

## **BRIDE HALL ACV REBUTTAL FRIENDS OF THE TUMBLEDOWN DICK**

We have reviewed the statement provided by Bride Hall (undated) and here is our considered response.

### **Analysis**

Bride Hall state that the review decision is being made on the basis that the Tumbledown Dick has no place on the list as no plausible case has been made to even suggest that there is a realistic chance of the Property actually making a contribution to the local community.

We, the Friends of the Tumbledown Dick, completely refute this statement. We have said time and again that we wish to acquire the building to be run for the community by the community. Only recently we released a public statement on our Facebook page as follows:

“We are doing our best to lead the way for all pub campaigns to prove that the voice of the community can be powerful and should be listened to by not only local council but also the owners of pubs that are being sold off to the likes of McDonald's and Tesco's etc due to the prime locations they enjoy. Pubs are at the heart of the community, many have gone out of business due to pub companies charging over inflated rents and ties on beer profits. The Localism Act became law in 2012 to help local people save treasured buildings such as pubs within their communities.

We were delighted to have our nomination approved for The Tumbledown to be an Asset of Community Value (ACV) under the Localism Act which means we have the right to bid on the building should the McDonald's sale not complete. Sadly our ACV is now being challenged by the owners, Bride Hall and we are having to use yet more of our community and voluntary time to defend the decision taken by the council that the building should remain an ACV.

It is our aim to buy the building using grants and lottery funding as a community group and restore the building using donor giving and community shares. We wish to bring the building back to its full former glory and restore and reopen it as a pub and music venue but with much broader use to suit the whole community, such as daytime use for dance classes, fitness classes, community groups and evening mixed use for comedy nights, DJ nights, Open Mic nights, Club events and live music at its core. We intend to run an apprenticeship scheme offering board and lodgings to at least 2 young people from Farnborough. New life, new jobs, new hope for Farnborough. Creating a daytime and evening entertainment economy. Run BY the community FOR the community.

This has got to be better for Farnborough than another McDonald's?”

So we have committed to print on numerous occasions with our goals and aims, this is in the public domain so we would refute the claim that no credible case has been put forward for the building.

Further we have spent a huge amount of time seeking appropriate funding sources for grants, loans and Lottery funds including commercial organisation lending. We are confident that we will be able to raise sufficient funds to purchase the building outright.

We would ask you to review the precedent set by The Ivy House pub in London, a community group nominated and succeeded in getting an ACV on the pub, then went on to raise its entire £800,000 plus purchase price using grants and loan funding as a community group. They now own the freehold and have started a community share scheme and donor giving to fund refurbishment costs. We would expect to work to a similar model and have already started discussions with the relevant community lending organisations with the view to receive pledges to lend to our community group to aid us in finalising our business plan.

### **Spirit Pubs**

Bride Hall has referenced the fact that The Tumbledown Dick was not a viable operation and that the Spirit Group believed that it did not make proven commercial sense to re-open the Tumbledown Dick.

At its closure, the Tumbledown Dick was one of the largest pubs in Farnborough and the only late opening venue and establishment in the area. With regard to commercial sense, at the time of closure, Punch Taverns' (now Spirit Pub Group) stock price had plummeted from 621.52 to a low of 62.55. Because of this, in July 2011 it decided to split its managed and leased pubs businesses into two separate companies, losing 90% of its value over 3 years. This raises serious questions over its validity in making profitable business decisions when the Tumbledown Dick had actually been a profitable venture.

What seems most likely is that Punch Taverns, burdened with massive amounts of debt after "extending their reach" in a binge of portfolio building whilst credit was still cheap, found themselves in a position where they were unwilling and/or unable to raise further capital to invest in their full portfolio. They did however spend an alleged £1 million on one project - The Olde White Hart in Frimley and The Tumbledown was relegated for possible future development.

### **Future Viability**

It is worth noting that Rushmoor has grown considerably since the pub closed, not taking into consideration the further extensive development of the AUE. Based upon the 2011 census, Rushmoor has a population of just over 93,000 people, although RBC's own figures state it is in fact 96,700. The population forecast for the Borough shows an expected increase to 101,100 by 2021 (it's reasonable to assume that by 2018 the population will be 100,490). Approximately 2/3<sup>rd's</sup> of the Rushmoor population live in Farnborough and the majority of them are aged 40 or younger.

There is clearly a need for a destination entertainment venue in Farnborough encompassing live music and the arts, to include mixed entertainment and social use, and we believe the Tumbledown Dick re-launched under our community business model, can meet this need.

To this end, not only will be re-investing the majority of our renovation budget directly into the local community by employing local tradespeople, we will also be recruiting from the local population and offering future non-management employees the 'Rushmoor Living Wage' as opposed to the National Minimum Wage. The living wage is an investment which makes sound business sense and aids in the reduction of dependency on benefits.

## **Competition Analysis**

We have conducted both analysis and research on the live venue and pub trade and we are fully aware of the competition in the area of Rushmoor and surrounding towns, this analysis is included in our business plan which is ever evolving and has been shared with interested funding parties who would look to support us. However, we have not shared our business plan in the public domain at present as we are using it to gain support from funding organisations, we have taken advice on this and at present have taken the view that it is not in our commercial interest to share it wider at this time.

The reality of our proposal has been properly determined and sanctioned by both our Committee and those working with us in support of our aims.

## **Site Valuation**

We do not believe the over-inflated claims by the owners that the building requires £4.5 million to bring it back into use. It needs to be noted that since October 2012 numerous people have entered the Tumbledown Dick on behalf of Bride Hall, McDonald's and Spirit Group without hard hats, face masks or indeed any notable safety equipment. This would lead one to believe that the internal condition of the building is not as purported by the owners in their statement. We can further evidence this as on the 1<sup>st</sup> February 2013, we were allowed to film on the site with a BBC film crew. We were granted access by a gentleman employed by Bride Hall to fix the roof and carry out general repairs to secure the building. The workman in question had no breathing mask or safety gear despite the signs put up stating breathing apparatus must be worn, and in his professional opinion, the building although suffering from a small amount of water damage where the roof had been leaking, was in good condition considering it had been vacant since its closure.

Reviewing the figures provided by Bride Hall:

Bride Hall state in their ACV evidence that the site is worth:

- a) £1.25 million - to buy out the lease and rates
- b) £2 million - to acquire the freehold
- c) £1 million to renovate

Total a sum of £4.5 million required by the Friends group to purchase and renovate the building!!

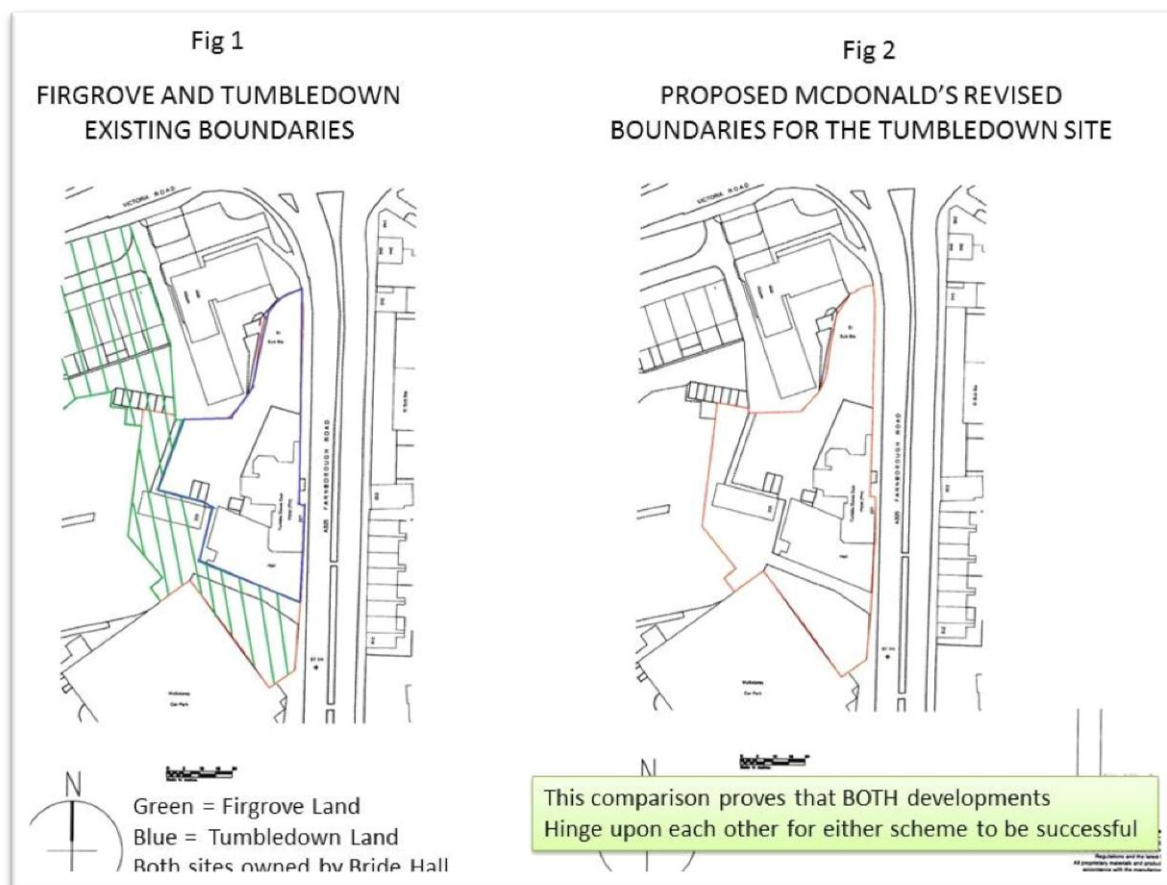
We have researched the property market extensively as part of our evidence for our business plan and for £4.5 million we would be able to fund the purchase of very grand properties indeed ranging from castles to islands in the Caribbean! However the prices and valuations of Great British Pubs have depreciated.

The Tumbledown Dick was purchased in 2004 for £1.6 million by Bride Hall Holdings Limited. Since the purchase, the capital and property market has been subject to the international financial crisis and therefore we believe, due to the neglected state of the building, any purchase should not be in excess of the original 2004 purchase price.

We have referenced data that proves the pub property market declined by 11.6% in 2008, then a further 20% in 2009, indeed overall from 2007, there was a 29% reduction in the value of retail publican property. It is incredible that such a blinkered approach to valuing the property has been applied by Bride Hall.

We know that Bride Hall have entered into a sale agreement with McDonald's for £2 million for the whole site, which includes the Freehold and Lease. Bride Hall have already advised that Spirit Pub Company are prepared to surrender their Lease. As they are surrendering their Lease thereby saving themselves a future burden, it is impossible to see how the lease can be a factor in any alternative arrangements.

The price agreed with McDonald's takes into consideration a reconfiguration of the boundaries between the current Tumbledown Dick site and the Firgrove Parade site, to increase the size of the Tumbledown Dick site to enable McDonald's to carry through their plans, this is illustrated below:



The Friends of the Tumbledown Dick do not wish to reconfigure the site. We would be happy for the boundaries to remain as they are and thereby negating the sale price of £2 million. This is borne out by the Council's valuation of the site at £1.5 million as stated in the ACV decision dated 1<sup>st</sup> February 2013. Therefore if we accept this as a maximum valuation for the site we believe, a purchase figure of no more than £1.5 million is much more realistic for the site as it stands at the moment.

Bride Hall's points concerning renovation costs are moot as all future liabilities transfer upon sale. We have undertaken our own detailed quotations from professional local tradespeople and we are confident in the figures we believe are appropriate to renovate the building and feel it is entirely viable to renovate and restore the building for significantly less than £1 million. We can also be assured that as a community effort, we will be offered significant voluntary and free professional help and support and help to restore the building.

All renovation costs will be paid for by way of a community share scheme, a revenue grant programme and of course donor giving, but as stated, it is not relevant in terms of the ACV review decision or indeed, for Bride Hall to comment.

We have in place a full funding strategy for the sale and renovation works, opening and operation costs; however we do not believe it is appropriate at this time for us to share this commercially sensitive information. We are well aware of the work and finances needed (based upon realistic and evidenced valuations) and we feel this is achievable as a community group.

It would be an incredible shame for our efforts to be so quickly dismissed based upon the comments made by Bride Hall. We are credible and prepared to put in the hard work required to re-establish this asset of community value. We would highlight that we are not the only community group who have purchased the freehold and leasehold of their local pub and open it as a community asset. There are many precedents that have already proven it is possible, feasible and viable to do so with funding from both commercial and non-commercial organisations as well as community share schemes.

Lenders including the Charity Bank, Unity Trust Bank and Triodos have indicated that they would be prepared to lend by way of a conventional commercial mortgage secured by legal charge on the building once we are up and running, therefore we would be able to re-finance our initial start-up funding after a period of trading, and reduce our borrowing liabilities.

### **Summation**

We believe that Rushmoor Borough Council did fully consider both the aims and ambitions of the Friends of the Tumbledown Dick with regards to the Property, the decision made by them to list the Tumbledown Dick as an asset of community value was right and took into account the fact that we had a credible, realistic and sustainable option for the building within the next 5 years.

Bride Hall state in their own summation, that they would purposefully leave the building to neglect and ruin for the next 9 years (period remaining on the lease) rather than maintain the building and actively look for an alternative use and purchaser. All the research undertaken by us and those acting on our behalf to date, has found no evidence of the marketing of the Tumbledown Dick, indeed no one has ever seen a For Sale sign on the building since its closure.

We believe that the Council is duty bound to retain the Tumbledown Dick on the list of Assets of Community Value as it has been properly considered against the criteria laid out in the regulations.

We therefore request that this property is retained on the list and the request for a review is denied with immediate effect.