

IN THE MATTER OF PLANNING APPLICATION REF 25/00090/FP

**THE WHITE HORSE
24 HIGH STREET
KIMPTON
HERTFORDSHIRE
SG4 8RJ**



VIABILITY ASSESSMENT

BY

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APPENDIX 1 ASSESSMENT OF FMT AND FMOP

1.0 INTRODUCTION

- 1.1** I have been asked by North Hertfordshire District Council to examine the viability of The White Horse, in connection with a proposal for the change of use of the property from a *sui generis* public house to a mixed use comprising a single residential dwelling (C3) and a *sui generis* micropub. The pub has not traded for over ten years and is now in a very poor state of repair. My report is to inform the local planning authority (the “LPA”) in connection with the viability of a proposed micropub in that location and to assist me I have been provided with or obtained the following documents:

Current and proposed floor plans and elevations:

A Viability Assessment prepared by Urbanside Property Limited dated 4th December 2023;

A Viability Assessment prepared by Trinity Solutions dated May 2021;

A Design & access Statement prepared by Michael Collins Architect dated December 2024;

A Condition Report dated December 2024;

An outline specification dated August 2018;

Community Right to Bid form dated May 2020;

Comments by the Save Our White Horse (SOWH) campaign.

I will comment upon these and other available information as necessary in this report.

- 1.2** This Viability Assessment is prepared in the context of paragraphs 88(d) and 98 of the *National Planning Policy Framework (the “NPPF”)* (Revised December 2023) and Policy HC1: Community Facilities of “*North Hertfordshire Local Plan 25011 – 2031*” (adopted 8 November 2022)

Turning to each of these policies in turn:-

Paragraph 88(d) of the NPPF states that planning policies and decisions should enable *inter alia* “the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship” and Paragraph 98 requires local authorities to “guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community’s ability to meet its day-to-day needs”.

Policy HC1 relates to the retention of community facilities, including public houses, and states:

The loss of community facilities will only be permitted where this is justified by:

- i the provision of replacement facilities, either on site as part of the development proposal or in an alternative appropriate location;*
- ii showing that there is no local need for the facility or service and that any appropriate, alternative community use of the existing premises to meet local needs is not required;*

iii demonstrating that the facility, or any reasonable replacement, is not, and will not be viable on that site.

- 1.3** The above policies do not prevent the development of existing community facilities but they make it clear that planning decisions must be based on clear evidence.
- 1.4** I made an inspection of the pub on 8th April 2025 and was able to access all parts of the site and building apart from the old cellar. Finally, any references to orientation are from the front facing the pub.

2.0 PERSONAL

- 2.1** My name is John Joseph Keane and I am a partner in the firm of Thomas E Teague. I have been in practice since 1986 and became a partner in 1999. I have been a Fellow of The Association of Valuers of Licensed Property since 1994, a Committee member since 2012 and a Vice President since 2016.
- 2.2** My firm was established in 1919 and has specialised since that date in the valuation of licensed property. We deal in all aspects of this field including sales and lettings, valuations, rent reviews, lease renewals, rating and tenancy/chattels valuations. I am actively and exclusively involved in all those areas and have been since I started in practice.
- 2.3** I deal with a wide range of instructions on both professional and other matters and have provided expert evidence in arbitrations, referrals to independent expert, cases under Civil Procedure Rules Part 35 and in Planning Inspectorate Public Inquiries and Hearings in relation to viability issues. I have been a member of the panel of independent expert valuers under The Pubs Independent Rent Review Scheme, which was set up in 2009 to help settle pub rent disputes in a timely and cost-effective way. I have acted as Arbitrator in contested rent reviews of licensed premises and represented tenants in arbitrations and referrals to an Independent Assessor under The Pubs Code.
- 2.4** My firm acts for several national, regional and local pub companies and breweries in various licensed property matters. These companies include Punch, Arkells, Wadworth, Heavitree, Butcombe/Liberation, Palmers, Rhymney Brewery, Wye Valley and Donnington. In addition, I act for a number of landed estates, small property companies, local authorities and individuals.

3.0 LOCATION

- 3.1** Kimpton is a village in Morth Hertfordshire. The parish has a total population of about 2,300 people¹ but that includes the nearby settlements of Peter's Green and Blackmore Ends as well as isolated farms and houses. The core village will have a population of something over 1,600. It is surrounded by several larger population centres including Harpendon (approx. 31,000 and 3.3m/5.3km to the south-west), Luton (approx. 230,000 and 4m/6.5km to the

¹ 2021 census – 2,261

north-west), Hitchin (approx. 35,000 and 6m/9.7km to the north), Letchworth (approx. 34,000 and 8.5m/13.7km to the north), Stevenage (approx. 90,000 and 5m/8.1km to the north-east), Welwyn Garden City (approx. 51,000 and 4.5m/7.3km to the south-east and St Albans (approx. 148,000 and 5.3m/8.5km to the south). The overall population within a 10m/16km radius as at the 2021 census was 781,362².

- 3.2** The village is linear and follows the High Street (B651). It has a small range of community facilities consistent with its size including a Budgens convenience store and post office, an Indian takeaway, a couple of hairdressers, a modern village hall and the older Dacre Room, a primary school, a recreation ground and an Anglican parish church. There are no primary care health facilities nor a pharmacy in the village, but these are available in some of the neighbouring villages and all of the surrounding towns. There is no single economic or cultural influence on the village, although Luton and St Albans have the widest range of regional level facilities.
- 3.3** The village lies in North Hertfordshire 015C LSOA, which ranks 29,770 out of 32,844 in the 2019 Index of Multiple Deprivation. The LSOA scores highly across all domains except barriers to housing, where it is in the 4th decile, which is a common feature in areas with high property values. Kimpton is not a “chocolate box” village attracting tourists in its own right but it is reasonably attractive with brick being the predominant building material. There are a few tourist attraction in the locality draw visitors to the area, including Knebworth and George Bernard Shaw’s house, and some of those may be tempted to stop off when passing through.
- 3.4** There are a number of bus services that stop in Kimpton namely the 44 and 45 (Luton to Stevenage, the 314 (Hitchin to St Albans) and the 314 and 315 (Hitchin to Welwyn Garden City). With careful planning it may be possible to use these services to visit the pub during the day but none of the services run in the evening. The wider area has reasonable rail connectivity with stations being available in all of the nearby towns, the same being true of private hire mini-cabs.
- 3.4** The White Horse is located towards the eastern end of the village. It is not as centrally located as The Boot but as Kimpton is not a large village most people are less than a ten-minute walk away.
- 3.5** A location map is included in the application supporting documents.

4.0 DESCRIPTION

- 4.1** The White Horse is a Grade II listed, mid-terraced public house of traditional, predominantly red-brick construction under a pitched, clay tile covered roof. It is believed to date from the late 18th century and was converted from a number of former cottages. It is set back slightly from the pavement and its front elevation has retained three square bay windows, an entrance arch and first floor windows of varying design, all of which, in my opinion, give it an attractive

² <https://www.datadaptive.com/pop/>

appearance and good kerb appeal.

- 4.2** The rear of the pub is accessed via a gated arch to the right and consists of a tarmac courtyard that appears to have been used primarily as proprietor's parking but has potential for use as a trade area.
- 4.3** The site extends to approximately 0.075 hectares with a built coverage of approximately 40%.

5.0 ACCOMMODATION

5.1 AS CURRENTLY CONFIGURED

The pub is in a poor state of repair and is currently incapable of trading. The main customer entrance is at the front and leads to a small lobby that, in turn, leads to:

- 5.2 Right Hand Bar Area** Measuring approximately 7.6m x 4.5m (max to include servery)
- 5.3 Left Hand Bar Area** Measuring approximately 8.0m x 4.5m (into bay).
- 5.4 Catering Kitchen** Measuring approximately 4.3m x 3.5m. Accessed from right hand bar and bar servery.
- 5.5 Utility Area and Staff W/C**
- 5.6 Toilet Accommodation** Accessed from the left-hand bar and comprising a Ladies with two w/c's and a wash-hand basin and a Gents with three urinal bowls, one w/c and a wash-hand basin..
- 5.7 Cellars** There are two cellars, one underneath the bar servery and another underneath the toilet accommodation. The cellar beneath the servery was not accessible and I did not inspect it but the one beneath the toilet accommodation is accessed via a staircase by the catering kitchen. This second cellar measures approximately 4.3m x 3.7m and its layout is compromised by a structural support and plinth in the middle of the floor.
- 5.8** The current private living accommodation is arranged over the first floor and comprises four bedrooms, two lounges, a kitchenette and a bathroom. In addition there is a loft space that is currently being used as domestic accommodation but I am advised it is not a habitable room.
- 5.9** To the front of the pub, there is a shallow, tarmac forecourt, that in practice

would be too small to be of any significant trade use, and a post-hung pub swing sign. To the rear of the pub there is a tarmac courtyard and a small decking area. The decking area, in common with the pub generally is in a poor state of repair and is not fit for purpose. The courtyard could be used as private parking for the proprietor and/or staff but from a trade perspective I think it would be better used as a beer patio, which would allow it to compete on more equal terms in fine weather with The Boot in the centre of the village.

5.10 The pub is currently in a very poor state of repair and would require an extensive refurbishment to re-open. This would inevitably comprise not just a cosmetic makeover but remedying an extensive list of accrued dilapidations. I note that SOWH has commented that little or no maintenance has been carried out to the pub since 2017 and that it has deteriorated since it was acquired by the current owner.

5.11 As currently configured, the layout of the pub allows for the right-hand bar to be used effectively as a locals bar and the left-hand bar as a dining area. The two areas are connected, which would allow the atmosphere created in the “locals” bar to be shared with the dining area. I think it would be important for the rear courtyard to be used as a trade area if at all possible. The other pub in the village, The Boot (see paragraph 202 below), has extensive external trade accommodation and I think it would be important for The White Horse to be able to offer at least some external trading space.

5.12 AS PROPOSED

The proposals are for the conversion of the greater part of the building to private residential use and for the left-hand section to be used as a micro-pub. At ground floor level the micro-pub element would cover what are now the trade toilets and approximately half of what is the left-hand bar area and would extend to approximately 40 sq. m excluding the servery. It would be capable of seating about 20 customers plus a few extra at the bar. To the rear of the trade area it is proposed that there will be two w/c cubicles – presumably one ladies and one gents – and a general utility area. There would be no dedicated kitchen space but it has been suggested that the utility area could be used for the preparation of light snacks.

5.13 The plans indicate that the two first-floor bedrooms in the far left-hand bay would be combined to provide a first-floor trading area with a w/c off, the whole of which would occupy a total area of approximately 22 sq. m. During my site visit it was suggested by the architect that if necessary and in the alternative this space could be used to provide a small flat for a manager.

5.14 The basement cellar would remain as is, subject to a new staircase being installed, as would the loft space. The loft space is not suitable for habitation but could be used for storage or as an office space.

5.15 The rear yard would be retained for use with the private residential dwelling. It is proposed that the area in front of the two left-hand bays would be used for trade purposes, doubling up as a bin store and external café seating. I have reservations as to the practicality of that proposal as the available space is very limited.

- 5.16** Plans and relevant photographs are included in the application supporting documents.

6.0 TENURE

- 6.1** The pub overall is freehold and unencumbered. No firm proposals have been made as to the basis on which the proposed micro-pub would be operated but it was suggested at 3.1.4 of the USP report that would most likely be offered to the market on some form of tenancy or lease. The lack of dedicated domestic living accommodation could be a potential problem if that is the course of action that is pursued because most pubs offer on-site accommodation as part of the overall package. If accommodation is not included, it limits the pool of potential tenants to those who have or are able to obtain accommodation locally. A corollary of that is that the pub business must then be able to fund an external open market rent for the tenant's accommodation as well as being able to provide a reasonable income. In the alternative, if the first-floor bar area were to be used for domestic purposes, it is realistically only large enough to provide a studio-flat type of arrangement, which, again, I think would have limited appeal to the market.
- 6.2** I have concerns about the suggestion that the current owner would be willing to be supportive and flexible in terms of the form of tenancy, rent or turnover/profit share agreements. My concern is not about the genuineness of the offer but about its enforceability and transferability. The offer would be a business arrangement between landlord and tenant but would not be an interest in land and once the original tenant left the arrangement would cease. A new freehold owner may also take a different approach so for the purpose of this viability report I think it is necessary to assume standard market terms.

7.0 TIE

- 7.1** The White Horse would operate free of tie, which would give the operator greater freedom of choice over product stocking and would enable him or her to achieve a significantly greater level of profitability than would be the case if the pub were to be tied. The differentials between free of tie and tied houses have narrowed significantly and discounts of £175-plus per barrel (1 barrel = 36 gallons) are now not uncommon in tied pubs owned by the larger pub owning companies – indeed I have negotiated tied deals with discounts of up to £225 per barrel. Whilst free houses still have the edge in terms of gross profit the advantage they enjoy over tied houses is perhaps not as defining as it once was but the differentials remain significant and in my view most operators would still prefer to be free of tie than tied.
- 7.2** The size and likely trade performance of The White Horse, though, would be such that the highest level of discounts would be unlikely to be offered, as those tend to be reserved for the larger accounts, but buying prices would still be better than in the case of a tied house.

8.0 LICENCE

- 8.1** I assume that the premises licence has been allowed to lapse or has been surrendered and that if the pub were to re-open as a micro-pub a new licence would be granted without any unusual or onerous conditions.

9.0 BUSINESS RATES

- 9.1** The rateable value is an assessment of what the open market rent would be for a given property on a fully repairing and insuring basis assuming it was held on a year-to-year tenancy and was in a reasonable state of repair. For the current rateable value the date of valuation is 1st April 2021 and for the previous rateable value it was 1st April 2015. In the case of a public house the rateable value is derived from an estimate of Fair Maintainable Trade (FMT), is assessed by the Valuation Officer, and those receipts are used as the basis of a valuation in accordance with the Valuation Office's Approved Guide to the Valuation of Public Houses.
- 9.2** The White Horse has a rateable value of £4,500 having been assessed at £5,300 in the previous 2017 Rating List. There is little to be gained in analysing the current or previous rateable value because the pub has been closed for so long and is in such a poor state of repair. I think for the purpose of this report it is sufficient to say that if the pub were to re-open I would anticipate it having a rateable value of less than £12,000 and unless legislation changes it would be eligible for 100% Small Business Rates Relief, ie the business would not pay business rates.

10.0 NOTICES

- 10.1** I am not aware of any outstanding notices and assume that if there are any they would be addressed as part of the wider scheme.

11.0 THE EQUALITY ACT 2010 (THE EA)

- 11.1** The Equality Act came into force on 1st October 2010, replacing existing anti-discrimination laws including the Disability Discrimination Act 1995 (DDA). As with the DDA the EA places a duty on businesses to make "reasonable adjustments" to help disabled people access their goods, facilities and services. Most adjustments since the inception of the Act have involved operational matters rather than physical changes to the premises themselves and in my opinion, it has not had a detrimental impact on the licensed trade.
- 11.2** As with the section above on notices, if there are any EA issues I again assume that they would be addressed as part of the wider scheme. I note that there is no provision for an accessible w/c and whilst in practice the availability of an accessible w/c has little bearing on the viability of a pub it might be worth re-visiting the customer toilet arrangements to see if one can be provided at a reasonable cost.

12.0 CONDITION

- 12.1** It is clear that the pub is in a very poor state of repair and will require a significant investment to bring it up to a condition in which it can trade again. It is proposed that the refurbishment would be carried out as part of the wider scheme, but I have not been provided with any costings.

13.0 INVENTORY

- 13.1** The trade inventory of fixtures and fittings has either been removed from the pub or what remains is no longer fit for purpose. Consequently, a completely new inventory would be required before the pub could re-open. There would be no catering kitchen, which would bring down the cost, and the furniture requirement would not be great because of the limited trading area. The outline specification included with the planning application does not specify the floor finish in the bar but I assume there would be a carpet covering and have priced for that in my estimate. I do not think the inventory would need to be of the highest quality and I have assumed furniture would be a mix of budget- and mid-range commercial quality. The equipment requirement would be limited and again I have assumed mid-range. It is sometimes possible to acquire second-hand items, but in my experience such items are rarely available when one needs them. For the purpose of this assessment I have adopted an inventory investment of approximately £17,500.

- 13.2** Estimated replacement inventory cost:

Bar Furniture approx.	2,500
Flooring	5,000
Soft furnishings and curtains	1,000
Signage/lighting	2,000
Decorative Items, Prints etc.	500
Glasswasher	1,500
Coffer Machine and grinder	2,000
Bottle Coolers (x1)	450
Toilet Fittings etc.	300
Ice Maker (20kg output)	400
Cash Register System	350
Intruder Alarm	750
Bar Sundries	750
	<u>£17,500</u>

- 13.3** As with my comments regarding the proposed tenancy agreement at 16.2 above, I think that for the purposes of viability one must assume that the tenant would be expected to acquire the inventory, which is the standard arrangement in the licenced trade. I appreciate that the USP report at 3.1.4 suggests that the business would be offered with minimal upfront costs but, again that could not be guaranteed in the event of a change of occupier or owner.

14.0 PLANNING

- 14.1** The White Horse is a Grade II listed building and is located in the Kimpton Conservation Area. I have consulted the latest list of Assets of Community Value (dated 7th March 2025) and the pub was listed as an asset of community value on 20th August 2020, having been listed originally five years earlier. The listing will expire on 19th August 2025.
- 14.2** There have been a few small-scale developments in the village in recent years, including a nine-house scheme on the High Street by Jarvis Homes and a five-house scheme on Kimpton Road and planning permission was granted last year for a fifteen-house scheme on the High Street. None of these will bring very large numbers of potential new customers to the village but they do suggest that the village is capable of sustaining some growth. In broader terms, there is an outstanding planning application for up to 550 homes to the north of Harpenden and a consultation process is taking place over another 750 homes on land to the east of Harpenden. Allocations are also proposed in the Submission Local Plan for development at Codicote, St Ippolytes and Kings Walden. I do not think these developments will necessarily provide a large boost in trade to the pubs in the wider area but they ought to act as a counterbalance to declining volumes.

15.0 CURRENT VIABILITY

- 15.1** Over recent years the CAMRA Public House Viability Test has established itself as a format that is widely understood by the planning profession. It has no legal status but is a useful yardstick for assessing the viability of pubs. It has been through several iterations but essentially focuses on three elements:

- (i) The Business At Present
- (ii) Assessing Trade potential
- (iii) The Sale

For ease of reference this Report will concentrate on the same areas and I will expand upon them where necessary.

16.0 THE BUSINESS PAST AND PRESENT

- 16.1** As far as I can ascertain The White Horse has not traded for about ten years and there is no information available concerning its previous trade performance. There is a comment in Trinity Solutions' 2021 report that the pub had been valued of £7,000 in 2010 rating list, suggesting a turnover of about £100,000, but that is giving the rateable value more weight than it can bear. Whilst the £7,000 is an estimate of FMT there is no way of knowing if it was underpinned by actual trade figures and, bearing in mind that the pub has been given two more rateable values since then despite not having traded since 2014, I suspect the Valuation Office did not have actual trading figures.
- 16.2** Whilst there is no trade information available, the ACV nomination form suggests that when it was trading The White Horse operated as a traditional

village local. It supported a number of village organisations including sports clubs, Probus, the village May festival and the Autumn show and offered an alternative food option to The Boot.

17.0 ASSESSING TRADE POTENTIAL

- 17.1** The CAMRA template suggests several areas to consider when assessing trade potential and I will take each area in turn. The template adopts something of a “check-box” approach but I prefer a narrative approach and will use that here.

18.0 POPULATION

- 18.1** I have dealt with this in Section 3 above and would refer back.

19.0 CUSTOMER POTENTIAL

- 19.1** As a micropub the catchment for The White Horse would be the village itself and that was the focus of the USP report. The lack of catering facilities would limit the number of customers who could be expected to visit the pub from outside the village, but the lack of a secondary income stream worries me. The long-term decline in beer volumes in the on-trade is well-known and I think it is a high-risk strategy to focus on wet sales in a declining market and remove an important facet of the business. I think the proposal that the rear patio be used for private domestic use only would also be limiting. Whilst The Boot has a significantly better external trading space than The White Horse, not being able to use the rear of the pub as a beer patio would restrict its ability to attract custom in fine weather and leave it a disadvantage to The Boot. The external café style seating included in the submitted plans is an attempt to address the issue but in my opinion it would be a cramped alternative and a poor substitute.
- 19.2** Kimpton is popular with leisure cyclists as it lies on the Chiltern Cycleway and it is reasonable to anticipate some non-village trade could be picked up from that. The route, however, runs just to the west of the village and cyclists wishing to detour for a break would have to pass The Boot first. I think the lack of a reasonably spacious external trade area in which cyclists could sit may act as a brake on larger groups but people in smaller groups may well be tempted. The same caveat would hold true for leisure walkers. The village is criss-crossed by several local footpaths and features in several on-line walks but the poor proposed provision of outdoor space could discourage walkers from stopping at The White Horse.

20.0 ALTERNATIVE PROVISION

- 20.1** The CAMRA template suggests alternative provision be considered within a 1m/1.6km radius in a built-up area and a 5m/8km radius in a rural area. It is common for local authorities and planning inspectors to consider alternative

alternative provision by reference to a shorter and less precise metric – for instance a reasonable walking distance or a 10-minute walk, which is generally taken to be about 800m. In this case, the primary target market for the pub would be the inhabitants of Kimpton and it is appropriate therefore to focus consideration on the other pub in the village, The Boot.

20.2 The Boot, High Street (315m)³ The Boot is a short walk from The White



Horse and occupies a central position in the village opposite the primary school and the village hall. It is an Admiral Taverns tied tenancy and trades as a community local with five letting rooms. Internally, the pub is divided into two areas – the main bar area that was laid for 26 covers when I visited informally as a customer and the conservatory restaurant that was laid for 24.

The bar area has a television and dartboard but no pool table. Externally, the pub has ample trading accommodation including a lawned garden for about 40, a decking area for a further 40, off road parking for 21 cars and a smoking shelter. The pub has seen some investment over the years, most notably about 15 years ago when it underwent a refurbishment and a former barn was converted to provide the five letting rooms. More recently the exterior has been redecorated. The pub offers televised sport (Sky and BT), a weekly quiz and a twice-monthly folk club and also puts on live music. Prices are broadly what one would expect for the area with London Pride costing £4.90/pt and Fosters £5.00/pt. The menu is made up predominantly of pub staples at a “value” price point – eg scampi and chips at £10.50, ham, egg and chips at £10.00, lasagne at £10.00 and burger and chips from £9.00. In addition, there are lighter meals at about £6.50, wraps and sandwiches from £6.00 and jacket potatoes from £7.00. The letting bedrooms provide a useful secondary income. Opening times are Monday - Friday 12:00 – 14:00 and 17:00 – 23:00, Saturday 1200 – 2200 and Sunday 10:00 – 22:00.

20.3 I have seen it said in the public comment that The Boot is a sports bar, but that was not my impression. Rather it seemed to me to be a multi-faceted community pub no doubt offering some of the same services and facilities that The White Horse did when it was trading. In terms of the two pubs having different offers, that would be partly true if The White Horse were to re-open as a micropub, if for no other reason than the latter would be a wet-only pub. The White Horse would continue to have no off-street parking and the proposed external trade area would be limited to the space immediately to the front of the pub, but there would also be a certain amount of crossover.

21.0 MULTIPLE USE AND DIVERSIFICATION

21.1 In asking for multiple use to be considered the CAMRA Test is exploring whether the pub could be used for other community purposes – e.g. a shop or

³ <https://www.mappedometer.com/>

post office - and whether there are any perceived gaps that could be filled. It takes its lead from organisations such as “Pub Is The Hub” and the Plunkett Foundation and tends to be focused on rural and village pubs rather than urban pubs in sustainable locations. The concept is predicated on there being sufficient unused or surplus accommodation in the pub in question to house the secondary use and a sufficient identified demand for the additional use.

- 21.2** The White Horse as proposed would be a small unit with no spare space that could be used for secondary commercial or community purposes. Insofar as diverse pub-related activities are concerned they may be sufficient space for a dartboard but not a pool table.

22.0 FLEXIBILITY OF THE SITE

- 22.1** The proposed layout of the ground floor would not be flexible, but the first-floor bar area could have an alternative use as a small, self-contained manager’s flat, subject to planning. In my experience people tend not to like going up stairs because it makes them feel detached from the atmosphere that is generated in the main bar and there are already two other halls in the village that are available for private hire. As a private flat, the space would be small and may restrict interest from the market.

23.0 PARKING

- 24.1** No customer parking is proposed, but I do not think that would have a particularly negative effect on viability. Most trade would be pedestrian from the village and even customers who may come by car would not necessarily have an expectation of off-road parking.

25.0 MARKETING

- 25.1** The pub has not been offered to the market since it was bought by the current owner in 2017.

26.0 OTHER MICROPUBS

- 26.1** The problems being experienced by the hospitality sector are well-known and I do not propose to discuss them in detail in this report. Micropubs are a relatively new business model and the micropub movement is something that has arisen over the last few years. Such pubs, whilst small, are typically located in more built-up areas, often converted from retail units, and the label attached to them is as much a sign of their business model as their size. A micropub is defined by the Micropub Association as “a small free house which listens to its customers, mainly serves cask ales, promotes conversation, shuns all forms of electronic entertainment and dabbles in traditional pub snacks”⁴.

⁴ <http://www.micropubassociation.co.uk>

- 26.2** There are a few micropubs in Hertfordshire and the surrounding area, but they are all in urban locations. Examples include the Mad Squirrel outlets, Trekkers in Chesham, The Two Trees in Watford, The Beer Shop in St Alban's (which has a retail section) and The Broken Seal in Stevenage (which is attached to Six Hills Brewery and also has a retail section). Not all of the micropubs in the area have succeeded and I am aware of two failures in the last two years – The Local in Markyate, which ceased trading in May 2023 and The Monks Head in Hemel Hempstead, which closed in January 2024. With a population of approximately 3,500 Markyate is significantly larger than Kimpton.
- 26.3** The nearest micropub to Kimpton that is still trading is The Reading Rooms in Wheathampstead. Wheathampstead is a Tier 4 large village in the St Alban's DC settlement hierarchy, which is broadly comparable to Kimpton's category A status in North Herts, but with a village population of approximately 4,600 it is about three times the size of Kimpton village and is more of a local centre. As with The White Horse, it too has no on-site parking, but there is a free 88-space less than 150m away on East Lane.
- 26.4** The Reading Rooms is unusual in being in a village and I am only aware personally of one other micropub still trading in a village location, although others have come and gone. That pub is The Plough at Charfield in Gloucestershire, The Plough was originally a traditional, two-bar village pub, but following complaints about disorder the owner obtained planning permission to construct two houses on part of the car park and reconfigure the bar areas as a micropub with about half the previous internal trading space. Charfield has a population of about 3,000 with there is one other pub in the village, but, significantly, The Plough has a covered outside trading area and a small car park and regularly offers street food sold from a van.

27.0 FAIR MAINTAINABLE TRADE AND FAIR MAINTAINABLE OPERATING PROFIT

- 27.1** The CAMRA test is a useful checklist for what one ought to consider when looking at viability but at the heart of the process is the concept of Fair Maintainable Trade (FMT) which has already been mentioned in connection with the rateable value at Section 9 above. FMT is an assessment of the trade that could be generated by a Reasonably Efficient Operator (REO) from which is derived a Fair Maintainable Operating Profit (FMOP). The FMOP is the amount left after paying for the cost of goods and operating expenses and out of which the operator covers rent or mortgage payments and receives his own remuneration. FMT is derived from all sources of income including wet sales, food sales, gaming machines, pool, letting rooms and other sundry income streams.
- 27.2** My assessment of FMT and FMOP is attached at Appendix There is little available information in the market relating to micropubs and so I have had to put together a shadow profit and loss account (P&L) from first principles, starting with what I consider to be fair maintainable barrelage and working through other income and working expenses to what I consider a realistic FMOP. In putting together my shadow P&L I have had regard to my own experience and market expectations and to benchmarking data where it exists

and is relevant. Insofar as opening hours are concerned, The Boot currently opens split shifts during the week and all day at weekends, but I do not think lunchtime opening would be realistic for a small, wet-only micropub in a medium sized-village. The Reading Rooms in Wheathampstead opens from 15:30 – 22:00 Monday to Friday and from 12:00 – 22:00 Saturday and Sunday, but I think those hours would also be optimistic for The White Horse. I assume, therefore, that The White Horse could be expected to open in the evenings only during the week and all day on Saturday and Sunday, subject to some seasonal variation. I think it is also likely that the pub would close all day on a Monday because that would be cheaper than paying for someone to open the pub.

- | | | |
|-------------|-------------------|---|
| 27.3 | Sales Mix | The pub would be a wet-only site and I would anticipate that with the likely more mature demographic cask ales would be a primary driver. Without food to encourage the sale of soft drinks, wines and teas/coffees the sales mix would be significantly skewed towards beers, lagers and ciders and I have adopted an 80:20 sales mix accordingly. |
| | Pricing Structure | I disagree with the USP report that the business would charge premium prices because the pub in essence would still be a locals' pub in competition for wet sales with The Boot. I envisage a potential operator would look to stay competitive with the other pub in the village and would price accordingly. The White Horse would be a freehouse and even at similar prices to those at The Boot it would still generate a higher gross margin. |
| | Wastage | Wastage has been the subject of much debate over recent years with both HMRC and the Pubs Code Adjudicator taking an interest in it. Wastage in this context includes pipe cleaning, pulling through at the start of each session, pull-through after changing a barrel, fobbing, general wastage and any beer in a barrel that is unusable due to sediment (ullage). Insofar as the latter is concerned HMRC has reached agreement with the industry regarding the volume of beer in a cask upon which duty is paid and the published data indicates that a nine-gallon cask has an average shortfall of about 3.5%. Taking these elements together I consider a 5% overall allowance to be appropriate. |
- 27.4** It is envisaged that the pub would not sell food, and no facilities are being proposed for food preparation, but there ought to be a small amount of other income from bar snacks such as nuts and crisps but I consider that to be *de minimis*. I have assumed that the first-floor accommodation would be used by the operator for domestic purposes and that there would be no ancillary income from room hire.
- 27.5** Having determined a realistic level of turnover and gross profit a prospective operator next needs to consider working expenses. Where accounts are available, they can provide a useful pointer, but information is also available

to the market from the BBPA and the Association of Licensed Multiple Retailers (ALMR), that would help inform the cost projections of a prospective operator. The BBPA data is derived largely from stand-alone tied pub businesses whilst the ALMR's is from managed house chains and in this case is less appropriate. The BBPA data does not reflect free-of-tie margins, but the cost information will apply equally to tied as to free-of-tie pubs. Its illustrative business models do not envisage a pub taking much less than £4,000 per week but the data is a useful aid nevertheless. My assessment of overheads is also included in the Appendix, but it may assist the LPA if I were to comment on particular elements of it.

- 27.6** **27.6.1** Staff. This is usually a business' biggest overhead but I do not think The White Horse would have a particularly high staff requirement. I have taken into account the recent changes in the minimum wage and allowed for a total of 20 hours of paid staff per week plus cover for when the proprietor is on holiday. I have also assumed that no single member of staff would earn more than £5,000 per annum. I anticipate the proprietor would take care of cleaning.
- 27.6.2** Light, heat and power. Energy prices remain substantially higher than they were pre-Covid and, whilst they are less now than they were at the height of market volatility, for most operators with which I am currently involved they seem to have settled down to approximately double what they were a few years ago.
- 27.6.3** I have assumed a zero rates bill on the basis that the pub would continue to receive Small Business Rate Relief.
- 27.6.4** Insurance. Reflects the size of the building and its Grade II listing. It includes reinstatement costs, public liability and contents cover.
- 27.6.5** Professional fees. This relates to accountancy and occasional legal fees. I have assumed that with such a low FMT regular stocktaking would not be carried out.
- 27.6.6** Repairs and Renewals. The BBPA data on this relates to tenanted houses some of which will have full repairing liabilities and some of which will have not. The White Horse will have had to have been refurbished prior to opening and repair costs ought to be relatively low to begin with. I anticipate the pub requiring redecorating between the third and fifth year, the cost of which will need to be averaged. I have adopted a total repair cost of £8,000 per annum, which is high in percentage terms but not when considered as an absolute sum.
- 27.6.7** Licences. This refers to the annual premises licence renewal fee only. I have followed the normal business model for micropubs and assumed there would not be a television and neither live nor recorded music would be played.
- 27.6.8** Bank charges. These would be lower than in a multi-faceted pub because more transactions would be by cash rather than card. There would be a cash handling fee when the money is deposited

but these are typically less than card processing fees.

27.6.9 Entertainment. With such a low FMT and limited bar space the business could not afford to pay for live entertainment. I do not rule out occasional entertainment, but it would have to be at nil or minimal cost.

27.7 My overall estimate of working expenses represents 40.91% of turnover. I rarely finding overheads nowadays that correspond with the BBPA figures and whilst these are at the bottom range they are predicated on the proprietor having an exceptionally low wage bill. If the wage bill were to creep up by even an extra 3 hours a week it would take the overheads above the BBPA range. Simplifying my assessment would produce the following assessment of Fair Maintainable Operating Profit (FMOP):

FMT Wet Sales	115,000	GP @ 67.72%	77,874
W/Exps @ 40.91%			47,050
FMOP before tax			<u>30,824</u>
		Say ...	<u><u>£31,000</u></u>

27.8 The FMOP of the business is the operating profit that one could reasonably expect to generate before deducting interest, taxation, depreciation and amortisation but insofar as assessing the viability of the business is concerned the operator would look to his or her own income as a first charge on those profits. That is an established principle and was the judicial approach taken in "*Brooker v Unique Pub Properties Ltd (2001) (Chancery Division Bristol District Registry Case No. BS002253)*" and "*Brooker v Unique Pub Properties Ltd (2009) (Chancery Division Bristol District Registry Claim No. 7BS11690)*", both of which concerned how the FMOP of a pub should be apportioned in a lease renewal. There is no direct link between a lease renewal and the remuneration that a free house operator would expect but in my opinion both are still looking at how the overall profit of the business should be apportioned and they both use the same methodology: in the case of viability, though, if a prospective operator does not think he or she will make a certain level of profit to reflect the hours, commitment, risk and investment he or she will simply walk away.

27.9 The occupational model for The White Horse would be as a tenanted house. The USP report suggests the current owner would be flexible in his approach to terms and rent but one cannot assume that would continue indefinitely and could change with a different tenant or different landlord. The FMOP needs to be sufficient to pay a commercial rent and provide adequate remuneration to the tenant and I think the estimated FMOP in my assessment above would be insufficient to do that. Even a relatively modest rent of £10,000 per annum would only leave circa £21,000 as operator's remuneration, which is less than the £25,396 per annum that a single person would earn on the current minimum wage for a 40-hour week. There is usually a live-in benefit associated with running a pub, although the potential accommodation at The White Horse would be poor in comparison with most pubs. In practice the

market does not tend to factor in the live-in benefit and the rental valuation methodology for public houses does not make any specific allowance for the proprietor's accommodation.

- 27.11** The pub would clearly be too small for use as a tied pub and SOWH has stressed that it does not agree with the proposal to turn the pub into a micropub. In the circumstances, I think the suggestion in the USP report that interest would be invited from the community to consider running the pub as a social enterprise or similar is one that is unlikely to be taken up and that there is little prospect of the pub being run under anything other than a free-of-tie tenancy.

28.0 CONCLUSION

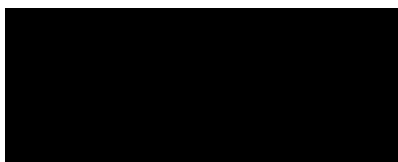
- 28.1** As proposed, The White Horse would be a small wet sales only pub. It would have capacity for about 20 seated customers plus a few extra standing at the bar. Space would be limited for bar games, although a dartboard may be possible. Small scale entertainment might be possible but it would have to be at minimal cost.
- 28.2** The pub is located to the east of Kimpton and is not in as central a location as that of the other pub in the village, the Boot. That said, it would still only be about a ten-minute walk from the western edge of Kimpton and therefore would be readily accessible to most of the village.
- 28.3** The core catchment for the pub would be the existing village of Kimpton and I would not anticipate significant extra-village trade, although Kimpton is popular with cyclists and some additional trade could be drawn from that cohort. The village is not large and the White Horse would not have as broad a customer base as the nearby Reading Rooms in Wheathampstead. The lack of a diversified offer would restrict the pub's trade potential, but the proposed trading areas and lack of ancillary accommodation would preclude the pub from being able to offer hot plated food.
- 28.4** From a trade perspective, the proposed external space to the front of the pub is poor and it would benefit the pub more if the rear patio could be included.
- 28.5** The first-floor arrangement as proposed is problematic. If used for trade purposes it would need to overcome people's reluctance to walk upstairs and it would not be practical to install a separate bar servery for economic reasons. It would also leave the pub without on-site proprietor's accommodation reducing the potential letting market for the pub and potentially requiring a higher profit to fund external accommodation locally. Conversely, if the space were to be used for domestic accommodation, it would not provide a large flat, which in itself could reduce the market.
- 28.6** In my opinion, the FMT of The White Horse would be circa £115,000 with an FMOP before tax and rent/financial commitments of approximately £31,000, which I consider insufficient to provide the operator with a reasonable income and the landlord with a commercial rent.

- 28.7** Taking the above into account, I do not consider the scheme as proposed would result in a viable business.

29.0 PROFESSIONAL DECLARATION AND STATEMENT OF TRUTH

- 29.1** I confirm that my report includes all facts that I regard as being relevant to the opinions that I have expressed and that attention has been drawn to any matter that would affect the validity of those opinions.
- 29.2** 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.
- 29.3** I confirm that I am not instructed under any conditional fee arrangement.
- 29.4** I confirm that I have no undeclared conflicts of interest.
- 29.5** Although not a Chartered Surveyor I nevertheless 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.
- 29.6** I understand that my overriding duty in this matter is to assist the Local Planning Authority in matters within my expertise, and that this duty overrides any obligation to those instructing me or their clients. I can confirm that I have complied with that duty and will continue to do so and that I am aware of the requirements set out in Part 35 of the Civil Procedure Rules and the accompanying Practice Direction, the Protocol for the Instructions of Experts to give Evidence in Claims, and the Practice Direction for Pre-action conduct.
- 29.7** I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and those which are not. Those that are within my own knowledge I confirm to be true.
- 29.8** The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

Signed :

A black rectangular box redacting the signature of the expert witness.

Date: 10th June 2025

APPENDIX ONE

ASSESSMENT OF FMT AND FMOP

HOUSE NAME

THE WHITE HORSE, KIMPTON

PURPOSE OF ASSESSMENT

VIABILITY AS A MICROPUB

ASSESSMENT DATE

JUNE 2025

		FMT	GP%	GP
TOTAL WET		115,000	67.72%	77,874
	% turnover	100.00%		
TOTAL		<u>115,000</u>	<u>67.72%</u>	<u>77,874</u>
EXPENSES				
Staff			13.04%	15,000
Business Rates			0.00%	0
Water Rates			1.74%	2,000
Insurances			2.61%	3,000
Heat/Light/Power			7.83%	9,000
Motor Expenses			2.17%	2,500
Printing/Postage/IT etc			0.22%	250
Telephone etc			0.65%	750
Advertising			0.22%	250
Professional fees			2.17%	2,500
Stocktaker			0.00%	0
Licenses			0.26%	300
Repairs and Renewals/Compliance			6.96%	8,000
Cleaning and Laundry Costs			0.43%	500
Waste Management			0.65%	750
Disposables			0.43%	500
Bank Charges etc			0.65%	750
Entertainment			0.00%	0
Sundry Expenses			0.87%	1,000
			<u></u>	<u></u>
TOTAL			40.91%	47,050
			FMOP	30,824

THE WHITE HORSE, KIMPTON

ESTIMATE OF FMT WET SALES AS AT JUNE 2025

Session Lager	Ave Price	4.90 288.00 pints per barrel 1,176.00 (exc VAT)
Premium Lager	Ave Price	5.20 288.00 pints per barrel 1,248.00
Cask Beer	Ave Price	4.70 288.00 pints per barrel 1,128.00
Cider	Ave Price	4.70 288.00 pints per barrel 1,128.00
Bottled Beer etc.	Ave Price	3.75 per bottle 12.00 45.00 per dozen 41.00 dozen per barrel 1,537.50

			PRICE PER BARREL	SALES AT RETAIL	EST BUYING PRICE PER BARREL	GP%	GP	GP EXC WASTAGE
SESSION LAGER	15.00	brls @	1,176	17,640	380	67.69%	11,940	
PREMIUM LAGER	15.00	brls @	1,248	18,720	450	63.94%	11,970	
CASK BEER	35.00	brls @	1,128	39,480	350	68.97%	27,230	
CIDER	5.00	brls @	1,128	5,640	360	68.09%	3,840	
BOTTLED BEER/CIDER	2.00	brls @	1,538	3,075	690	55.12%	1,695	
	72.00							
TOTAL BEER, CIDER AND FABs @ 80% OF WET SALES				84,555		67.03%	56675	53841
				LESS 5% DRAFT WASTAGE				
				80,675				
WINES/SPIRITS/MINERALS/COFFEE @ 20% OF WET SALES				34,575		70.00%	24203	24203
TOTAL WET SALES				115,250		70.18%	80878	78044 67.72%