Village meeting to discuss the Bayley Arms (Asset of Community Value) at the Village Memorial Hall Hurst Green, 7pm Monday 9th December 2024.

Chair: Margaret Carrington Parish Council Chair

Guest Speaker: Dave Hollings of the Dog Inn Belthorn

Clerk Julie Chang

* The Chair thanked everyone for attending and remarked on the good turnout (estimated 120 people)
* Summary of the situation, the pub hasn’t thrived for years, has had several tenants who the brewery have not been able to retain, and the building has become run down. Concerned that this was part of a plan to run the pub down and sell it to developers, the parish council successfully applied for it to be listed as an ‘asset of community value’ last year. This meant that if it ever came up for sale, the sale could be embargoed for six months to allow the community time to put a bid together for its purchase.
* The pub is now up for sale, and the purpose of the meeting is to share information, such that any interested parties can form a steering group to take this forward. RVBC needs to be notified by the 3rd of January by any community group wishing to be treated as a potential bidder.
* If a request is received by the council, there will be a moratorium on the sale of the Bayley Arms until 22.5.2025
* The Chair introduced the guest speaker Dave Hollings
* Dave described how the dog Inn at Belthorn has been run for the last 10 years as a community pub. He was where we are now in February 2015. They set up a steering group, got a plan together and in November 2015 re opened the pub under community ownership.
* There are 200 community owned pubs in the UK. The model works in different ways in all kinds of communities. There is lots of experience available to tap into for advice, somewhere there will be a community similar to ours.
* There are three models for running a community pub
  + The community runs it directly themselves
  + The community has a tenant and isn’t involved with the day to day running
  + A mix of the two

The Dog Inn has a bar, a café, functions rooms, and a shop. In addition, a restaurant run by a separate operator who pays a share of the utility bills of the pub. The committee is re-elected every year. They send out a newsletter every quarter to the 250 houses in their community. Commitment from the community varies, some volunteers just deliver newsletters on their road 4 times per year, others are helping out every day in the bar.

* Dave took questions from the audience
* **Q How did you raise the money?** They raised over £200k. £180k through community share issue, 150 people invested. Small grants from Plunkett foundation (£10k) National Lottery (£10k) Local charity (£10k) Lancashire Environment fund (£30k). Some have raised more, there are grants and people who can advise on those. A deprived area in Hull raised £500k. Grants are available but are unlikely to do the ‘heavy lifting’.
* **Q The B.A is up for sale for 600k. Some people could afford to buy it – what’s to stop them.** Because it is an asset of community value only a qualifying community group can make a bid during that period. Someone who isn’t a qualifying community group can’t do that. Beyond that there is nothing to stop someone coming and re-opening it as a pub, which might not be a bad outcome. But you are here because you are worried about losing the pub, that someone will buy it and convert it to houses. However, if as a result of the work you are doing someone sees that there is a community interested in keeping its pub, that makes it an attractive prospect to someone wanting to invest in a pub. He gave an example of where this happened at the New Inn in Lancaster
* **Q people are concerned about what happens to the land if it isn’t a pub. It wasn’t very welcoming over last 2 years, £6 per pint, too expensive.** These are all issues that need to be addressed. Dog Inn had follow up meetings with the community to find out what they wanted. They used the talent in the community to re design the pub, someone who did marketing did the branding. Now, because it is run by and staffed by local people it is very welcoming. Prices are cheaper £4 for best selling beer. Savings are made because of not having to pay brewery or buy tied products. Community Pubs can be cheaper to run.
* **Comment that rent on BA was £45k p/a** So takings would need to be £80-90k before making a penny to pay bills and staff. **Comment that a lot of investment was needed, and no guarantee that landowner will sell it.** There are no guarantees but if you do nothing you will probably lose the pub.
* **Q There are a number of financial models, please can you explain.**
  + Ownership model. The majority of community owned pubs are co-ops and community benefit societies, because most of the finance raised comes from the community from community share ownership. Doing this for a company is difficult because there are the financial services market act, and public offer of securities regulations which make it expensive, difficult and heavily regulated going forwards. But shares in co-ops and community benefit societies originated with the original working class ‘co-op’ model raised by people buying shares, so did not have a prospectus and less regulated and fits well in a community, but there are other Structures
* **Q How many people put money in to buy your pub.** About 150
* **Q What happens if they start falling out.** Some people have withdrawn their shares and left. Disagreements are usually dealt with at the AGM. People often just pop into the pub to mention things and resolve them informally.
* **Q So if 10 out 100 people wanted to leave, can the rest of the people buy their shares?** People leaving the village have sold their shares back to the business, but often new people coming into the village buy shares from the pub. Membership has stayed fairly constant over 9 years at 150 people, but not the same 150 people.
* **Q and they have all invested different amounts?** Minimum investment was £250, maximum £20,000. The average was about £1,000. Every member still only has 1 vote. For some people who £250 was too much so five lads put £50 each. Dave pointed out that the 5 of them would only share one vote (short story – they weren’t bothered) Most people put in between £250 and £1000
* **Q Does each share have an equal vote?** It’s a democracy, if you put in £250 you have the same vote as if you put in £20,000.
* **Q According to the BBC this week 700 pubs in the UK have gone out of business per month.** **How do you make a profit.** Two main ways. The first is that we don’t have a pub co to feed. If we had to pay out £35k p/a to Star Inns, or £40k we wouldn’t make a profit. Second, we are very close to our community, so we are very fleet of foot at changing and providing what our community wants. We respond to local needs, not regional directives. Most pubs that come to be community pubs are in the same situation as yours, where a pub has been closed because the brewery says it’s not viable. Of 200 community owned pubs 98% are still trading, even 2 of those that have failed are still running as a pub, because the community has sold it on to a private operator. So only 2 have fully closed.
* **Q If someone leaves, do you get an increased share value.** No
* **Q So if you take something on now that isn’t working, you put a lot of work in and when you leave you only get back the amount of money you put in?** Yes
* **Q Where does the profit go.** Usually, you have an asset lock clause, where all the profits go back to the community. Eg In Belthorn If people decided that they didn’t want a pub anymore and it was sold, all the shareholders would be repaid and any profit over would go to the village committee to fund raise for a village hall. One of the reasons for the asset lock, is that if people’s personal shares increase in value, they will be tempted to take them out and spend them, which would undermine the community pub and losing it.
* **Q Do you pay dividends then?** Yes, we pay interest on shares, we pay 3-4%, based on the money put in not the membership.
* **Q if the pub lost money in a year, where does the extra money come from, would people be asked to buy more shares, put more money in?** You could but that’s not what usually happens. Review of business plan. You would look at how you could turn it around, why are costs higher than income. Overstaffing is common, or not enough events to draw clients in.
* Also once you have been trading for a while, it is possible to get grants and loans for improvements (e.g solar panels)
* **Q How many volunteers do you have?** 40. Time commitment varies. Some people deliver leaflets, that’s all. But people on the committee may be doing something daily.
* **Q How does the shop do?** They regard more as a service to the community. Its open mon- fri daily, has 2 regular volunteers., but you can still pop in, out of hours one of the bar staff would go and get a pint of milk etc if needed. Turns over £4-500 per week.
* **Q Do volunteers get paid?** Not wages. Fre drinks now and again and a special night where the committee runs the bar for the volunteers. But most people do it because they want to help or gain friends. Between pub and restaurant have about 15 staff at any one time.
* **Q Does the restaurant help a lot in the running of the finances?** The rent is not that important but share in utilities was very worthwhile. There is a separate meter in the restaurant, so they know how much the restaurant uses and they pay that. But restaurant makes a big difference to turnover in the bar- it brings the custom in. (25-30%)
* **Q What competition have you got in Belthorn, we already have a pub, café club village hall.** There is no competition in Belthorn Village now. However, The Angler Rest at Bamford is in a similar situation to Hurst Green and Dave can put us in touch. There is no point duplicating – eg they didn’t want an Italian restaurant in the pub because they had one in the village.
* **Q What hours do you open?** We don’t open Mondays, Tuesday 12-7, Sunday 12-9 all other days 12-11 unless special event on.
* **Q Who is the licensee.** We have two people who are designated premises supervisors. One is the Manager, and one is a member of the committee. The Manager is the main DPS. If you had a tenant your tenant would be the DPS. But you do need a backup in case somebody leaves for whatever reason.
* **Q Why did you use a manager not a tenant?** A manager gives the community more say/control over what is done in the pub, because they can tell the (salaried) manager what to do. The tenant can decline.
* **Q Does it have to be a pub?** No. This model has been used for shops, distillery, baggage company.
* **Chair:** Regarding models of Community owned pubs Chair recommended CAMRA guide. There are
  + Community Benefit societies, the most common co0mmunity ownership model with around 90 currently operating. They are owned and controlled by a significant number of local people, typically around 200. Thes are governed democratically by 1 member 1 vote regardless of investment.
  + Co-operative societies. They are also governed democratically by 1 member 1 vote regardless of investment stake, the main difference is the profits can be distributed to members as a bonus or dividend.
  + Community Interest Companies this is a special type of limited company which exists to benefit the community rather than private shareholders. A business with social objectives where surpluses are re invested into the community rather than being driven by shareholder profit.
  + Public Limited Company. Around 30 pubs have gone down this route and are free of the restrictions that come with other models. The main reason for choosing this option was the purchase price being very high, with a major investor available who can provide a significant proportion of the money needed. Voting is based the number of shares owned by individual investors.
* **Q Are you aware of any tax advantages that might attract a significant investor.** It varies. There used to be ‘social investment tax relief’ but that has finished. There is an Enterprise Investment Scheme you may be eligible for but there are rules around risk: capital. The idea was to encourage investment in high-risk start-ups, but if the investment is covered by the value of the property, then this is low risk and may not apply.
* **Q Potentially £1m in investment is required and questioner didn’t see any incentive.** Currently that is the tax situation. However, outlays are uncertain- no work done yet re valuation of the premises and cost of refurbishment, and what needs to be done immediately or over time. Also, as a community interest, you can save money by using skills in the community for cost price, mates’ rates, loan of equipment etc. Owners often over value their pub so an independent valuation would be advised.
* **Q Have we discussed HMRC Enterprise Investment Scheme?** See above
* **Q Does the PLC model allow a sales moratorium under the Asset of Community Value Scheme?** No. But if you wanted to go down the PLC model, you could have everything lined up, although there is a risk some other community qualifying group would come in. There are other models, the community interest company, the problem with both the PLC and the CIC is that they are governed by more financial regulation, so PLC would go on stock market or alternative investment market, which is heavily regulated with a lot of reporting requirements. Neither will you get any grants.
* **Q Do you (DH) Work as a consultant?** Yes, but tonight he as attended as a committee member of The Dog Inn after being contacted by the clerk. He does also advise community owned pubs up and down the country, but he is not here pitching for work. There are people who can help and funding available if we decide to go down that route.
* **Q As a community asset, are the owners obliged to sell it at the best price they can get for it as a pub rather than as a potential investment for a residential building.** ACV is a right to bid not a right to buy, so there is a moratorium on the sale period for 6 months after it was put on the market, so from mid-November, when the only people who can bid are community qualifying groups. If you make a bid in that period, there is no duty on Star Inns to accept it. It gives you space to put a bid together. ACV has another use in defending change of use planning applications. Eg Duke of York Grindleton.
* The chair thanked people for attending. Encouraged people interested in taking this forward to mingle, have a chat, form a steering group and contact RVBC.
* Show of hands
  + People interested in forming a steering group – 6 (9 after the meeting)
  + Help with fundraising – 10
  + Volunteering 20
  + Buying a share – 40
  + Making a loan -0
* The chair thanked Dave Hollings and closed the meeting.