



Campaign for Pubs

Promote, Support and Protect Pubs

Rt. Hon. Rishi Sunak MP
Prime Minister
10 Downing Street
London
SW1A 2AA

10th August 2023

Dear Prime Minister,

The Crooked House - Time to wake up and stop the asset-stripping of our world famous pubs

We are writing to you urging you and the Government to wake up and act to stop the cynical and chronic predatory purchasing and asset-stripping of our nation's pubs by unscrupulous owners, developers and supermarkets. Unless the Government wakes up – and changes the law – we will see more historic pubs destroyed and lost forever, taking away a key part of our history and heritage.

You will be aware of the appalling case of the world-famous Crooked House in Himley, South Staffordshire and we are pleased to see the outrage expressed by local Conservative MPs and the Mayor of the West Midlands, Andy Street. They are absolutely right that not only should there be a full investigation into this, but also that this iconic, unique and extraordinary pub must be built brick-by-brick by the current owners, something we called for straight away.

However, this case must now be the catalyst for change, to stop this kind of behaviour, something the Government could quite easily stamp out and thus protect other pubs and other communities from suffering this kind of disgraceful episode.

The reality is that whilst the case of the Crooked House may be extreme – and one that is subject to police investigation – some of the case is all too typical and one that is repeated up and down the country, due to the profound lack of protection for our nation's historic pubs in the planning system. You and Ministers are keen to eulogise about the Great British pub, but the stark reality of planning law is that it is still far too easy for owners to seek to convert or demolish pubs, against the wishes of communities and when the pub could otherwise have an ongoing and successful future as a pub.

Whilst the recent events – the apparent arson and subsequent demolition – are indeed both appalling and distressing, and require robust action, these aren't the underlying problem. Rather it is the way that owners are permitted to sell pubs at hugely inflated freehold values - in other words pricing pub buyers out and making the loss of the pub inevitable; and the fact that an owner can ignore a bid as a pub, from an potential owner who wants to run it as a pub, to sell it at an inflated value for development. Many pubs, including those with carparks, beer gardens and bowling greens (of the few that remain), will inevitably have a (much) higher value as a development opportunity than they do as a pub. Without action to stop the cynical profiteering from exploiting the weakness of the planning system, we will see many more historic pubs lost, when they would otherwise be bought as a pub and could be made a success of.

We as a nation would not stand by (the way that happened in the not distant past) and see our nation's castles, old houses, follies and stately homes bulldozed. Why is it that developers and unscrupulous owners are allowed to run-down and close profitable pubs and then convert or demolish them? Why is there this laissez-faire attitude to such an important part of our history and heritage, that allows investment and hedge funds, developers and supermarkets to buy and profit from our nation's pubs, at the expense of communities and the pub tenants and staff who work in them? You and the Government are standing by and letting this happen and it is time that you took action to stop this national scandal.

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The National Planning Policy Framework advises that “*the unnecessary loss of a public house and community amenity*” should be prevented. Yet the reality is that the “unnecessary loss of pubs” is happening all the time. We have consistently highlighted the national scandal where pubs, especially historic pubs, are lost when owners refuse to accept a bid for pubs as a pub and instead seek to profit at the expense of the pub and the community by selling off a viable pub for development.

A historic pub should only ever be converted if there is no one who wants to buy it as a pub, at the independently marketed value as pub. This is precisely what [our ‘Give Pubs Protection’ policy](#) calls for. This simple change would merely ensure that any time a pub that is over 50 years old is put up for sale, it must be marketed at the independently valued market value as a pub for at least a year, before it can be sold for any other use or given permission for conversion or demolition. When anyone – individual or company buys a historic pub – they buy the building as a pub and can therefore expect to realise the value as a pub, when they sell it. They cannot and should not seek to profit from selling the pub for development and this must be stopped where there is a buyer as a pub.

This simple change would actually cut red tape, would reduce costs to Councils and is the only way to stop the deliberate asset stripping of pubs, which is something that is a threat to our pub culture, our heritage and history as a nation and to community spirit in communities affected. It is also a much more sensible and indeed market-based solution than the ACV system, which restricts pub bids to communities (usually via community benefit societies, charities and cooperatives) and actually can prevent commercial owners buying it, when that is what the community wants (see below) if there is commercial interest. If a pub is no longer wanted by any operator or by the community, then it could go through the normal planning process, but it would give every historic pub the chance of a future and a year to be bought and to continue as a pub. This change to the law shouldn’t apply to other licensed premises, such as bars, micropubs, pop-up pubs and brewery taps, but it should apply to all historic pub buildings that have been pubs for over 50 years. The sad reality is that there is little if anything to protect these key historic buildings that are so iconic and indeed, world famous.

In the light of the case of the Crooked House, but also the many hundreds of cases up and down the country where communities are losing viable pubs, we urge you to now implement this and make this simple change to planning law, to stop the cynical predatory purchasing and asset-stripping of our nation’s pubs.

For too long, this government has put all the onus onto local authorities to save pubs. This is a cop-out, as well as being unfair and unrealistic. Planning law isn’t strong or clear enough and in too many cases, councils don’t resist pub conversions when they face rich and greedy owners/developers going to appeal (something that is still denied to communities!), which then sees the Council hit with a legal bill they can scarcely afford. Councils also are deceived that pubs are ‘unviable’ simply because they are told they are by the very owners who are seeking to profit from the conversion or development and without challenging this. The current system simply doesn’t give adequate protection to pubs and it the law must be made clear. Developers are buying (profitable) pubs just to run and shut them down and redevelop them. There is little to stop them apart from a handful of brave Councils taking enforcement action against owners, most notably in the Carlton Tavern case. We need similar action in this case, but we also need legislative change, to stop this kind of behaviour in the first place. We need change to planning legislation so it is absolutely clear and unchallengeable, that a historic pub cannot be converted or demolished until and unless it has been marketed at the independently-valued price as a pub for at least a year. The Government needs to step up and make clear that no historic pub, with a future as a pub, can be converted or demolished.

Whenever the Government or MPs are asked about pubs and planning protection, the reply is always the Localism Act and Assets of Community Value (ACVs). However, the simple but stark reality is that ACVs do not work for pubs and in many cases, do not save pubs. The ACV system is deeply flawed for pubs, as well as being very time-consuming and burdensome for communities and a significant cost and duty for Councils. With the number of historic pubs under threat and at risk of predatory purchasing/asset-stripping, it is wholly unrealistic to think that ACVs could deal with this.

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The ACV system is also fundamentally flawed, for two key reasons. First of all, because it only allows a community group to bid for a pub, but secondly because once either of the moratoriums have been triggered, it actually *prevents* the pub being marketed as a pub or sold as a pub to other interests, which is absurd. When a pub closes and put up for sale, what a community wants is for someone to buy it as a pub and make a success of it. Only in some cases does the community actually want to take on that pub or have the resources to fundraise and organise a campaign to do so, which is a huge thing to take on.

The Crooked House also shows that without action to stop the deliberate and cynical overpricing of pub freeholds (as development opportunities) that ACVs are as good as worthless. The local community in Himley had begun the process of seeking to get an ACV on the pub, but to be able to purchase the pub, they would have had to pay the hugely overvalued price it was advertised for (as is common when pubs are sold). This would not only make it virtually impossible for the community to raise such a huge (and inflated) sum, but would also then make it difficult for them to invest in the pub (which would be needed, as it so often is with pubs bought from the regulated pubcos).

ACVs also have to be renewed every five years, which with pubs again is deeply unhelpful and plays into the hands of developers and unscrupulous or uncaring owners. Once a pub has been recognised as an Asset of community Value, it does not suddenly stop being a community asset five years later. This rule means communities have to go through the same process every five years (and to do so with every pub listed in their area) and Councils have to go through the bureaucratic process of going through the whole process again, an unnecessary task and cost for cash-strapped local authorities.

Finally, ACVs are also extremely weak, all the status actually does is give communities (and only communities) six months in which to try to raise the freehold value as a pub, which is not a realistic timescale for most communities to set up a Community Benefit Society, put together a campaign and raise the freehold costs. Even worse, it only creates a right to bid, not the right to buy, so even if when the community group raises the money, an owner can simply ignore it – and instead sell for more money or redevelop the pub, rendering all the hard work and fundraising of the community a complete and huge waste of time. We have examples of this we'd be happy to share. Far from empowering communities or saving pubs, the ACV system is frankly a weak, bureaucratic and confused mess.

ACVs are therefore not the solution nor any solution to the kind of cynical overpricing of pub freeholds (as development sites) and the kind of flagrant predatory purchasing we have seen in the case of the Crooked House. Nor, in truth, are they fit for purpose when it comes to protecting pubs. What is needed is a much simpler change to planning law, that does not impose a duty on communities nor a cost onto local authorities, of enabling any potential owner of a pub, as a pub, to buy the freehold at the price as a pub.

The role Marston's played in this case should also be highlighted in the Crooked House case. They put this pub on the market for £675,000 which as a pub of this size, is absurd, so they were basically selling the pub and site as a development opportunity, by pricing it well above its value as a pub. This may currently be legal, but in our view it is not ethical. They also then sold it to the landfill company next door, when it was clear what they wanted to do with the site, with the history of disputes with the pub over access, that Marston's would have been well aware of.

The Crooked House could have been a perfectly viable pub in other hands and not subject to the onerous tied terms, and it is highly likely at the actual price as a pub, that it would have been bought and this whole scandal would never have happened. Indeed, we know of a considerable number of former Marston's tenanted pubs, deemed 'unviable', that are now thriving under local freehold ownership (including one owned by our own Chair!). It can happen, but was never given a chance in this case. The Crooked House case therefore shows that change is urgently needed to stop the asset-stripping of pubs and the destruction of our unique pub culture and world famous pubs, and also to curb the self-serving and dangerous corporatism of the large pubcos that own so many of our nation's pubs.

As well as waking up to the need for urgently needed planning reform, it is also time to wake up to and stop being fooled that the giant pubcos and global brewers represent the interests of pubs and publicans. The Conservative Government under Margaret Thatcher rightly recognised that the dominance of the 'Big

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6' breweries was terrible for consumer choice and was preventing smaller breweries getting access to the pub market. Due to the way Conservative Ministers worked with the large pubcos and covertly watered down and neutered the Pubs Code and the Market Rent Only option, the situation is as bad as it was in the 1990s, with six large companies dominating the sector and controlling not only what beer is sold but also the price it is sold at. This is at the very least, clearly anti-competitive, yet this Conservative Government does nothing about it. One of these companies has its headquarters in the Cayman Islands, one is owned by Hong Kong's largest 'real estate' company, one is owned by an investment fund, two are foreign global brewers. When dealing with pub issues and consulting with regard to them, your Government always seems to listen only to the representatives of the trade/lobbying bodies of the large pubcos and giant breweries, the BBPA and UK Hospitality. Not surprisingly, neither group has condemned the actions of Marston's in selling this historic pub, for an inflated above pub-value cost, to the landfill company next door. These two trade bodies would, of course, oppose our proposed policy as they want their members to be allowed to continue to sell pubs for development when they wish to!

The reality, as campaigners and publicans know all too well, is that some of the large pubcos treat our pubs as monopoly pieces and once they can't overcharge tenants any longer, through the onerous terms of tied leases, they cash in by selling to a supermarket or developer. When pubs are sold off to developers and supermarkets, it is shareholders, foreign bondholders and offshore economies that benefit at the expense of local communities. It's a question here of whose side this Government is on.

The good news, when it comes to pubs and a more sustainable future, is that there are small pub companies, local breweries, sitting licensees, entrepreneurs and communities who are buying some pubs, saving them and making a success of them (where their future had been at risk due to the previous ownership/business model). With the change to planning law we are calling for, these groups would be able to buy pubs, in far greater numbers, to invest in them and offer what their local communities and customers want. Currently in many cases, they are being actively prevented from buying pubs they want to and have the money to, which is wrong and must be changed.

We note that you had your photo taken last week pulling a pint and talking about support for pubs. However, unless you and the Government take decisive action to prevent another Crooked House scandal (and the many cases of deliberate over-pricing of pubs and predatory purchasing) then many more of our nation's pubs will be converted to flats or supermarkets or bulldozed under your watch. The next General Election will be called next year and we therefore urge you to take action before then, to Give Pubs Protection. If you care about the future of pubs and the unique role they play in our culture, we believe you will do this.

The appalling case of the Crooked House must be the catalyst to stop any more such scandals where communities lose their pub due to the greed of owners and the weakness of the planning system. We urge you, as someone that has stated their support for pubs, to act and save Britain's iconic historic pubs.

Yours sincerely,



James Watson
Pubs Protection Adviser



Paul Crossman
Chair



Dawn Hopkins
Vice-Chair

cc Rt. Hon. Gavin Williamson MP, MP for South Staffordshire
Marco Longhi MP, MP for Dudley North
Councillor Roger Lees, Leader, South Staffordshire Council
The Lord Austin of Dudley

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