

Maltsters Arms, Harbertonford, TQ9 7SZ

A short initial look at some of the possible options and considerations.

Contents

1	Background.....	1
2	Problems.....	1
3	Motivation for a Community Pub.....	2
4	Resolving the problems.....	3
5	Community Pubs.....	4
6	Legal considerations.....	5
7	Funding Sources.....	6
8	Possible Next Steps.....	7
	References.....	8

1 Background

The owners of the pub are Heavitree Brewery who acquired it in 2006. After Paul Lucas gave up the pub in 2015 it was put on the market by the owners Heavitree Brewery for approximately £180,000. It remained closed for about 12 months and then in 2016 John Webber negotiated a lease on the pub to run from 29 Apr 2006 for 15 years, and the pub was reopened.

According to Heavitree, John Webber sent the keys back in September 2018 and left without giving any notice to the owners. This was in breach of his leasehold contract which, under the Landlord and Tenant Act 1954, would have required at least 3 months notice. However, it is unlikely that the owners will take any action.

John struggled to make the pub work during the two and a half years he was there. It is important to try and understand why.

2 Problems

The failure of the pub is probably due to a combination factors. These appear to fall into two categories; the “physical” problems and the “operational” problems.

2.1 Physical Problems

Décor	<p>The pub is in need of renovation and a general upgrade. It looks very drab and uninviting and this will probably have put a lot of people off.</p> <p>The roof is apparently in need of repair.</p> <p>There has been a lack of investment by the owners and/or the leaseholder. John Webber took it on after it had been on the market for sometime. Having previously decided to sell the pub it would seem the owners were reluctant to invest in the business. The terms of the leasehold are unknown but the lack of investment left John with an almost impossible task. Ultimately, this may well have been the main reason for its closure.</p>
Size	It is a small pub. The current layout means the pub can only comfortably accommodate about 30 people.
Car Parking	This is a problem throughout the village but means the pub cannot capture passing trade.
Location	It is on a busy main road, which can make access difficult and not ‘family’ friendly.
Garden	It does not have direct access to a garden which, during the summer particularly, means it is not an attractive choice for many people when deciding where to spend some time.

2.2 Operational Problems

The following is based on conversations with only a very few residents.

3	Hot drinks	It was not possible to get a good cup of coffee/tea, which is an important source of revenue for many pubs, and makes a pub attractive to a different range of people.
	Wi-Fi	These days this is as important as beer if the pub is to attract younger people... and the not so young.
	Drinks Choice	The range of beers and wine was very small and the quality not as good as it could have been.
	Snacks	The pub did not provide sandwiches during the day, which would have been useful for some people.
	Food Choice	The pub provided pizzas and occasional curry-nights. Both were of reasonable quality. Had both these choices been available throughout the week it would have been a very useful service.
	Reliability	While the pub advertised that one could get a pizza to eat-in or take-away, this service was very unreliable. Often, having planned to use this service, it turned out that it wasn't available. People will simply not use a service if it is not reliable... it is a business killer.
	Business	<p>Apparently, the leasehold agreement required a monthly payment of £1600 per month. So, to just pay the rent the business needed to make a gross profit of about £500 per week which suggests a weekly turnover of about £1500. While this doesn't sound like much, it is likely that the pub struggled to achieve this. A possible illustration is:</p> <p>Free Tapas and Music to a venue of about 30 people would probably require a gross profit of about £100 to break even (cost of music, food, bar-staff), which would require a turnover of £300 assuming 33% profit. So each person would need to spend £10. This is very close to the maximum of what might be expected. These events are unlikely to have made any money and while they filled the pub up for an evening they unfortunately did not address the underlying problems of the business.</p> <p>These figures will not be accurate but hopefully serve to illustrate the problem.</p>

Motivation for a Community Pub

There is general recognition of the importance of a pub in a community. It is even recognised by central government which is why there is a Community Pubs Minister; Jake Berry MP.

3.1 Cost of losing the pub

The population of Harbertonford, taken from the electoral register (ie 18+ yrs), is about 520 people and 276 properties. The population overall is estimated to be about 600.

Research done by the estate agents Whitworths suggested a local pub added between 7 – 10% to the value of a property.

If the pub was allowed to remain closed and possibly sold for development as a private dwelling, then there exists the potential for a general loss of value of the 276 properties of 7-10%.

Given an average house price in the village (based on Zoopla) of over £250,000, then a 7% loss in value would represent an average loss to each household of greater than £17,500 and a total loss to the community of £4.8m. Clearly, one should be careful about attaching too much importance to the detail of a calculation like this, but it does give an indication of the order of magnitude of the value of a local pub, and the significance of its loss.

3.2 The need for a community pub

It would be very unusual for a village of the size of Harbertonford not to have a pub. Most villages have a pub because they provide an essential service to their community as a place to relax, meet neighbours and friends.

Most of the surrounding villages have a pub but they all are too far away to function as a community pub for Harbertonford. They are not within normal walking distance:

Church House Inn, Harberton	1.8m (3.0km)
Waterman's Arms, Tukenhay	1.9m (3.1km)
Maltsters Arms, Tuckenhay	2.0m (3.2km)
New Inn, Halwell	2.0m (3.2km)
Durant Arms, Ashprington	2.4m (3.8km)

Community Pubs are often used as small spaces for activities like:

- Somewhere for local artists to display their work.
- A place for District and County Councillors to hold surgeries
- Mini library and book exchange
- etc

3.3 Existence of a market

There used to be a wine bar in the village called Pounds. It was a great success and often full. Also, it appears that many friendships in the village trace their origins to Pounds. It closed only because the owner retired. This could indicate that there exists a real need and that there is every possibility that a well-run community pub could be viable and provide a valuable resource for the village.

A community pub needs to be attractive to everyone in the community. It needs to cater for those that like good wine, good beer and good cup of coffee. It should be an attractive venue and somewhere for all ages. It should serve the community and respond to its particular needs.

There are a number of holiday-lets and bed and breakfasts in the village. A pub within walking distance would benefit these businesses as well as providing revenue for the pub.

3.4 Village Hall

The Village Hall is a wonderful resource for the community but it is not a pub. Harbertonford is a sizeable village compared to the other villages in the area, many of which support both a pub and a village hall. Each has complementary roles to play.

3.5 History

There has been a pub in the village for as long as there are records, dating back to the late 18th century. A more recent map of the village dated 1887 shows there were three pubs; the Red Lion, the New Inn and the Maltsters Arms. It would be a great shame to allow this long tradition to die out and it would change the character of the village.

3.6 Viability

As private businesses, a lot of small village pubs struggle. The advantage of a community pub is that some of the capital costs are reduced through grants and favourable loan rates. Running costs can also be reduced through volunteer work and revenues increase by a sense of ownership by the community.

The consequence of the problems outlined in section 2 is that the pub was not viable. It is essential to be sure that the main problems can be addressed.

4 Resolving the problems

In section 2, some of the problems that have led to the current closure of the pub were listed. Below is an attempt to list how they might be resolved.

4.1 Physical Problems

Décor	The pub needs investment. Depending on how the projects is funded and whether control is through a leasehold or freehold, funds need to be set aside to address the issues.
Size	It is a small pub but it does not use the available space very well. Also, there is accommodation above the pub which could be used so that the facilities in the pub could be expanded.

	The property next to the Maltsters Arms on the corner is also owned by Heavitree. It is on the market for £200,000. If the two were combined then this would obviously increase the space available and allow easy access to the common area beside the river.
Car Parking	This is a problem throughout the village. However, as a Community Pub, its main purpose is to serve local residents and therefore car-parking need not be a central issue. There is a small car-park over the bridge from the pub. Could this be made bigger ?
Location	It is on a busy main road, which can make access difficult and potentially dangerous for children and those with mobility issues. This would need to be improved. One obvious improvement would be railings along the main road. Also, see Size above re property next to the pub.
Garden	It does not have direct access to a garden. It does have the village green which is only a few steps away. However, the pavement is right on the main road and is a real danger. Railings would mitigate this. Also, there exists a rumour that the owners of the old school house next to the pub offered the use of a small part of their garden, but this needs checking! Again... see Size above re property next to the pub. A more radical possibility, given that the roof is in need of repair, would be a roof garden.

4.2 Operational Problems

Hot drinks	Availability of drinks other than alcohol is now common place and would make a huge difference to the attractiveness, especially during the day. It is an easy addition to the services with little investment or expertise required.
Wi-Fi	Virtually no cost.
Drinks Choice	The range of beers and wine was very small and the quality not as good as it could have been.
Snacks	Sandwiches can be either made to order or bought in from a local supplier.
Food Choice	A continuous or regular range of food choice would make the pub an attractive option for people..
Reliability	The reliability and quality of service is key and is achievable with good management.
Business	The pub needs to be run as a business and supported by a realistic and robust business plan. It needs the support of the community but will only get this if some of the problems cited above are addressed as part of the business plan.

5 Community Pubs

The first co-operative pub opened in 1988 (Tafarn y Fic in Llithfaen, Gwynedd). By 2010 there were still only five community pubs in the UK. The Localism Act (2011) introduced the Assets of Community Value regulations (ACV) to enable communities to protect valued social assets.

The Plunkett Foundation, working with others in the industry, developed the co-operative pub model. Since then the number of community pubs has grown steadily.

CAMRA maintain a database of Community Pubs including a summary by type of ownership. According to this data, as of 3rd May 2018 there are 110 community owned pubs operating in England and Wales, of which 67 are societies for the benefit of the community (see ref 2).

5.1 Resilience

Although still a relatively young sector, to date there have been no community-owned pub closures in the UK, therefore maintaining a survival rate of 100%. This compares extremely positively with data for UK businesses which have an estimated 5 year survival rate of 41% (Office for National Statistics) and is one of the best business survival rates anywhere in the world.

5.2 Community Pubs in the South West

A number of community pubs have opened in the West Country in recent years including:

- The Tally Ho, Littlehempston, Totnes, Devon (recently community owners have leased – ref 10)
- The New Inn, Manaccan, Cornwall
- The Drovers Inn, Gussage All Saints, Dorset

All of are operating successfully.

5.3 Micro Pubs

A micropub according to the Micropub Association is defined as follows: "A micropub is a small freehouse which listens to its customers, mainly serves cask ales, promotes conversation, shuns all forms of electronic entertainment and dabbles in traditional pub snacks". It is a bit of a vague definition and is mentioned here just for completeness.

There are many so-called micro-breweries in the area. Many are happy to provide discounted supplies to community pubs as it fits with the ethos of these companies.

6 Legal considerations

6.1 Assets of Community Value

Chapter 3 of the Localism Act (2011) introduced a concept of Assets of Community Value (ACV) and this was then enhanced by the Assets of Community Value (England) Regulations 2012.

The overriding aim of these regulations is to protect local amenities and social spaces and to give local community groups a clear time period in which to bid for any such property, and to work up a formal offer with funding to purchase them before they are disposed of by their owner on the open market.

It is necessary for a community interest group to request that the Maltsters be added to the Council's list of Assets of Community Value.

This will then allow 6 weeks to make a written request to be treated as a potential bidder. If this is submitted then there then follows 6 months to formulate a bid.

6.2 Change of Use

Heavitree have previously tried to sell the Maltsters with little success. It is possible they may try and market it as a property suitable for development into a private dwelling. However, this would require an application to our LPA, South Hams District Council, for a change of use which could be challenged.

6.3 Legal Entity

A Community Pub would need to be owned (freehold or leasehold) by a legal entity. Below are some of the possible options. They are not all mutually exclusive. More details in ref 5.

1. A Community Interest Company (CIC)

A Community Interest Company (CIC) is designed for social enterprises that want to use their profits and assets for the public good. They are very similar to a normal limited company but have an additional legally binding Community Interest Statement.

2. Companies Limited by Guarantee

These are commonly used for community projects. They are much the same as a normal limited company except they do not issue shares or have shareholders and the company is controlled by its members. Also, liability is limited

according to a guarantee in its Articles of Association, unlike a normal company where liability is limited by the value of the shares issued.

3. Co-operative Societies and Community Benefit Societies

The Co-operative and Community Benefit Societies Act came into force from 1 August 2014 and replaced the 'Industrial and Provident Society' legal form with two new legal forms; Co-operative Society and Community Benefit Society.

A Co-operative Society is for the benefit of its members, a Community Benefit Society is for benefit of the community at large. When registering a Society needs to decide which model it will adopt as different rules apply. The 'Society' will probably be a limited company.

4. Public Works Loan Board

This option enables a parish council to access a loan to buy a pub and pay for any related improvements required at the time of purchase. The pub will then become an asset of the council and will be subject to the rules and conditions of ownership of that local authority. In most instances this process will follow after the community registers the pub as a 'community asset' under the 'Right to Buy' legislation. The business can be run by the parish council directly or rented/leased to an independent operator under a suitable contract.

5. Shared/Private Purchase as a Community Asset

This is where a small group of local residents purchase the pub often as a Private Limited Company and then engage with the community to make the business a community asset. They become the benevolent landlords for the community. Such a group may take advantage of Enterprise Investment Schemes which allow a group of investors (minimum of 4) to gain a significant tax advantages.

6.4 Personal Licence

The management of the pub needs to be someone or several people who have a Personal Licence. It is possible to obtain an exemption from this requirement for a community pub, but in general it seems to be easier just to have someone qualified. It should be noted that they do not need to be on the premises at all times.

6.5 Leasehold or Freehold

The current owners would probably like to sell the freehold. However, given the trading history, the condition of the pub and its location they will probably struggle to sell it as a pub. If a change of use is applied for this could be challenged and the also the pub could be registered as an ACV (see 6.1 and 6.2 above). It may be possible therefore to persuade the owners to grant a lease. This would significantly reduce the initial funding requirement. Any leasehold agreement would need to contain provision for the refurbishment of the pub.

7 Funding Sources

7.1 National Lottery

The Big Lottery Fund's Power to Change fund has a significant £150m to invest in community-led enterprises – such as shops, businesses and community assets. The £10m Community Enterprise Fund is currently open for applications.

7.2 South Hams Lottery

The SeaMoor Lotto provides a means of raising funds as a registered "good cause". The SeaMoor Lotto Community Fund is administered by the South Hams and West Devon District Councils.

7.3 Community Pub

The Community Pub Business Support Programme is a £3.62 million, two-year programme that will see a comprehensive package of business development support, advice and loan and grant funding being delivered to community groups in England to help them establish community-owned pubs that can clearly demonstrate how they will bring significant social, economic and environmental benefits to their communities.

7.4 Crowdfunding

Crowd-funding is a way of raising funds online through donations that may range in size. There are many platforms available for do this, one is Crowd Funder. They can host a Community Share offer and may also match the funds raised. The Swan in Grendon Underwood, Buckinghamshire is current using Crowd Funder (see ref 9)

7.5 Community Shares

A registered Community Benefit Society can raise funds by issuing shares. Interest can be paid on these shares but it must be the “the lowest rate sufficient to obtain the necessary funds from members who are committed to furthering the society’s objects”.

Community Shares Booster programme can provide matched funding for capital raised through community shares.

7.6 Fund Raising

The village used to have a very successful music festival; FordStock, with attendances of over 2000. Could this talent, experience and knowledge be revitalised to raise funds? Maybe Fordstock2 ...

8 Possible Next Steps

8.1 Assets of Community Value

SHDC need to be requested to list the Maltsters Arms as an ACV, and also if possible, the property next to it.

8.2 Pubic Meeting and Survey

It might be useful to distribute a leaflet that summarises the possibilities of a community pub and either to directly call a public meeting or to simply ask for some feedback about what people would want as a precursor to a public meeting.

8.3 Contact the Plunkett Foundation

These are the experts and they will come and discuss the options with the relevant community group and make recommendations. They can then help with the formulation of a business plan which would be necessary to secure funding any of the possible sources.

8.4 Contact Community Pubs

Make contact and possibly arrange a visit to a couple of local community pubs to meet and talk to the trustees.

- The Tally Ho, Littlehempston, Totnes, Devon (North of Totnes, 6 miles away)
- The New Inn, Manaccan, Cornwall (near Falmouth, 100 miles)
- The Drovers Inn, Gussage All Saints, Dorset (Near Bournemouth, 114 miles)

8.5 Informal Group

In the first instance, it may be an idea to have an informal group of three or four people to push things along until a clear strategy emerges. However, some form of authorisation from the Village Hall and/or Parish Council would be helpful when talking to organisations like the Plunkett Foundation.

References

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