

The Forge Inn as a Community Asset



Agenda

- ▶ 1 Purpose of this evening
- ▶ 2 What is a Community Asset / Asset of Community Value (ACV)
- ▶ 3 Where we are today
- ▶ 4 What is Community Ownership
- ▶ 5 What is a Community Pub/Hub - Statistics
- ▶ 6 What support is available
- ▶ 7 Raising the Funds
- ▶ 8 What's Next

1 Purpose of this evening

- ▶ Initial Engagement with the Community
- ▶ Share information I have gathered to date
- ▶ Pre cursor to a Survey - soon to be issued
- ▶ Questions on the material presented this evening

2 What is a Community Asset

Northumberland County Council maintain a register of “Assets of Community Value (ACV)”

In order to be listed as an asset of community value, a building must be deemed to have community value, this can be;

- The building currently, or in the recent past, furthers the social wellbeing or social interests of the local community.
- The use of the building will continue to further the social wellbeing or interests of the local community
- Meeting the interests of the community must be the principle purpose

Implications of an ACV

Please note - the following 5 slides are based on the following government guidance :

According to Part 5 Chapter 3 of the Localism Act 2011,

When listed assets come up for sale or change of ownership, the Act then gives local community groups the time to develop a bid and raise the money to bid to buy the asset. These provisions are also known as the community right to bid.

Important to note -

The right to bid only applies when an asset's owner decides to dispose of it.

There is no compulsion on the owner to sell it, and when they sell the property they may sell to whomever they choose.



Department for
Communities and
Local Government

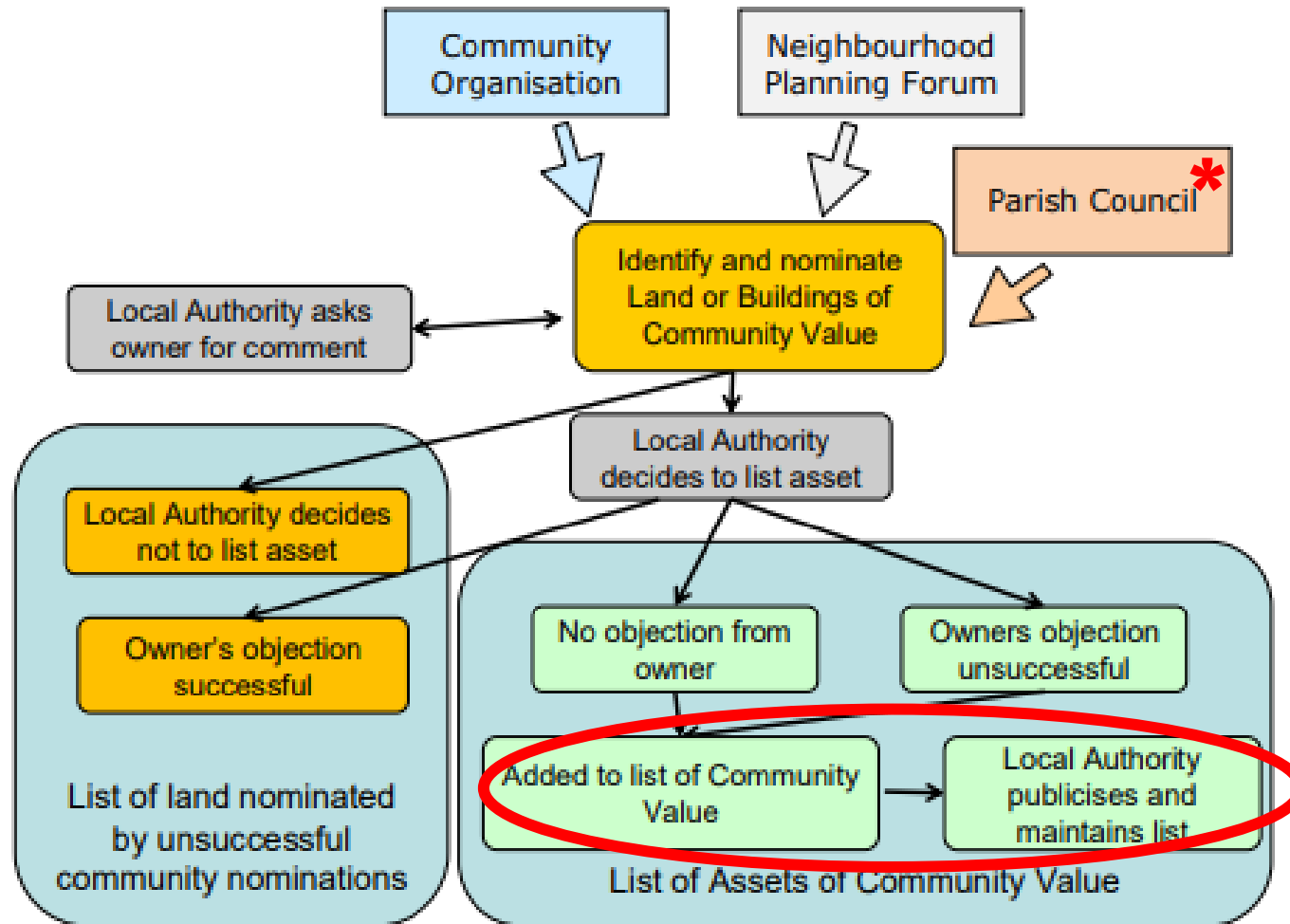
Community Right to Bid: Non-statutory
advice note for local authorities

Part 5 Chapter 3 of the Localism Act 2011 and the Assets of
Community Regulations 2012

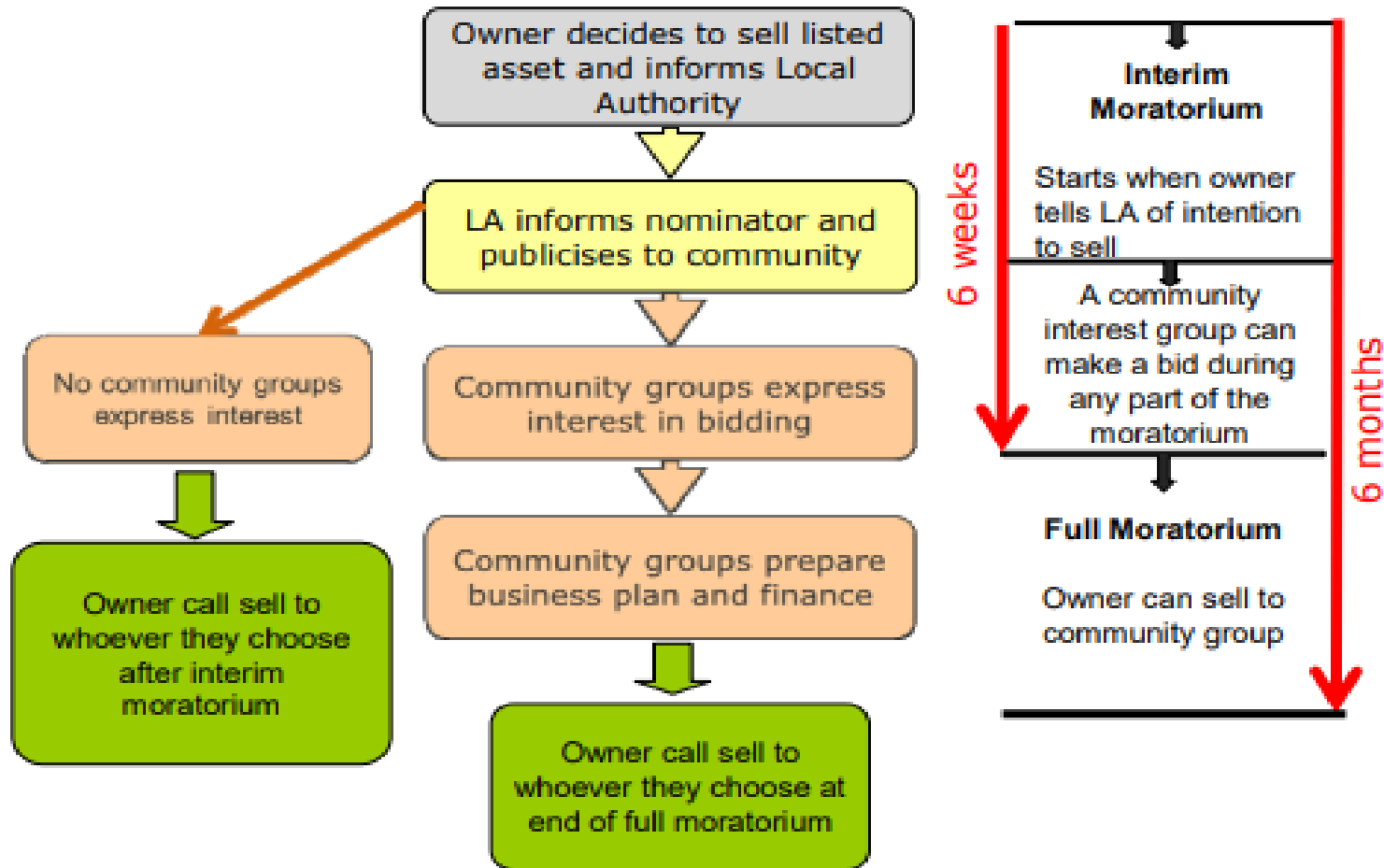
ACV Listing

- ▶ Once accepted onto the ACV List, the asset remains on the list for a period of 5 years
- ▶ Leading up to the expiry of the ACV, to remain on the ACV List, a further application must be made to the Local Authority within a specified period before the expiry date.
- ▶ The Parish Council applied to have the Forge Inn placed on the ACV list, and it was accepted November 2019.
- ▶ This listing will expire November 2024

3 Where we are today



Building is placed on the market for sale



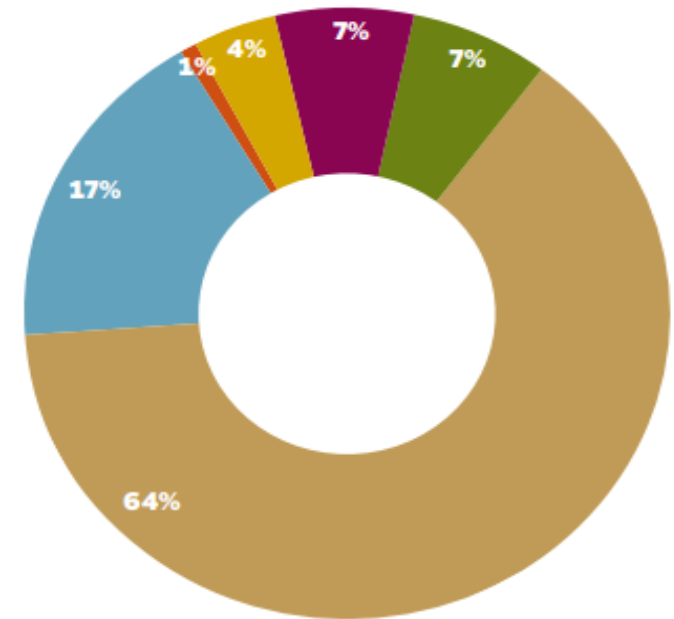
What the provisions do NOT do.

- ▶ The ACV does not restrict in any way who the owner of a listed asset can sell their property to, or at what price.
- ▶ It also does not confer a right of first refusal to community interest groups.
- ▶ The ACV does not place any restriction on what an owner can do with their property, once listed, so long as it remains in their ownership.
 - ▶ **Important to note** - Planning policy determines permitted uses for particular sites. The fact that the site is listed may affect planning decisions. However, it is open to the Local Planning Authority to decide whether listing as an asset of community value is a material consideration should an application for change of use be submitted.
 - ▶ In essence - An ACV does not prevent change of use, but provides weight to the argument against change of use.

4 What is Community Ownership

- ▶ Community ownership can be defined as
 - ▶ The ownership and management of a local community asset by a community organisation in order to deliver benefits for the community.
 - ▶ Requires a formal legal structure to be created, for example a Community Benefit Society (CBS), which is most popular.
 - ▶ A Community Benefit Society (CBS) is a type of legal organisation that is registered with the Financial Conduct Authority (FCA). It is a not-for-profit business model which makes it very attractive to funders who offer grants.
 - ▶ Formally incorporated with Companies House and requires three founder members to form a management committee

FIGURE 2.1
COMMUNITY PUBS: LEGAL STRUCTURES



Company limited by guarantee	6
Community Interest Society	10
Co-operative / Friendly Society	10
Community Benefit Society	91
Company limited by shares	25
Other	1

Source: Plunkett Foundation from 143 available records.

5 What is a Community Pub / Hub

- ▶ What it says on the Tin
 - ▶ A business owned and controlled by people from the community for community benefit.
- ▶ More than a Pub
 - ▶ Cafe / Cycle Cafe
 - ▶ Community garden
 - ▶ Shop for essentials and local produce
 - ▶ Parcel collection point
 - ▶ Electric Vehicle Charging Point (visitors)
 - ▶ Men Shed - Men Sheds Association (<https://menssheds.org.uk/>)
 - ▶ Potential for Holiday Accommodation
 - ▶ Computer access and support / free wifi
 - ▶ Affordable Meal Clubs
 - ▶ Book sharing
 - ▶ Warm space
 - ▶ Tourist Information

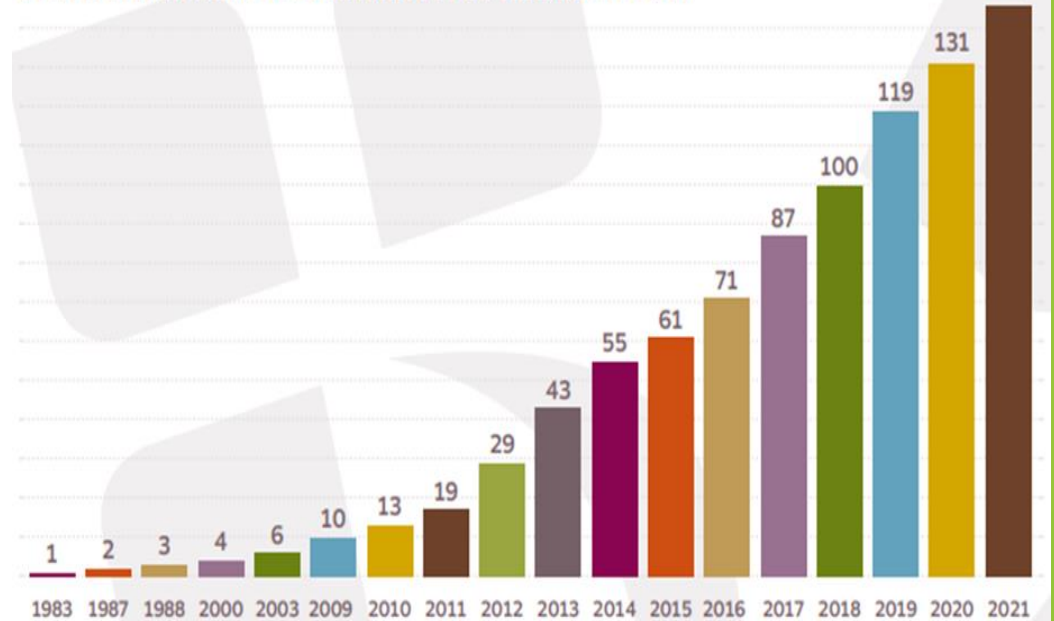
Community Pub/Hub Statistics

Graphs have been taken from the Plunkett Foundation report:

“Community Pubs - A Better Form of Business 2022”

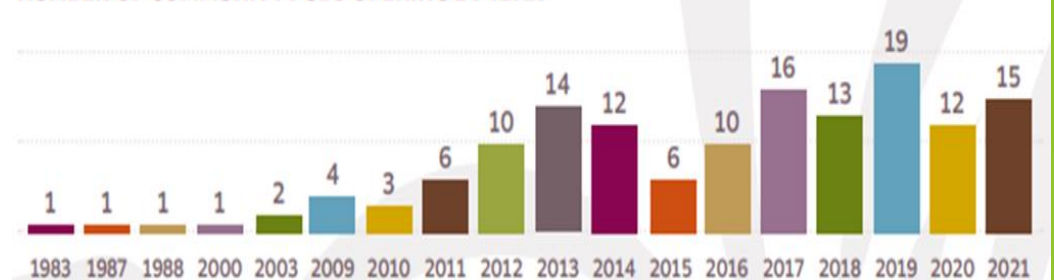
- ▶ The data is based on the number and status of pubs trading at the end of 2021.
- ▶ It is understood that the current number of Community Pubs is now around 160.
- ▶ Survival rate remains high at 99%

FIGURE 1.1
CUMULATIVE NUMBER OF COMMUNITY Pubs TRADING BY YEAR



Source: Plunkett Foundation Records. Excludes pubs known to have transferred out of community ownership and one closure in 2020.

FIGURE 1.2
NUMBER OF COMMUNITY Pubs OPENING BY YEAR



Source: Plunkett Foundation records.

Operating the Business

- Two routes to take to operate / manage the Asset



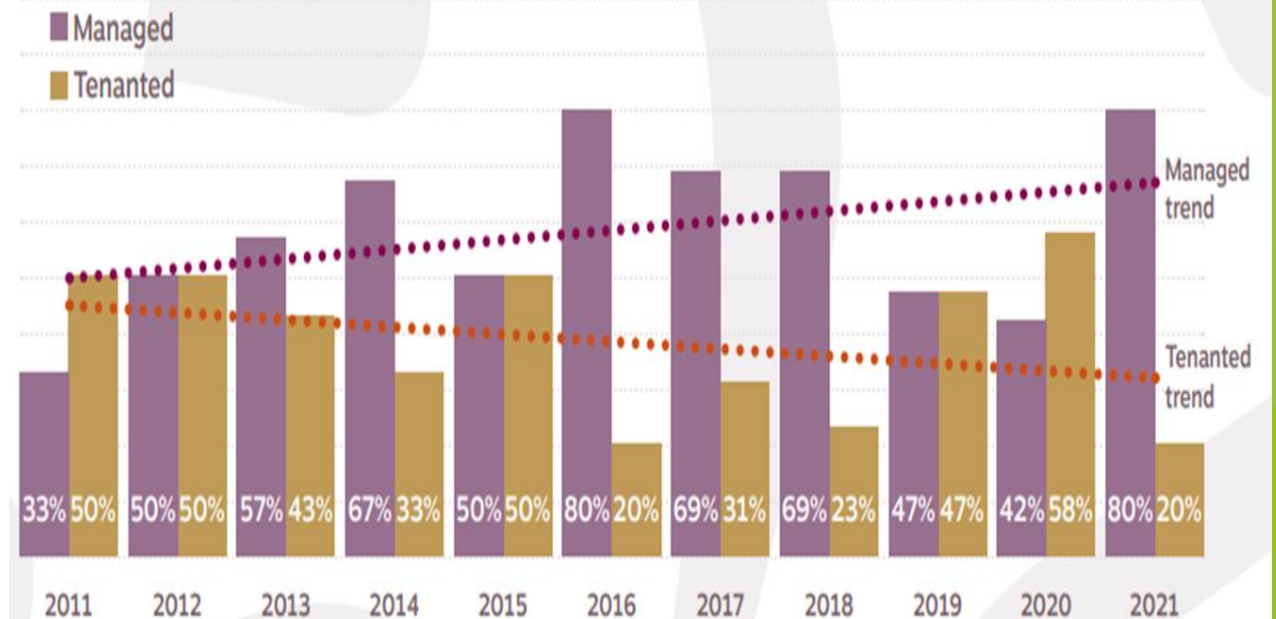
“Tenanted” model - the community leases the premises to a tenant and charges rent



“Managed” model - the community appoints a manager, directly employed and accountable to the board or management committee

FIGURE 2.3

COMMUNITY PUBS: TREND IN MANAGEMENT MODEL OVER TIME



Source: Plunkett Foundation records 2011-2021.

Tenant Model

- ▶ Lease for “n” years
- ▶ Lease detail ensures the requirements of the village are catered for
- ▶ Low initial/first year/second year rent to allow tenant to establish the business
- ▶ Rent increases to cover cost of interest payments to shareholders
- ▶ Tenant incentivised to succeed as all profits are theirs
- ▶ This is the only income to the Community
- ▶ Most hands off approach for the Community

Managed Model

- ▶ The Community/Board directly employs a Manager
- ▶ Manager operates the business with full and ongoing direction from the Board.
- ▶ Community has greater day to day control
- ▶ Much more hands on for the Board but also increased overhead and responsibilities
- ▶ All profits are retained by the Community for reinvestment in the community.

6 What Support is available

- ▶ The Plunkett Foundation is a charity with the purpose to assist rural communities in the United Kingdom to create and run community-owned businesses.
- ▶ They provide practical advice, support and training to help communities establish and run successful community businesses with long-term survival rates.

<https://plunkett.co.uk/>



7 Raising the Funds

- ▶ Need to establish a current valuation and therefore target amount to raise
- ▶ Typically funds are raised in a number of ways,
 - ▶ Community Shares
 - ▶ Donations
 - ▶ Fund raising events
 - ▶ Applying for Grants from various sources, for example:
 - ▶ Early Setup Grants available via the Plunkett Foundation
 - ▶ Government Community Ownership Fund (COF) currently upto £250K
 - ▶ Local Windfarm Grants
 - ▶ Local Authority Funding
 - ▶ Crowd Funding (cost implications)



Community Shares



- ▶ [Community Shares Video](#)

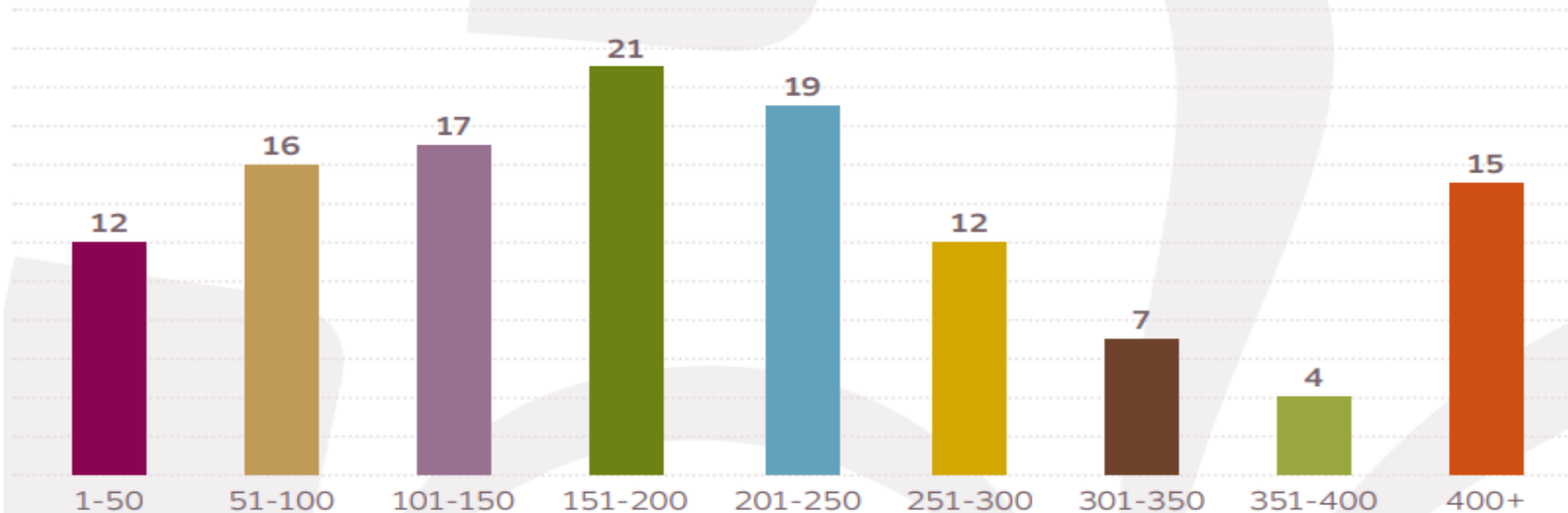
Community Shares

- ▶ Community shares are different from normal shares. Community shares aren't about making a profit, they're about investing in a community.
- ▶ A Community Benefit Society requires Model Rules which determine the share structure and rules, they are typically along the following lines:
 - ▶ One Member - One Vote (irrespective of number of shares held)
 - ▶ Single share type and value - e.g £250 per share
 - ▶ Minimum purchase - 1 share = £250
 - ▶ Maximum purchase - 100 shares = £25,000
 - ▶ Cannot withdraw for 3 years
 - ▶ Example interest rate from 3rd Year 3% (can vary but subject to FCA limits)

Community Pubs - Number of Shareholders

10% have under 50 shareholders
44% have 51 - 200 shareholders
46% have more than 200 shareholders

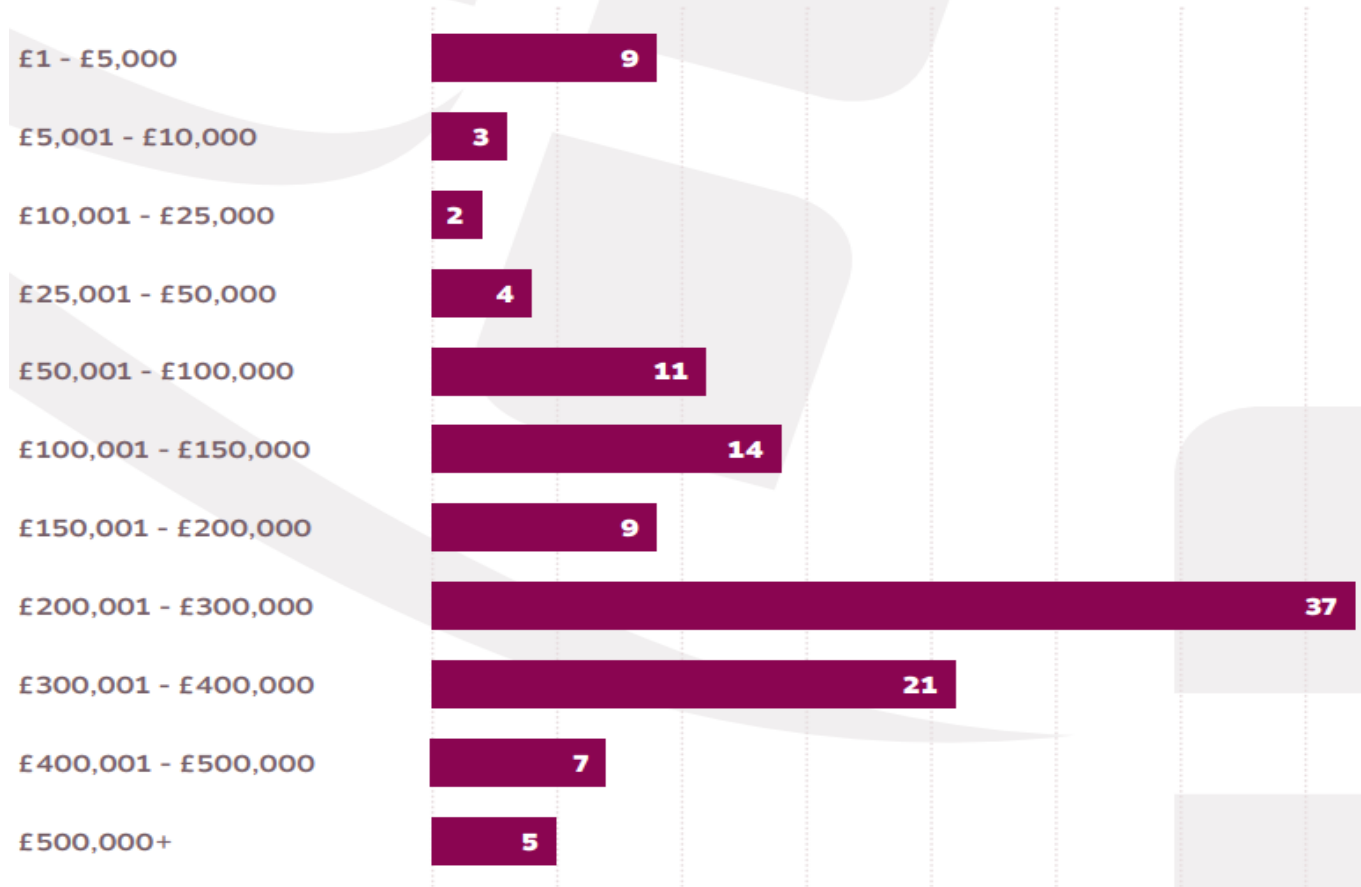
FIGURE 2.4
COMMUNITY PUBS: NUMBER OF SHAREHOLDERS



Source: 124 available records from FCA AR30 returns and Companies House data.

Community Pubs - Share Capital

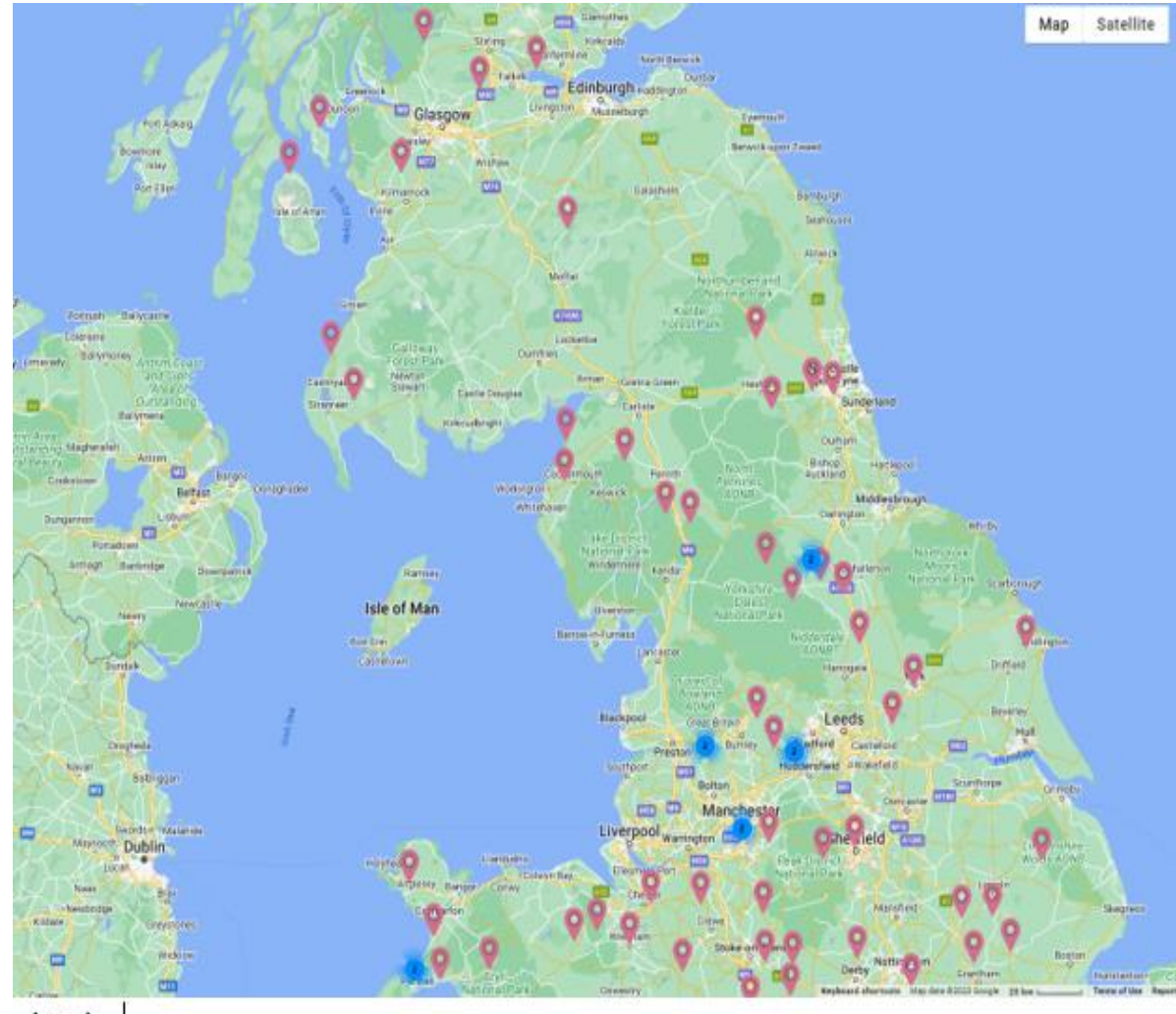
FIGURE 2.5
COMMUNITY PUBS: SHARE CAPITAL



Source: 122 available records from FCA AR30 returns and Companies House data.

Examples of Community Pubs

- ▶ Traveller Rest - Skeeby (near Richmond)
 - ▶ <https://www.thetravellersrestskeeby.co.uk/>
- ▶ The Gun at Ridsdale
 - ▶ <https://thegunatridsdale.co.uk/>
- ▶ Ye Old Cross - Ryton
 - ▶ <https://www.yeoldecrossryton.com/>
- ▶ Rose and Crown - Slayley
 - ▶ <https://roseandcrownsley.co.uk/>
- ▶ Mardale Inn - Bampton
 - ▶ <https://www.themardaleinn.com/>
- ▶ George and Dragon - Hudswell
 - ▶ <https://georgeanddragonhudswell.com/>
- ▶ The Fishers Arms - Horncliffe
 - ▶ <https://www.fishersarmshorncliffe.org/>



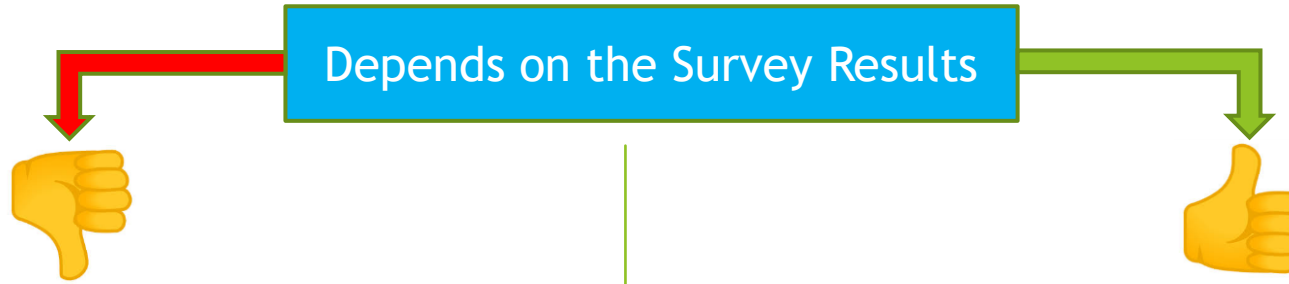
8 What's Next ?

► Survey


- Prepared and almost ready to go.
- Primary / First Question will be...
 - Do you believe Community Ownership of the Forge Inn is in the best interests of the village/community.
 - If the Answer is “No” then there will be no need to answer any further questions on the survey.
 - If the Answer is “Yes” further questions will explore what services and facilities are desirable.
- Hard copy Survey to be delivered to all households in Ulgham
 - One survey per household
 - QR Code to facilitate completion on-line if desired
 - Proposal is 3 weeks to complete and return
 - Publish results of the Survey
 - Ulgham newsletter summary results
 - Further presentation with detailed results



What about after the Survey ?



- ▶ No / little support for the ACV and Community Right to Bid
 - ▶ I will be proposing to the Parish Council the ACV is revoked
 - ▶ Without the weight of an ACV Change of Use is more likely to be approved.

- ▶ Solid Support for the ACV and Community Right to Bid
 - ▶ Form a Steering Group (3 members)
 - ▶ Valuation of the Asset / Target 
 - ▶ Formally Engage / Join Plunkett
 - ▶ Establish Community Benefit Society (CBS)
 - ▶ Apply for Early Stages financial support
 - ▶ Register with the FCA
 - ▶ Business Plan and Share prospectus
 - ▶ And that's just for starters !!!!!

Thankyou for Listening.



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