

Kington St Michael Community Pub Project – Briefing for APM

The Story So Far

- 23 Nov 2023 Parish Council re-nominates Jolly Huntsman as an Asset of Community Value (ACV since 2013)
- 14 Dec 2023 Notification of Jolly Huntsman being considered as an Asset of Community Value from Wiltshire Council
- 18 Jan 2024 Cllr Hall tasked with fact finding for Council
- 19 Jan 2024 Jolly Huntsman listed as an Asset of Community Value
- 30 Jan 2024 Briefing for Parish Council circulated
- 15 Feb 2024 Council considers briefing, decide to gather community views at next meeting and encourage group to come forward.
- 21 March 2024 Public meeting on Jolly Huntsman, positive views from community, core group formed of R Durno, L Durno, G Gamble, A Hall, N White.
- 2 April 2024 First meeting of core group, key tasks identified.

Asset of Community Value status allows the community to ask for a moratorium on the sale of the business in order to be able to organise and purchase it on behalf of the community. With respect to the Jolly Huntsman that moratorium has been granted and we are now in that period, which extends to 2 August 2024.

This moratorium in no way binds the community to buying the pub, nor does it bind the owners of the pub to sell it to the community. If an alternative, better, bid arises then the vendors are perfectly entitled to sell to that buyer, or to refuse an offer from the community.

In the Parish Council meeting of February 2024 the Council agreed that while it was an interested party, it did not want to run the business itself but would rather encourage a community group to come forward, which will be supported by the Parish Council to purchase the asset. This core group was formed at a public meeting on the 21st March where the proposal to purchase to the Jolly Huntsman and run it as a community pub was positively received by the public.

Financial viability

The accounts of the Jolly Huntsman show that in the two most recent years it has had a lower revenue. This is considered to be in part the shocks of the pandemic in 2020 and further decisions such as limiting opening hours, e.g. not opening on most lunchtimes or certain evenings. Figures are available for 2018, 2019, 2022 and 2023. The figures for 2020 and 2021 have not been supplied but given that was during the pandemic they are not likely to be particularly informative.

Turnover of the business is bar, food, and accommodation sales. These totalled £503K in 2018, £553K in 2019 but £307K in 2022 and £331K in 2023. Over the years for which we have information for 31% of turnover is bar sales, 38% is food sales and 28% is accommodation.

The accounts show a number of cost lines which identify where funds can be put towards financing the enterprise: normal trading profits, directors salaries, rent and depreciation. Directors salaries are funds paid to the owners, rent is a transfer payment from the Jolly Huntsman Limited to the owners for use of the buildings, and depreciation is an accounting cost alone. Together these make up £130,000 of the costs in 2019 and even £44,420 in 2023. These are the funding streams which could go to covering the financing costs of any public works loan taken out to fund the project. For illustrative purposes, £44,000 could finance a loan of £400,000 over 11 years via the public works loan. No impact on the precept is required. If you take the higher 2018 figures the same loan could be cleared in 4 years.

The Jolly Huntsman is a going concern, which generates surpluses. As a project this certainly seems financial viable at this stage.

FINANCING

The present valuation of the Jolly Huntsman is £650,000 and is a freehold. There are a number of options available to fund the purchase of the asset. This includes:

- The Community Opportunity Fund (COF)– which supplies grants of up to £2m, however discussion with the Plunkett Foundation has clarified that it is much easier to apply for a grant of £250,000 and a further revenue grant of £50,000. The latter can be used to cover set up costs and some refurbishment. The COF needs to be match funded.
- Selling Community Shares. A community benefit society (CBS) would be able to sell community shares to raise further funds. Under some quite strict conditions these are able to pay interest after three years (although generating profit cannot be a primary reason for getting involved). A minimum and maximum investment amount will be set.
- Public Works Loan (PWL). This could fund the remainder of the balance. Interest rates are presently between 4.7% and 5.4% depending on term.
- Coming online after 2025 is the Eden Renewables fund in respect of the Leigh Delamere solar farm, which is shared with other parish councils. While this has not been set up yet its worthwhile to have this in mind for the future.

To summarise the possible make up of finance is:

Source	Amount	Notes
Community Opportunity Fund	£250,000	Grant
Community Shares	?	To be investigated
Community Opportunity Fund Revenue Grant	£50,000	Grant, for immediate costs and refurbishment.
Public Works Loan	Upto £400,000	Loan
Eden Renewables Fund	?	Grant

Support Available for the Project

The primary organisation providing support for the project is the Plunkett Foundation, who provide help and guidance in setting up the CBS including assistance with the constitution, help with applying for COF grants and PWL. Additional support for PWL is from Wiltshire Association of Local Councils. In order to access COF funding it is important to note that the application should be more than just “the locals owning the pub”. The CBS would have to adhere to the principals of co-operatives and have wide local democratic support.

It should demonstrate wider community benefit and its worthwhile thinking about how the asset can leveraged to provide more benefit. Suggestions include providing warm spaces for those finding difficulty meeting their energy bills, use by and for community groups, and providing something for everybody. Some of the space could be converted for alternative uses. This needs to be thought about and seriously planned.

A community survey will need to be done in addition to recording the outcomes of meetings. This can also be used as the basis for a business plan in determining what the community want to get out of the project and detail the opportunities this provides.

Crucially, there would have to be support from the community to access grant funding, and there are quite a few roles to fill in setting up the CBS including chair, treasurer, secretary and committee members.

Looking Forward – Managing the Asset

The CBS would have a number of options in terms of how to manage the asset once it is the owner.

1. Full committee management via an elected committee from CBS members. This is similar to other bodies in the village.
2. Letting the property to a competent manager and charging a rent to cover the costs of any financing.

Advice from organisations such as The Pub is the Hub favours management as per the latter option. Day to day running is done by a tenant landlord who takes on the asset and runs it as a business. In this case the role of the CBS is managing and maintaining the asset, typically this is also includes bi-annual meetings between the CBS and manager to deal with suggestions, feedback, community involvement. Of course there is the possibility of discounts for community members, CBS members, volunteer staff and quite a lot of options on a spectrum from the two models of management.

Next Steps

The core group has arrived at the following recommendation for a constituted body:

- To avail of Plunkett membership and ask the council to fund in the interim
- To adopt the legal structure of a community benefit society, which should be called “Kington St Michael Community Pub”.
- To issue community shares with a minimum value of £50
- Shareholders to be a minimum age of 18
- A managing committee to consist of a maximum of 10 members
- To undertake a community survey as soon as practical and have it widely distributed.
- To ask the parish council to hold funds while the banking arrangements are set up
- To identify grant funding timetables
- To consult with the parish clerk on availing of Public Works Loans
- To make further enquiries of the books, to appoint a building surveyor, and to identify the full inventory of sale particulars
- To examine in further detail how the pub might be used for the benefit of the community.