWNER'S OR MANAGER'S FLAT

Separate private accommodation in a separate inn, the room flat that caters for 2 people with 20m<sup>2</sup> garden upon the stone, granite, half-paved with shower over the bath, principal double bed room with en suite bathroom, again with shower over the bath, and three additional double bedrooms. A staircase leads to a garage which is currently used for storage.

### SERVICE AREAS

Purpose-built, spacious and well equipped commercial kitchen. Refrigerated display room. Staff rest room etc.

### OUTSIDE

Rear car park and a range of 4 light stone tables and garden tables and chairs. 20m<sup>2</sup> enclosed garden to the side.

### SERVICES

Byedale District Council at Malton - 01902-000000

Water electricity (3 phase), water and drainage, LP gas for cooking and central heating

### LICENCES

Private Licence

### TRADE

Access to the highway until 31 March 2010 show turnover £200,000 net of VAT



### DEVELOPMENT POTENTIAL

In addition to the usable storage areas there are some of the best cellars which are presently unused and could be converted to provide extra living space depending on a satisfactory planning application to grant of consent.

### PRICE

£550,000 for the freehold complete with gas and electric connections (including two fireplaces, including personal items, stock of materials.

### FINANCE

Customers interested are able to obtain prospective offers by approaching various of finance providers. Whilst we do not charge the buyer for this service, we may receive an introductory commission from the lender or broker involved.

### TO VIEW

All appointments to view MUST be made through the vendor's agents who are acting with sole selling rights.

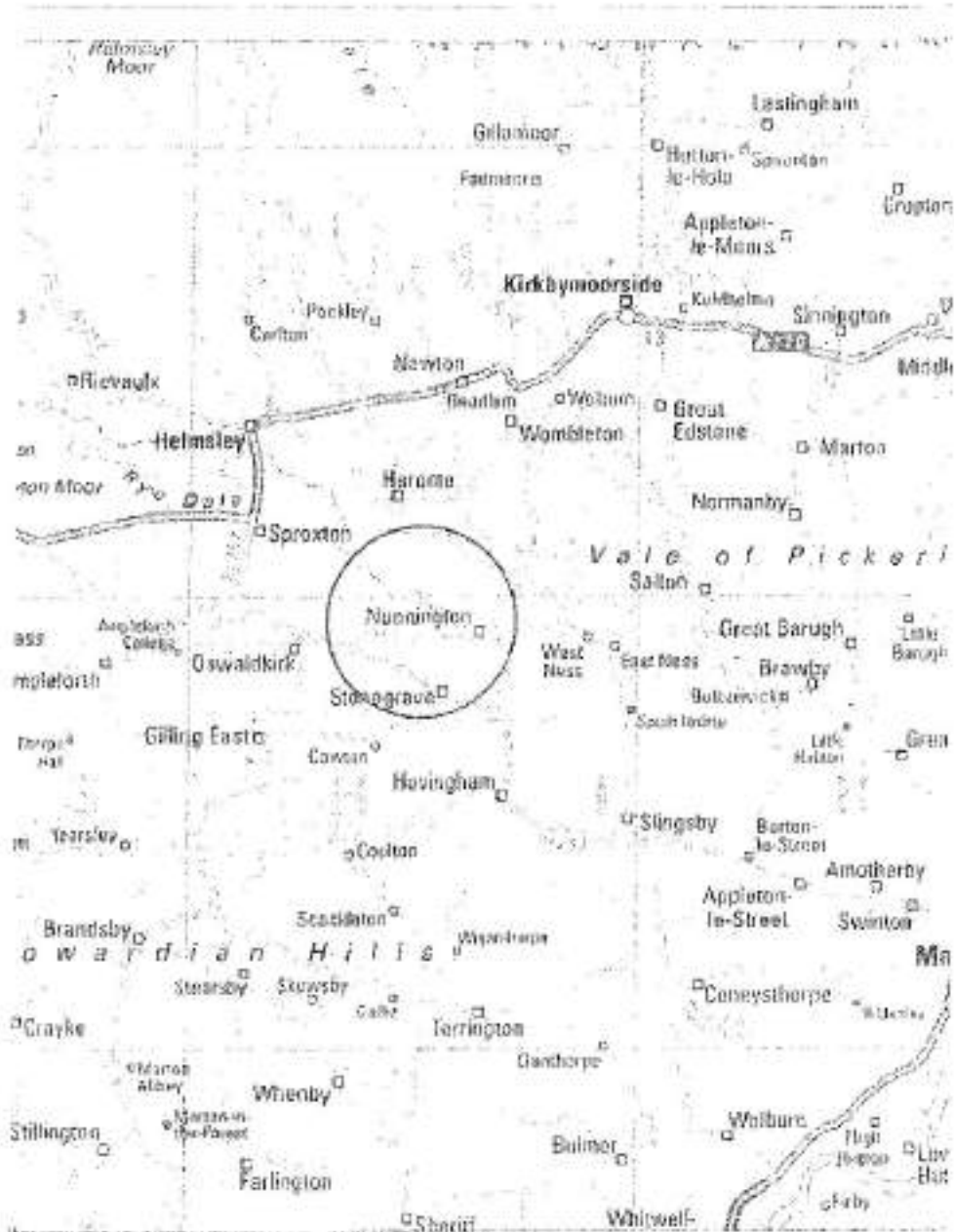
### MILEAGES & DIRECTIONS

M1 to exit 4 exits, Berwick 5.5, Wether 11, York 19, Thirsk 22 and Retford 29.

After passing through the county market town of Harrogate, head east on the A170. Pass through the village of Goukham, and take a right turn following the sign for Harrogate. Follow the road through the village of Horribton and then turn left following the signs to Haslingwold. After about 3 miles cross over the old Harrogate stone bridge with Haslingwold Mill on the left and turn immediately right onto Church Street following the road sign for Haslingwold. The bus stop sign is on the right hand side of the road and the house is nearly round on the right.



The Royal Oak Inn, Nunnington, York, North Yorkshire, YO62 5US



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APPENDIX DCS4  
BBPA 'Rural Character Model' - 2017

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# Rural character

c. £5k turnover per week

All figures exclusive of VAT

	£	
Total drinks sales	3,082	
Total food sales	2,847	
<b>Total sales</b>	<b>5,929</b>	
Cost of drinks	1,371	
Cost of food	1,087	
<b>Total cost</b>	<b>2,458</b>	
<b>Gross profit</b>	<b>3,471</b>	<b>58.5%</b> gross profit margin
		<b>% cost to turnover</b>
Wages & salaries	1,327	22.4%
Rates	192	3.2%
Utilities	285	4.8%
Repairs & renewals	94	1.6%
Insurance	42	0.7%
Marketing/Promotion/Telephone	80	1.4%
Consumables	36	0.6%
Waste Disposal/Cleaning/Hygiene	56	1.0%
Professional fees	82	1.4%
Bank charges	50	0.8%
Equipment hire etc	29	0.5%
Interest on capital	31	0.5%
Other costs	83	1.4%
<b>Total operating costs</b>	<b>2,387</b>	<b>40.3%</b>
<b>Divisible balance</b>	<b>1,084</b>	<b>18.3%</b>

## Notes

Figures show average for all pubs reported in this category. Figures are presented exclusive of VAT.

A manager/assistant manager salary, Pay TV and gaming machines are NOT included in the above model – extra income/cost lines must be added if these will form part of your pub business. Rates are not necessarily subject to applicable reliefs – check with your pub company/brewery as to what discounts may be available.

Where these figures are to be used in preparing business plans or for other purposes it should be borne in mind that all pubs are unique and that the actual costs incurred will be dependent on the different aims and styles of the business according to the location, the market and the skills of the tenant/lessee.

Costs do vary across the country and the size of the business, as well as its focus, will have significant impacts on costs.

Date: 17 September 2018  
Our ref: 257185  
Your ref: 18/00286/MFUL



Karen Hood  
Ryedale District Council  
Ryedale House  
Malton  
North Yorkshire YO17 7HH  
[dm@ryedale.gov.uk](mailto:dm@ryedale.gov.uk)

Customer Services  
Hornbeam House  
Crewe Business Park  
Electra Way  
Crewe  
Cheshire  
CW1 6GJ

T 0300 060 3900

**BY EMAIL ONLY**

Dear Karen Hood

**Planning consultation:** Erection of 27 no. light industrial units for B1/B8 use to include a new vehicular access off Westfield Way

**Location:** Land In OS Field 4480, Westfield Way, Norton, Malton, North Yorkshire.

Thank you for your consultation on the above dated 28 August 2018 which was received by Natural England on the same date.

Natural England is a non-departmental public body. Our statutory purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

**THE CONSERVATION OF HABITATS AND SPECIES REGULATIONS 2017 (AS AMENDED)**

**Internationally and nationally designated sites**

The application site is in proximity to European designated sites (also commonly referred to as Natura 2000 sites), and therefore has the potential to affect their interest features. European sites are afforded protection under the Conservation of Habitats and Species Regulations 2017, as amended (the 'Habitats Regulations'). The application site is in close proximity to the River Derwent Special Area of Conservation (SAC), which is a European site. The site is also notified at a national level as River Derwent Site of Special Scientific Interest (SSSI).

In considering the European site interest, Nature England advises that you, as a competent authority under the provisions of the Habitats Regulations, should have regard for any potential impact that a plan or project may have<sup>1</sup>. The [Conservation Objectives](#) for each European site explain how the site should be restored and/or maintained and may be helpful in assessing what, if any, potential impacts a plan or project may have.

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<sup>1</sup> Requirements are set out within Regulation 63 and 64 of the Habitats Regulations, where a series of steps and tests are followed for plans and projects that could potentially affect a European site. The steps and tests set out within Regulations 63 and 64 are commonly referred to as the 'Habitats Regulations Assessment' process. The Government has produced core guidance for competent authorities and developers to assist with the Habitats Regulations Assessment process. This can be found on the Defra website <http://www.defra.gov.uk/habitatsreview/implementation/process-guidance/guidance/sites/>.



### **Objection/Further information required**

The consultation documents provided by your authority do not include information to demonstrate that the requirements of Regulations 63 and 64 of the Habitats Regulations have been considered by your authority, i.e. the consultation does not include a Habitats Regulations Assessment (HRA).

In advising your authority on the requirements relating to Habitats Regulations Assessment, it is Natural England's advice that the proposal is not necessary for the management of the European site. Your authority should therefore determine whether the proposal is likely to have a significant effect on any European site, proceeding to the Appropriate Assessment stage where significant effects cannot be ruled out. Natural England advises that there is currently not enough information to determine whether the likelihood of significant effects can be ruled out. We recommend you obtain the below information to help undertake a Habitats Regulations Assessment.

We cannot find any evidence in the documentation provided that an otter survey has been carried out. Otter is a designated feature of the River Derwent SAC and given the proximity of the development site to the river and the beck, an otter survey needs to be carried out. If otters are found to be present, appropriate mitigation measures will need to be put in place. Otters are protected under the Wildlife and Countryside Act 1981 (as amended) and the Conservation of Habitats and Species Regulations 2017.

### **WILDLIFE AND COUNTRYSIDE ACT 1981 (AS AMENDED)**

#### **Sites of Special Scientific Interest**

Natural England notes that the application site is located in proximity to the River Derwent SSSI. Based on the plans submitted, Natural England considers that the proposed development could have potential significant effects on the interest features for which the site has been notified. Natural England requires further information in order to determine the significance of these impacts and the scope for mitigation. Our advice regarding the potential impacts upon the River Derwent SSSI coincide with our advice regarding the potential impacts upon the River Derwent SPA as detailed above.

Please note that if your authority is minded to grant planning permission contrary to the advice in this letter, you are required under Section 281 (6) of the Wildlife and Countryside Act 1981 (as amended) to notify Natural England of the permission, the terms on which it is proposed to grant it and how, if at all, your authority has taken account of Natural England's advice. You must also allow a further period of 21 days before the operation can commence.

#### **Protected Species**

We have not assessed this application and associated documents for impacts on protected species. Natural England has published [Standing Advice on protected species](#).

You should apply our Standing Advice to this application as it is a material consideration in the determination of applications in the same way as any individual response received from Natural England following consultation. The Standing Advice should not be treated as giving any indication or providing any assurance in respect of European Protected Species (EPS) that the proposed development is unlikely to affect the EPS present on the site; nor should it be interpreted as meaning that Natural England has reached any views as to whether a licence is needed (which is the developer's responsibility) or may be granted.

If you have any specific questions on aspects that are not covered by our Standing Advice for European Protected Species or have difficulty in applying it to this application please contact us with details at [consultations@naturalengland.org.uk](mailto:consultations@naturalengland.org.uk).

If you have any queries relating to the advice in this letter please contact me at [hannah.gooch@naturalengland.org.uk](mailto:hannah.gooch@naturalengland.org.uk) or on 02082 258503.

Should the applicant wish to discuss the further information required and scope for mitigation with Natural England, we would be happy to provide advice through our [Discretionary Advice Service](#).

Please consult us again once the information requested above, has been provided.

We really value your feedback to help us improve the service we offer. We have attached a feedback form to this letter and welcome any comments you might have about our service.

Yours sincerely

Hannah Gooch  
Yorkshire and Northern Lincolnshire Team  
Natural England

Item 7

**From:** Don Davies  
**Sent:** 19 September 2018 13:31  
**To:** Rachael Balmer  
**Cc:** Alan Hunter  
**Subject:** RE: hra screening matrix westfield

Further to the objection raised by Natural England concerning the lack of information on Otters in Priorpot Beck adjacent to the development site. The document HRA screening Matrix Westfield and the email from Brooks Ecological ( 19/09/18) do indicate that the issue of the impact of the development on the River Derwent SAC has been addressed and that there is no likely significant effect from the development.

In addition there is a condition proposed that requires a Construction Environmental Management Plan to be drawn up to ensure that the watercourses are protected during the construction phase.

Don Davies

**Habitat Regulation Assessment (HRA) Screening Matrix  
& Appropriate Assessment Statement**

Application name and reference number:

**Land in Os Field 4480, Westfield Way, Norton  
16/00405/MOUT**

Date of completion for the HRA screening matrix:

**19.09.2018**

HRA screening matrix completed by:

Don Davies (Countryside officer)

**Table 1: Details of project or plan**

<b>Name of plan or project</b>	<b>Full Planning Permission for development of 27 Light Industrial Units for B1 and B8 uses.</b>
Name and description of Natura 2000 site	<p><b>River Derwent Special Area of Conservation.</b> <b>Site Code: UK003253</b></p> <p><b>'Qualifying features':</b></p> <p><b>Annex I habitats that area primary reason for selection of this site :</b></p> <p><i>Not applicable</i></p> <p><b>Annex II habitats present as a qualifying feature, but not a primary reason for selection of this site:</b></p> <p><i>3260 Water courses of plain to montane levels with the Ranunculion fluitantis and Callitricho-Batrachion vegetation</i></p> <p><b>Annex II species that area primary reason for selection of this site:</b></p> <p><i>1099 River Lamprey. Lampetra fluviatilis</i> <i>The Derwent is one example of river lamprey lampetra fluviatilis populations which inhabit the many rivers flowing into the Humber estuary in eastern England. Only the lower reaches of the Derwent are designated, reflecting the spawning distribution of the species in the Derwent system.</i></p> <p><b>Annex II species present as a qualifying feature, but not a</b></p>

Ryedale District Council

	<p><b>primary reason for site selection:</b></p> <p>1095 Sea lamprey <i>Petromyzon marinus</i>          1163 Bullhead <i>Cottus gobio</i>          1355 Otter <i>Lutra lutra</i></p> <p><b>Conservation Objectives:</b></p> <p>Ensure that the integrity of the site is maintained or restored as appropriate and ensure that the site contributes to achieving Favourable Conservation Status of its Qualifying Features by maintaining or restoring;</p> <ul style="list-style-type: none"> <li>• The extent and distribution of qualifying natural habitats and habitats of qualifying species</li> <li>• The structure and function ( including typical species) of qualifying natural habitats</li> <li>• The structure and function of the habitats of qualifying species</li> <li>• The supporting processes on which qualifying natural habitats and the habitats of qualifying species rely</li> <li>• The populations of qualifying species and,</li> <li>• The distribution of qualifying species within the site</li> </ul>
Description of the plan or project	<p><b>Full Planning Permission for development of 27 Light Industrial Units for B1 and B8 uses.</b></p>
Is the project or plan directly connected with or necessary to the management of the site (provide details)?	<p>No</p>
Are there any other projects or plans that together with the project or plan being assessed could affect the site (provide details)?	<p>Additional new/on-going development at Malton and Norton. The Derwent runs between the Malton and Norton.</p>

**HRA Screening Statement:**

<p>The site is adjacent to Priorpot Beck, which is a tributary, and therefore has direct connection, into the River Derwent. In view of the conservation objectives for the site, it is considered that the potential impacts of the development (alone and in combination with other new development at Malton and Norton) relate to:</p> <ul style="list-style-type: none"> <li>• Water quality and sediment/contamination input which may arise as a result of surface water run-off and the proposed drainage strategy</li> <li>• Disturbance to the otter population which may arise as a result of increased recreational pressure and disturbance</li> </ul>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The District Council, as competent authority under the relevant legislation has considered information provided by the applicant in relation to these matters and together with knowledge of the local area and has concluded that the proposed development (alone and in combination with other new development at Malton and Norton) has the potential to have a significant effect on conservation objectives of the River Derwent SAC in relation only to water quality and sediment input as embedded mitigation cannot be taken into account at the screening stage. It is not considered that the proposed development will have a likely significant effect in relation to disturbance of the otter population.

### **Test 1: The Significance test**

#### **Water Quality and Sediment input:**

The applicant has provided information to enable an assessment to be made in this regard.

The Flood Risk Assessment (Solmek desk study) has established that SuDs are not available due to the high water table and underlying geology, and water will be expected to discharge into Priorpot Beck at a controlled rate (para 7.2.3).

The Preliminary Ecological Assessment (para 58) has identified that a Construction Environmental Management Plan will be required to ensure that during the construction phase measures around the protection of boundary water courses will be required.

The LLFA have sought a condition to be imposed concerning the rate of discharge and proposed means of pollution control is submitted and approved in writing and thereafter so maintained for the life of the development.

Mitigation, both embedded and site specific will be required to ensure that any contamination is eliminated and the run off rates are attenuated to greenfield rates. Proceed to Appropriate Assessment.

#### **Disturbance to Otters:**

The site is proposed for commercial activity- as such there would be no increase in recreational activity as a result of the development. Harassment from Dogs is seen as a key disturbance to Otters, as they are increasingly habituated to general noise.

The Preliminary Ecological Survey (2018) para 53, identified that: Priorpot Beck provides sub-optimal habitat for the species. The site could be used on occasion by otter commuting inland away from the river, looking for food resources. The site also provides no obvious features suited to holting otter.

It was identified in the preliminary investigation that, at the time of water voles survey, evidence of otters would also be looked for as a matter of course.

No evidence of the use of Priopot Beck by otters was noted during the surveys undertaken in June 2018 for surveys for Water Vole and end of August 2018.

In combination effects:

Stretches of the River Derwent are publicly accessible as the river runs through the twin towns. The otter population will be habituated to a level of disturbance arising from walkers using sections of path adjacent to the river as well as to general ambient noise and lighting associated predominantly with existing commercial activity, the road network and the railway all of which are in very close proximity to the river as it runs through the towns.

The Derwent flows centrally between the twin towns which have historically turned their backs to the river as development has sought to avoid flooding. The route along the river is not consistently attractive or usable and is not strong recreation destination for the towns in its own right.

The majority of committed new development (with planning permission and yet to be built) at Malton and Norton is situated at a distance from the riverside, mainly as a result of flood risk issues. Further land allocations are likely to be directed to greenfield sites on the edges of the town in order to avoid areas at risk of flooding and to ensure that development requirements can be addressed. Therefore the majority of the future supply of development land will be located at a distance from the river. This is recognised in the Development Plan which, in recognition of this, seeks to ensure that green infrastructure links *into* the surrounding countryside are secured and improved as an opportunity arising from this pattern and broad location of new development. It is considered that this strategy will also ensure that the recreation pressure arising from cumulative additional new development will not result in significant direct or indirect recreational pressure or activity at the riverside.

As such it concluded that for the impact of the development on the otter population, there will be no likely significant effect as a result of this development on otters.

**Appropriate Assessment Statement (If required):**

### **Impacts on Water Quality**

The proposed use is for Light Industry B1 and B8 uses. These are uses which have limited potential for contamination.

There is potential for surface runoff to be contaminated, and therefore interceptors will be required prior to discharge of water.

Attenuation storage is proposed, and this will provide the point at which contaminants

It is recognised that a drainage scheme will demand consultation with and agreement of the LLFA. A detailed drainage scheme is yet to be designed but any planning approval would be conditioned to ensure the prior approval of drainage details prior to the commencement of the scheme.

The applicant indicates that foul drainage is to be directed to the main sewer.

Construction Environmental Management Plan will be required to provide full details.

Accordingly, with this mitigation implemented, no likely significant effects would occur.

### **Test 2: The Integrity test**

With the proposed mitigation, as identified in the Appropriate Assessment, the proposal will not result in a likely Significant Effect on the Conservation Objectives of the River Derwent SAC.

### **Conclusions**

**The proposed development alone and in combination with other development at Malton and Norton will not result in significant effects on the River Derwent SAC in terms of Conservation Objectives. Accordingly, the integrity of the River Derwent SAC will not be adversely affected.**



## Guidance on completing the HRA Screening Matrix

### The Habitat Regulation Assessment process

Any plan or project with the potential to impact upon a European Designated Site (SAC, SPA or Ramsar) must legally be assessed under the Habitat Regulation Assessment (HRA) process.

The HRA screening process essentially considers two tests:

#### Test 1 **The significance test**

Is the proposed plan or project either likely to have a significant effect on a European Designated Site either alone or in-combination?

If the answer to test 1 'significance' is 'yes' or 'unknown' then an *Appropriate Assessment* must be undertaken by the Local Planning Authority (known as the Competent Authority).

#### Test 2 **The integrity test**

In light of the conclusions of the *Appropriate Assessment* the Competent Authority may agree to the plan or project only having ascertained that it will not adversely effect the integrity of the European Site.

### **Appropriate Assessment**

If during consideration of the 'Significance' test a likely significant effect is identified or a potential effect pathway between the proposal and the European Site is identified then further consideration is required. This further consideration is known as an *Appropriate Assessment*.

The scale and scope of an *Appropriate Assessment* varies significantly depending upon the type of plan or project being assessed. The Competent Authority may need to seek additional information from planning applicants to allow an *Appropriate Assessment* of planning applications to be undertaken.

When undertaking an *Appropriate Assessment* the Local Planning Authority must formally consult Natural England and must have regard to the representations of Natural England in making its decision. (In the presence of a Natural England objection on HRA grounds a planning permission cannot legally be granted until NE's objection has been addressed and formally withdrawn).

### **Habitat Regulation Assessment Conclusions**

**A Local Planning Authority can only legally grant planning permission if it is established that the proposed plan or project will not adversely affect the integrity of the European Site.**

**If it is not possible to establish this beyond reasonable scientific doubt**

**then planning permission cannot legally be granted.**

### **Duty of the Local Planning Authority**

It is the duty of the planning case officer, the committee considering the application and the Local Planning Authority as a whole to:

1. Fully engage with the Habitats Regulation Assessment process;
2. To have regard to the response of Natural England;
3. To determine, beyond reasonable scientific doubt, the outcome of the 'significance' test and the 'integrity' test before making a planning decision;
4. To record the HRA decision in the planning officer's site report and to discuss the application and record the discussion and its outcome in the minutes of any committee meeting at which the planning application is discussed.

**Item 7**

**From:** Christopher Shaw  
**Sent:** 19 September 2018 11:58  
**To:** Don Davies  
**Subject:** Westfield Way, Norton

Morning Don,

Following on from your call, I can confirm that the second water vole survey has now been completed at the Site off Westfield Way in Norton. No evidence of water vole, or otter, was discovered along Priorpot Beck, or any of the boundary ditches, during the course of either survey.

Kind regards

Chris Shaw BSc (Hons), MCIEEM  
Senior Ecologist

Brooks Ecological Ltd

Item 7

**From:** Gooch, Hannah (NE)  
**Sent:** 20 September 2018 10:35  
**To:** Don Davies  
**Cc:** Alan Hunter  
**Subject:** RE: application 18/00286/mful westfield way Norton

Good morning Don,

Thank you for your email. Please find our updated response below. Please note that we now withdraw our objection.

**No objection**

Natural England notes that your authority, as competent authority under the provisions of the Habitats Regulations, has undertaken an Appropriate Assessment of the proposal, in accordance with Regulation 63 of the Regulations. Natural England is a statutory consultee on the Appropriate Assessment stage of the Habitats Regulations Assessment process.

Your appropriate assessment concludes that your authority is able to ascertain that the proposal will not result in adverse effects on the integrity of any of the sites in question. Having considered the assessment, and the measures proposed to mitigate for all identified adverse effects that could potentially occur as a result of the proposal, Natural England advises that we concur with the assessment conclusions, providing that all mitigation measures are appropriately secured in any permission given.

Please do get in touch if you have any further questions.

Kind regards,  
Hannah

Hannah Gooch  
Lead Adviser - Central Delivery Team  
Yorkshire and Northern Lincolnshire Area Team

**From:** Eamonn Keogh  
**Sent:** 18 September 2018 15:56  
**To:** Alan Hunter  
**Subject:** Westfield Way Norton - 18-00286-MFUL

Hi Alan,

With regard to the proposed conditions recommended in your report we have a particular concern with condition 31 that imposes quite restrictive hours of use. Any restriction on hours of use of a commercial premises makes it more difficult to find occupiers – particularly small businesses that this scheme is aimed at who tend to work more flexibly than larger manufacturers.

We were asked to provide a noise assessment and the noise report, which assumed a worst case scenario of 24 hour working, concluded that the level of impact is Low during daytime periods, and below the threshold of Adverse during night-time periods. Furthermore the housing scheme to the west was approved having particular regard, at the time, to the extant permission for employment use on our site. The housing layout was specifically design to minimise impact on noise from Westfield way. The officer report for the housing scheme noted

*The [noise] survey has identified plots which are required to be constructed using noise attenuated windows. The layout has also been amended in the south-east corner of the site to re-orient dwellings in order to avoid noise sensitive elevations facing onto Westfield Way.*

Condition 17 of the planning permission for the housing scheme required specific measures to ensure the necessary noise attenuation measures were put in place. It states:

*17 Construction work shall not begin until a scheme for protecting the proposed development from noise has bene submitted to and approved by the Local planning Authority. Such schema will a [sic] design aim of:*

*Living Rooms: 35 dB LAeq – day time  
Bedrooms 30dB LAeq – night time, 45 dB LAmx – night time  
Outdoor living areas 50dB LAeq – daytime*

*Prior to the occupation of the affected dwellings (as identified in the Waterman report Assessment of Environmental noise June 2010 Fifth Issue), the sound insulation scheme shall be installed and shall thereafter be retained.*

Given the above the restriction on hours of use of the employment scheme seem particularly unreasonable and even unnecessary. Can you get back to me to dicuss please?

Kind regards

Eamonn

**From:** Keith White  
**Sent:** 19 September 2018 11:09  
**To:** Alan Hunter  
**Subject:** RE: Westfield Way Norton - 18-00286-MFUL

Hi Alan

Further to the above application, I have considered the working restrictions condition that I recommended. In my original recommendation I noted that the noise assessment was based on modelling and whilst I accept this is the accepted procedure for noise assessment it must be noted that during the evening background levels recorded are low and common to a rural area. The noise assessment didn't take account of vehicle movements to and from the site. I understand that the working times proposed could be restrictive to letting or selling the units, however I would not recommend lifting conditions inviting 24hour operation in a residential area, but I would be happy to recommend extending the hours of operation to 7am until 7pm Monday to Friday and 8am until 1pm Saturday with no Sunday or Bank Holiday working.

I hope that an agreement can be arranged with the developer that is acceptable to all concerned parties.

## Ellis Mortimer

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**From:** Development Management  
**Subject:** FW: Planning Applications

**From:** Lisa Bolland [<mailto:town.clerk@kirkbymoorsidetowncouncil.gov.uk>]  
**Sent:** 18 September 2018 09:52  
**To:** Development Management <[development.management@ryedale.gov.uk](mailto:development.management@ryedale.gov.uk)>  
**Subject:** Planning Applications

Morning,

Please be advised that the following planning applications were considered by the Town Council Planning Committee at the meeting last night.

The Committee is aware that the date for observations in respect of application 18/00622/MFUL has lapsed but it was noted with interest that the plans are identical to the drawings of the former owner of the site in the 1960s. It is fitting that the vision is coming to life.

**P18026** The following planning applications were **reviewed**:

a) 18/00622/MFUL | Erection of a palm house and garden outbuildings within a walled garden, formation of a boating lake with depositing of resulting spoil evenly on adjacent land and erection of an associated boat house, formation of moon lakes, erection of a brick and stone bridge and 2no. timber bridges over the River Dove, formation of a fenced deer park and associated site landscaping | Ravenswick Swineherd Lane Kirkbymoorside YO62 7LR

**No comment**

b) 18/00775/CAT | Notice to Fell Trees in a Conservation Area | Vivers Lodge Old Road Kirkbymoorside YO62 6LT

**No comment**

Regards

Lisa

--  
Lisa Bolland  
Clerk to Kirkbymoorside Town Council  
Church House  
7 High Market Place  
Kirkbymoorside  
YO62 6AT  
Telephone: 01751 432 217  
[www.kirkbymoorsidetowncouncil.gov.uk](http://www.kirkbymoorsidetowncouncil.gov.uk)

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<http://docs.kirkbymoorsidetowncouncil.gov.uk/publicdocs/GDPR/PrivacyNoticeGeneral.pdf>  
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## Ellis Mortimer

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**From:** Development Management  
**Subject:** FW: Planning application 18/00771/HOUSE

**From:** Jane Brooksbank <>  
**Date:** 20 September 2018 at 08:24:24 BST  
**To:** Lizzie Phippard <[lizzie.phippard@ryedale.gov.uk](mailto:lizzie.phippard@ryedale.gov.uk)>  
**Subject:** **Planning application 18/00771/HOUSE**

Morning Lizzie

We will be unable to attend the meeting on the 25 September 2018 due to ill health.

We were very pleased to read Alan's report. Will you thank him for us. Consequently would you be kind enough to inform the planning committee that we are happy to support the planning application 18/00771/HOUSE.

In light of the previous activities of Mr Gospel and the fact that this is the third application and we have had to live with this 2010 we have serious concerns.

We hope that RDC will ensure that the build is completed as quickly as possible and as soon as possible to a good standard. We do want this to go on for ever.....

We also hope that while trespass etc on our land is a civil matter that RDC will continue to support us to ensure these activities do not continue to happen.

If all paper work, Party Wall Act is in place and the conditions/ informatives of planning are adhered to we will give full support and access.

Thankyou

Kind Regards

Jane Brooksbank

Sent from my iPhone