PLAXTOL PARISH COUNCIL

Business Case: Acquisition of Papermakers Arms, Plaxtol

Report prepared for: Full Council meeting, Monday 3rd August 2026

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1. Purpose

This paper sets out the business case for Plaxtol Parish Council (the 'Council') to acquire the freehold of Papermakers Arms, a currently non-trading public house listed as an Asset of Community Value (ACV) under the Localism Act 2011. It summarises the strategic rationale, financial implications, tax position, funding options and risks, and asks Council to consider a resolution to seek borrowing approval from the Secretary of State for Housing, Communities and Local Government for the acquisition of the Papermakers Arms.

2. Background

1. Property: The Papermakers Arms, The Street, Plaxtol, TN15 0QJ, comprising a detached building constructed in 1902, a car park with 20 spaces, a paved patio, a grass garden, outbuildings and two self-contained apartments both above the commercial premises, thereby qualifying the building as a Mixed-Use Property according to SDLT
2. Trading status: closed since Monday 8th June 2026; last operated by owner Graham Perrin, Independent Landlord
3. ACV listing: listed as an Asset of Community Value September 2016, September 2021; listing expires September 2026, renewal is underway. A first Right to Bid moratorium period of six months expired on 11 October 2024; a second moratorium period of 6 months expired on 28 May 2026.
4. Trigger event: the owner had been trying unsuccessfully to sell the pub for at least the past two years, initially listed in April 2024 for offers over £750k. The landlord accepted a purchase offer from the Council in March 2025, subsequently withdrawn as the vendor was seeking a company purchase. The landlord accepted a second offer in March 2026 for a non-company purchase.
   On 6th July 2026, whilst the purchase process was still ongoing, the landlord's Property Holding Company and the Operating Company were placed into Administration and the pub advertised for sale by the hospitality agent Fleurets on behalf of an Administrator (Opus Restructuring LLP) with an asking price of £495k excluding VAT.
5. The Council is collaborating with Plaxtol Community Asset Papermakers Arms Ltd (the 'CBS'), a Community Benefit Society created specifically for this venture (Society Number 9364 registered 2nd July 2024)

3. Strategic case

Why the Council and the CBS should acquire this asset:

1. The Papermakers Arms is the only remaining pub in the village of Plaxtol and is located centrally within the village.
2. The central location of the pub provides a core social hub, as well as a focus for parish events and celebrations. Its facilities are used by local groups and societies.
3. The pub provides local employment and supports the local economy.
4. It preserves local property values, which can drop if community amenities like a pub vanish.

5. Retention of the pub supports the Parish Plan objective of preserving a vital village asset at the heart of the community.
6. Prevents loss of the amenity to residential conversion.
7. Potential to generate income for the Council.

4. Options appraisal

Option	Summary
1. Do nothing	Building remains at risk of sale for alternative use.
2. Council acquires and lets to an operator	Council buys freehold and lets to a Community Benefit Society to run as a pub; Council receives rent.
3. Council acquires and operates directly	Council (or a trading subsidiary) runs the pub itself as a business.

Recommended option: Option 2 is preferred, as financial risk and responsibilities are split across the parties. The Council continues to focus mainly on council business, whilst the Community Benefit Society raises local investment and operates the pub on behalf of the Council. The Community Benefit Society can additionally choose to sub-lease the pub operation to an experienced Tenant, who can run the pub as their own business.

5. Financial case

5.1 Acquisition costs

Cost item	Estimate
Purchase asking price	£495,000
Stamp Duty Land Tax (commercial rates: 0% to £150k, 2% £150k–£250k, 5% above)	£14,250
VAT (if seller has opted to tax — to be confirmed by solicitor)	£99,000
Legal fees	£20,000
Survey / structural report	purchase price subject to survey – commissioned separately
Valuation fee	valuation report already acquired
Immediate repairs / dilapidations	£50,000
Total estimated acquisition cost	£678,250

Figures based on full asking price and subject to discussion and agreement of offer price

5.2 Ongoing costs and income (per annum)

Ongoing costs to be borne by tenant.

5.3 Funding sources

- Borrowing (Public Works Loan Board): £678,250 [see 5.1 above]
- Contribution from a community benefit society: Yr1 loan repayment costs; Yr2 early loan repayment sum plus loan repayment costs

6. Tax and legal considerations

1. SDLT: no exemption applies to parish councils; payable at standard non-residential rates on completion (within 14 days).

2. VAT: seller's option-to-tax position must be confirmed by solicitors before exchange — if VAT applies, it may not be recoverable unless the Council registers for VAT and the property is used to make taxable supplies (subject to Capital Goods Scheme rules given the likely value).
3. Community Right to Bid (Localism Act 2011): confirms the Council's standing to bid within the moratorium period; does not set or discount the price.
4. Planning: confirmed no permitted development rights have been used to convert use class; no restrictive covenants known.

7. Risks

Risk	Mitigation
Purchase price exceeds maximum 'viable' amount in Business Plan	Council does not offer – or withdraws offer if unexpected costs are identified after initial offer made and accepted
Purchase price exceeds valuation	Independent valuation has already supported Business Plan 'viable' value
Impact of geopolitics and or UK economy on Council's loan	Council has decided to borrow the acquisition cost from a Govt-managed PWLB arrangement on a fixed interest rate, under the Annuity Repayment model; this guarantees the repayment amounts do not vary, regardless of political and economic events
Possible VAT liability	Tax professional to advise position before exchange
VAT liability (once confirmed)	Business Plan assumes VAT liability; if there is no liability, this works financially in the Council's favour
Building condition / repair liability	Full structural survey to be commissioned pre-exchange; Council to decide impact to venture viability if any unexpected costs are identified
No viable operator found immediately post-purchase	Feasibility study conducted before exchange to assess impact; withdraw offer if Council decrees venture without a Tenant is non-viable
CBS does not pay the expected funds	Council to agree pre-exchange how to mitigate this scenario or outcome; venture continues or becomes non-viable minimum as modelled in an amended Business Plan
Breakdown in relationship between Council and CBS	The parties have agreed to a Terms of Reference that specifies the Roles & Responsibilities for each party, including continued membership on the CBS Management Committee by a Council Member
Ongoing cost burden	Business Plan and rent/income model agreed before purchase; Lease agreements structured to minimise risk
Council receives insufficient rent to service the PWLB loan – eg empty lease periods	Council and CBS should set-aside a regular fallback amount, to build up a contingency fund capable of meeting a certain number of interest payments. Council should also agree a plan of action if contingency fund runs out.
Building repairs	CBS will agree a Full Repairing and Insuring (FRI) lease with Tenant, which reduces this risk
Works outside Tenant's Full Repairing and Insuring (FRI) lease	CBS and Council to agree R&R for resolving issues outside FRI
PM Cannot compete with local established pubs	The Tenant will be bound by a Lease Agreement with regard to rental terms

8. Recommendation

It is recommended that Council resolve:

(i) to proceed with a purchase offer, subject to survey;

(ii) to acquire professional advice regarding VAT liability before exchange;

(iii) to seek borrowing approval from the Secretary of State for Housing, Communities and Local government.