

Community Owned Pubs – A CAMRA Guide

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Campaign
for
Real Ale

1. Introduction

In recent years, Britain's pubs have been closing at an alarming rate and the COVID-19 pandemic may well make matters even worse. Tragically, many of these pubs have been popular and valued community facilities in the past and could be so again in the right hands. It's unfortunate that many owners regard pubs primarily as property assets which are more valuable if their use can be changed to something else like a house or shop.

However, all across the country, communities are fighting back. Sometimes effective campaigning is sufficient to see off an unwanted planning application. In some cases, though, the best way forward for local people has been to buy the pub themselves. Over 150 pubs are now community-owned with many more in the pipeline.

Needless to say, as champions of Britain's pub-goers, CAMRA is hugely in favour of these developments and we are keen to help communities interested in going down this road – hence our guide. We are, though, far from being the only body which can assist and the guide also draws attention to the other sources of guidance and, in some cases, funding.

2. What is Community Ownership?

In simple terms, this means that the pub is both owned and controlled by a significant number of people from within the community. As a result, local folk have a real stake in the pub and the opportunity to have a say in how it is run. The pub can become a facility which truly reflects the wants and needs of the local area whilst still being a viable business – helped by the fact that people are often more inclined to use 'their' pub. There are several different models which can be used and we'll explore these later.

3. Why Consider Doing it?

The vast majority of British pubs are owned and run either by pub companies, breweries or free traders – and most achieve the right balance of service to their community and profit for the owner. Things can change though and often very quickly hence the all too common scenario of a much loved local being threatened with closure.

Fortunately, many communities will resist any such moves strongly. CAMRA is always keen to assist such campaigns and we have produced detailed guidance to assist campaigners – <https://camra.org.uk/pubs-andclubs/current-campaigns/save-your-local-pub/>. Where a campaign succeeds and the planning applications are refused then new commercial ownership is often an outcome – this can be successful but there's always the possibility that the circle will start again. Many communities have therefore decided that the best

way to secure the long-term future of the pub is to buy and control it themselves, at least in the short to medium term.

4. Assets of Community Value (ACV)

If you live in England, this is something to consider even if your local isn't currently under threat or up for sale. Getting the pub registered with the Council as an ACV means that if it is ever put up for sale, a community interest group will be given first refusal on its purchase. A six month moratorium period will kick in during which the group has exclusive negotiating rights. The owner is not obliged to agree and, at the end of the period, can sell to whoever they like – but the moratorium can give local people a real competitive advantage. Advice on applying for an ACV is at https://camra.org.uk/resource_type/acvs/.

In Scotland, there is a different scheme called Community Right to Buy. As with ACVs, the first step is for the community to register an interest in a particular facility, like a pub. Information about the application process, and the scheme generally, can be found at www.gov.scot/policies/landreform/community-right-to-buy. If the right to buy is activated, the government appoints an independent valuer to conduct a full market valuation. If the owner and the community group cannot agree a price between them then the price to be paid is the assessed market value. The owner can appeal the valuation, in which case it will be set by the Lands Tribunal.

There is no ACV scheme or equivalent in either Wales or Northern Ireland.

5. How to Get Started

Firstly, establish the basic facts. Who owns the pub, who is handling the sale, why has it 'failed' or why is the owner selling up, has it been a successful pub in the past, what is the likely purchase price?

Next, you'll need to assess levels of support within the community, perhaps by calling a community meeting, or circulating a questionnaire or just knocking on doors. (a suggested Community Questionnaire can be downloaded [here](#)) Assuming local people do want the pub to survive, try to find out what they'd like to see happen. Do they, for instance, just want a pub or might other services, like a shop or a post office or a cafe, be offered as well? What sort of pub would they like, particularly in terms of the balance between food and drink? Most importantly, would they support a community ownership bid and, if yes, would they be interested in investing?

Set up a steering group to drive the campaign. You're looking for people with a strong mix of commitment, skills and experience. Having people with a business background on board is invaluable, even better if they have

experience of the licensed trade. As a minimum you will need a leader/project manager, secretary and treasurer.

A feasibility study should then be carried out to ensure enough commitment exists in the community to make the project work. Things to consider include:

- the current state of the premises and the amount of work it might need (failing businesses have often been much neglected in investment terms);
- the estimated cost of the project and funding possibilities;
- the type and range of services to be provided from the pub;
- the most suitable legal structure for the business (see section 7);
- the issues around purchase of the property. Is it actually for sale? If not, might an offer be entertained? If it is for sale, is it freehold or leasehold?
- the planning position. Are the owners likely to seek change of use, if they haven't already done so? If yes, then a campaign against the granting of planning permission will be needed. It's always worth asking the Council's planning department how any change of use application to them is likely to be received. If the buy-out is successful, would any further planning consents be needed?
- shareholder issues e.g. what level of interest will be paid? What level of share refunds should be allowed for? What is the maximum number of shares that can be purchased?
- the operational model for the business. Would, for instance, the shareholders look to run the pub themselves or would an experienced tenant of manager be recruited to helm the operation?
- a business plan for the pub, pulling all the above together. It should also analyse cash flow and cover the first 12 months of ownership in detail and the next four years in outline. Advice can be sought from various relevant industry bodies – see later.
- perhaps most importantly, how to raise the funds!

A great source of advice and guidance is groups who have successfully pursued a community purchase. Invariably they are only too happy to share their experiences, point out potential problems and pitfalls and highlight ways forward that worked for them. For obvious reasons, a project relatively close by should be your first port of call. Our list of known community owned pubs is [here](#).

6. Fundraising

Raising the finance is the most daunting of the many tasks facing a community buy-out group. Several sources of grants and loan finance can be explored (see below) but before starting any funding programme, you need to think carefully about the risks involved and be up front with potential investors. Your community consultations should have given you a good idea of the likely

Community Owned Pubs – A CAMRA Guide

levels of support, always bearing in mind that what people say and what they do can differ.

You should then put together a prospectus – this is an agglomeration of all decisions taken so far and tells prospective shareholders and /or community society members exactly what is planned around running the pub and what benefits, financial and otherwise, will be offered to investors.

Obviously, you will need a bank account and setting one up can take a number of weeks. Once the share scheme is launched you'll need systems in place to bank the funds, record the membership of each shareholder and issue share certificates.

You'll probably need some 'seed corn' money to get things going and traditional methods like coffee mornings, bring-and-buy sales and local sporting events can be used – plus they're a good way of raising awareness of the campaign and hooking people in.

Grant sources worth exploring include:

- Plunkett Foundation – www.plunkett.co.uk
- More Than a Pub – www.plunkett.co.uk/more-than-a-pub
- Community Shares – <http://communityshares.org.uk>
- Locality Grants – <https://locality.org.uk/services-tools/funding/>
- Architectural Heritage Funds (for pubs in buildings of historical value) – www.ahfund.org.uk
- Big Lottery Fund – <https://www.tnlcommunityfund.org.uk/>
- Scottish Land Fund (obviously Scotland only) – www.tnlcommunityfund.org.uk/funding/programmes/scottish-land-fund
- Esmee Fairbairn Foundation - <https://esmeefairbairn.org.uk/>

Sources of loan finance include:

- Co-operative loans – www.co-operativebank.co.uk/loans
- Local Investment Fund (varies by local area)
- Charity Bank – <https://charitybank.org>

Tax benefit schemes like the HMRC Enterprise Investment Scheme should also be explored. These were introduced in 1994 to encourage equity investment in small enterprises. The Government-sponsored scheme primarily provides generous tax reliefs for investors who make equity investments in small companies such as pubs. It is mostly used by communities who need money fast for a quick purchase. A minimum of four investors are needed to buy the pub, after which, in some cases, investors have decreased their shareholding by selling shares to other local people.

More at

<http://communityshares.org.uk/resources/handbook/enterpriseinvestment-scheme>

Public Works Loan Board

This option is available only to Parish Councils, allowing them to access a loan to buy a pub and make any necessary improvements. The pub then enters Council ownership and will be governed by them. There are currently eight Parish Council owned pubs in the country.

More at: <https://www.dmo.gov.uk/responsibilities/local-authoritylending/parish-councils-and-drainage-boards/>

7. Formalising your Status

If, by this stage, it's clear from levels of support and funding that a community ownership scheme is a realistic and achievable proposition, you should now formalise the status of the organisation. This is especially important if the pub is ACV-listed. Should the pub be put up for sale, the process described in section 4 comes into play. However, any community interest group that wants to express an interest must have one or more of the following structures:

- a charity
- a community interest company
- a company limited by guarantee that is non-profit making
- a community benefit society

Setting up any of these structures takes time and, as you never know when an ACV-listed pub might be put on the market, you need to be prepared in advance. The next section looks at models you might want to consider.

8. Community Ownership Models Suitable for Pubs

Your group could choose from a number of community ownership models. Your choice will depend on the needs of your community, the size of your group and what kind of business you actually want to run. General information to help you choose can be found at

<https://www.resourcecentre.org.uk/information/legal-structures-for-communityand-voluntary-groups>

A) Not for Profit Models

The first two models came into existence under the Co-operative and Community Benefit Societies Act 2014, replacing Industrial & Provident Societies, which are now known as 'Registered Societies'. The main

Community Owned Pubs – A CAMRA Guide

difference between them is that Community Benefit Societies serve the broader interests of the local community as a whole whereas Co-operative Societies primarily serve the interests of their members. However, given that pubs are open to everyone, the end result is pretty much the same.

Community Benefit Societies (CBS) This is the most common community pub ownership model with around 90 currently operating. They are owned and controlled by a significant number of local people – typically around 200. Pubs saved in this way are governed democratically on a one member, one vote basis, regardless of their investment stake. The usual starting point is a community share issue with amounts decided by the committee – typically shares cost between £1 and £500 and minimum share holdings range from £30 to £1500. Interest can be paid, subject to a maximum. Grant funding and loans are often sought, and fundraising and donations can also be important.

More info at

<https://communityshares.org.uk/resources/handbook/communitybenefit-societies>

Co-operative Societies Pubs saved in this way are also governed democratically on a one member, one vote basis, regardless of their investment stake. The main difference from a CBS is that profits can be distributed to members as a bonus or dividend. There is a maximum limit of £100,000 on individual shareholdings of withdrawable share capital.

More info at <https://communityshares.org.uk/resources/handbook/bona-fideco-operative-societies>

Community Interest Companies A CIC is a special type of limited company which exists to benefit the community rather than private shareholders. It is a business with social objectives whose surpluses are reinvested into the community, rather than being driven by shareholder profit. They are particularly suitable for those who wish to work within the relative freedom of the familiar limited company framework without either the profit motive or charity status. They are more flexible than some other legal forms and offer a variety of capital structures to meet the needs of members and the organisation. The company can be one limited by guarantee i.e. not usually having share capital or shareholders, but instead having members who act as guarantors. This is a good way of protecting the people running the company from personal liability for the company's debts. Around 20 community owned pubs have adopted this model. Note that registering a CIC can take up to six weeks.

B) Public Limited Companies

Around 30 community-owned pubs have gone down this route and are thereby free of the restrictions that come with the other models. In most cases, the main reason for choosing this option was the purchase price being

very high and therefore out of the reach of the vast majority of investors – but there was a major investor available who could provide a significant proportion of the money needed. Voting will be based on the amount of shares owned by the individual investors.

9. Resources and Contacts

Plunkett Foundation Plunkett have inspired and helped many groups to set up co-operatively based community ownership projects. They represent and support a network of over 500 rural community co-operatives.

Plunkett are also leading on **More than a Pub: the Community Pub Business Support Programme**, a two-year project established in 2016 to support community pub ownership and initially funded to the tune of £3.85m. The programme has twice been extended, most recently in August 2020. 58 pubs have so far (October 2020) been supported into community control. Money can be available to fund pre-feasibility costs (up to £2500) as well as loans/grants for actual purchases. More at www.plunkett.co.uk/more-than-apub

Community Shares Handbook

http://communityshares.org.uk/sites/default/files/the_community_shares_handbook.pdf

Step by Step Guide to Community Shares

<http://communityshares.org.uk/user/login?destination=node/add/phase1>

Pub is the Hub

<https://www.pubisthehub.org.uk>

10. Case Studies

Anglers Rest, Bamford – www.anglers.rest

In 2013 this became the first community-owned pub in Derbyshire and is now run for the benefit of the community. As well as the pub, the building houses a cafe and the village post office. Rave reviews on TripAdvisor tell you all you need to know about how well it is doing. The pub had been shut by Admiral Taverns in early 2012 after a succession of unsuccessful tenancies. Several local people came together as a community benefit society (Bamford Community Society – BCS) and got the pub registered as an ACV. BCS raised funds so that as and when the pub came on the market they could use the ACV process to bid for it. There was a hiccup when Admiral sold the pub as a going concern to a third party. Although that person claimed to be committed to keeping the venue running, BCS protested so strongly that Admiral rescinded their decision and sold it to BCS after all.

Bevy, Brighton – www.thebevy.co.uk

Community Owned Pubs – A CAMRA Guide

This was the first community-owned estate pub in the UK. As the Bevendean, it had closed in 2010 despite being the only pub on a large Brighton housing estate (which was lodged in the bottom 5% of the country's deprived areas). Local people were determined not to let it die and for several years raised funds, applied for grants and sold community shares to 700 local people. Having raised £200k and with most of the rebuilding and redecorating carried out by volunteers the pub re-opened in 2014.

The Bevy prides itself on being a community hub where everyone is welcome. Over 70 different groups use the pub, including a tenants' association, Scout groups, choirs and a disability service. A wheelchair-accessible bus picks people up for events. A training kitchen has been built and a £3.50 community meal is offered at lunchtimes. Lots more on their website.

Bell Inn, Bath – www.thebellinnbath.co.uk

Unlike many community-owned pubs, the Bell had always been a flourishing and profitable enterprise. The community purchase was driven by the departure of a popular and respected owner and a desire to keep it operating in accordance with its previous dedication to live music, quality artisan produce, real ale & cider, ecology and fair trade – to which is now added the personal, political and economic principles of co-operation.

Since 2013 it has been owned by 518 of its customers and fans. At the time, it was the largest pub buyout project in the country.

Antwerp Arms, Tottenham – www.antwerparms.co.uk

Enterprise Inns put this much-loved local up for sale in June 2013. They were looking to sell to the highest bidder, almost certainly for conversion to housing.

A public meeting was called to try and buy the pub and an ACV was secured. In October 2013 it was bought by a developer and put back on the market. The Antwerp Arms Association was formed to submit an expression of interest and fundraising began. 360 local people bought shares, raising £150k and a capital grant of £285k was obtained from the Social Investment Bank. In November 2014, AAA's offer was accepted and the purchase completed in March 2015.

The pub is now thriving and can expect to do so even more when Tottenham Hotspur move to their new ground nearby.

Ivy House, Nunhead – www.ivyhouseunhead.com

This was the first pub to be bought using the Community Right to Bid provisions of the Localism Act. The pub was closed by Enterprise in April 2012 and sold to a property developer who planned residential conversion. Local people formed a steering group and got the pub ACV listed. They then

succeeded in raising £1m through a mixture of loan and grant finance. The Architectural Heritage Fund lent £550k (the pub is a listed building) and a £450k grant was secured from the Social Investment Bank. Negotiations with the owner resulted in a purchase price of £810k with the sale completed in March 2013. Since then a full refurbishment has been carried out and the reopened Ivy House is now a successful and vibrant community pub.

George & Dragon, Hudswell – www.georgeanddragonhudswell.co.uk

The first community-owned pub in North Yorkshire was officially opened by local MP William Hague in June 2010. The pub closed in 2008, so a group of villagers founded the Hudswell Community Pub Initiative to raise funds to buy it back through a variety of grants and award schemes. The reopened pub is now busier, friendlier and more profitable than ever before. It has also brought the community closer together and several social groups regularly use the pub. It was crowned CAMRA's 2016 Pub of the Year, the first community owned pub to take the top prize.

Fox Inn, Garboldisham, Norfolk – www.garboldishamfox.co.uk

After the pub closed in 2007, villagers formed the Fox Committee, initially to fight off planning applications for conversion to residential use. It was listed as an Asset of Community Value in 2014. Early in 2016, the owners put the building up for sale, triggering a 6-month moratorium during which the community could bid to buy it. £180k was needed for the freehold purchase so a Community Interest Company was formed. £85k was raised in the community with the rest coming from loans. The estimated total cost of buying and refurbishing the building was £500k. A micropub was opened by the end of the year in part of the building, followed by a cafe in July 2018. These have generated funds to enable renovation work to continue on the rest of the building.