

## FAQs

### **Q. Why do you think the new pub will be successful when the old Crown wasn't?**

A. Operating the Crown as a co-operative pub will mean it won't be held back by the restrictions and high costs imposed by a brewery. The tenant will have flexibility to negotiate better terms and prices from the most competitive suppliers. They will also be able to purchase from local and independent suppliers, enabling them to offer a point of difference from other pubs.

Having received share capital together with grants and donations, there will be a lower debt to service, allowing the co-operative to set a more reasonable rent that will incentivise the tenant. The Crown will be more than just a pub e.g. a café and eventually a shop will add business and the community will have a vested interest in making it a success.

### **Q. I just heard the Sweet Olive has closed – does that improve or reduce our chances to make the Crown work?**

A. It's too early to say what will happen next with the Sweet Olive. The SO is owned by one of the largest pub companies in the UK so we assume they bought it as a good business prospect and will look for new tenants. As we have said, the pub market in the area is under-served so there is definitely a place for the Crown. We would of course value support from villagers in the Astons!

### **Q. Isn't it better/ lower risk to the community if a restaurant/pub owner just buys it outright?**

A. This would be completely 'pot-luck' and the community would have no say in what was established or facilities offered. Also, this hasn't happened to date and we don't know of any interested parties at the moment. Plunkett Foundation statistics show that the number of co-operative pubs have grown steadily year by year since 2004 with a 100% success rate.

### **Q. What happens if Worthmore Investments (the owners of the Crown property) don't accept a market value offer from the community?**

A. They are unlikely to get more than market value from anyone else. If the community makes an offer, that further proves the 'asset of community value' status of the Crown i.e. Worthmore still has no prospect of developing the site. So, we think and hope they will accept an offer from us but if they don't we cannot force them to.

**Q. What is an Asset of Community Value?**

A. An asset of community value (ACV) is land or property of importance to a local community which is subject to additional protection from development under the Localism Act 2011. The owner of an ACV (in this case Worthmore Investments Ltd.) must inform the local authority if they wish to sell the asset. If a group wants to buy the asset, they can trigger a moratorium for six months, to give them a chance to raise the money to purchase the asset. See below

**Q. What is the market value of the Crown as it is?**

A. We don't want to disclose our potential offer price for obvious reasons but we can say that for purchase, renovation and the provision of operating capital we need around £500k, hence our target to at least reach this figure.

**Q. What if the costs exceed this or you decide you want to add new facilities?**

A. We will need to borrow more and/or apply for more grants (e.g. for adding more facilities). Obviously the more loan interest we have to pay the more income we need so a healthy Community Shareholding is vital. It will be a balance whether we can accept the cost to introduce attractive, money-making facilities from the start or recognize that those facilities may need to come later.

**Q. So which facilities will come first?**

A. The business plan and the skills/plans of the chosen tenant will determine this, but obviously a pub with some sort of café facility can come first.

**Q. What if we can't find a suitable tenant?**

A. We have already had several prospective tenants express their interest in running the Crown. A co-operative model is more appealing to a prospective tenant due to having a lower rent and more independent purchasing power. In the unlikely event that we do not find a suitable tenant, we will need to consider another model e.g. employing a pub manager

**Q. What if the tenant moves on early or goes bust?**

A. We will need to find another one! However this situation is hopefully unlikely as the CBS will carefully vet prospective tenants for long term prospects and would be flexible regarding terms for the right person. Our business case will 'assume the worst' i.e. that we may need to find a new tenant within the first 5 years.

**Q. What is the Plunkett Foundation?**

A. Plunkett have been helping rural community projects since 1919 and being a member of their Community Cooperative Network gives us information, advice and access to possible grants and loans. They also provide the framework and model rules.

**Q. Why did you choose the Community Benefit Society model (or Industrial and Provident Society for the Benefit of the Community)?**

A. Plunkett recommend CBS registration because:

It's democratic (each shareholder [member] has an equal vote), members are not individually liable, profits are ploughed back into the community project, avoids expensive restrictions to making public share offers (exempt from Financial Services and Market Act). A CBS can have employees and/or volunteers.

**Q. Why don't the profits go back to the shareholders?**

A. A CBS exists in order to carry on business for the benefit of the community. The Society is committed to trading for the benefit of the community, and not for anyone's private benefit, thus retaining profits and applying profit to advance the Society's Purpose – the 'Asset lock'. Although the share value will not rise, the intention is that shareholders get paid a modest interest, decided by the Management Committee and within CBS guidelines.

**Q. Will I get tax relief on my shares (e.g. Social Investment Tax Relief)?**

A. No, we have investigated this and HMRC advise us that the tenancy model that we will follow to run the Crown means that tax relief is not available to investors.

**Q. Is there a risk of losing any money I invest?**

A. Yes, we must say

1. You may lose some or all of the money you invest
2. There is no regulation to protect you
3. There is no right of recourse

However, as stated in the presentation, a large part of the funding we raise will go into the purchase of a building. So, even if the project fails, there will be a saleable asset to allow a reasonable re-imburement to lenders and shareholders.

If the project is abandoned after the share issue but before purchase of the building, the share monies will be returned in full.

**Other Questions regarding the rules, rights and risks for shareholders (members) will be answered in the Share Offer.**

**Q. Why aren't you telling us about what grants and loans you expect to get?**

A. There's a 'chicken and egg' issue – grants tend to depend on there being community funding. We cannot complete our business plan (or judge whether the project can go ahead at all) until we know the financial support from the community.

**Q. Have you sorted out any grants or loans so far?**

A. Yes, we have obtained small grants e.g. from SODC and Plunkett, for our feasibility work and preparation. We have identified and made contact with other granting/loaning agencies for the larger grants that we will need.

**Q. Who will prepare the share offer/business case? Aren't you just a bunch of amateurs??**

A. We have been given the business plans of other successful community pubs which will guide us, so there is a wealth of accumulated knowledge. We will ensure that our business case and share offer will be checked by people with professional knowledge – please let us know if you would like to help us with this!

**Q. Why the big rush anyway?**

A. After 6<sup>th</sup> April Worthmore can offer the Crown on the open market so we would then be competing with whoever...

**Q. What happens next?**

A. Those who have expressed an interest in buying shares will be contacted by email with details of the share offer around end-Feb , the share offer will be open at the beginning of March, closing before end-March (funds must be submitted by the closing date) to give the CBS time to assemble funds and place an offer with Worthmore.

**Q. What is your criterion of success or failure of the campaign?**

A. We need to know that a) there is continued support for the Crown 're-born' as a community hub and b) we need to know that the amount of funding indicated from the community will form a substantial part of the total cost of the project

**Q: Does the Asset of Community Value (ACV) designation mean the community has a right to buy?**

A: No, it means only a right to bid. There is a moratorium in place whereby legally the owners (Worthmore) cannot sell to another party until 6 April 2018, but they can if they wish sell to the community during this period. We have met with Worthmore and are working very hard at being in a position to submit an acceptable offer with funding in place within the moratorium period, but ultimately the owners decide who they sell to and for what price.

**Q: Will the Steering Group manage the “Landlord”?**

A: Once the purchase of the pub has been successful, we would look for the Steering Group to continue working in the Management Committee to keep continuity. However we will be looking for additional support to join this existing team. This Committee will then look to work alongside the landlord, providing support and guidance, whilst not stifling the landlords own ideas for the pub.

**Q: Why should I become a shareholder?**

A: It is important that as many members of the community as possible participate in the venture and help to raise the funds required to purchase our last community meeting place. The greater the level of shareholding, the more profitable the society will become as there will be less debt to service. Although we are pursuing as many grants as possible, none are guaranteed at this stage and regardless, all grant providers require a substantial amount of community investment.

**Q: Are there restrictions to becoming members?**

A: Members must be aged 18 or above. There is no requirement to be a resident of South Moreton....or even England!

**Q: What voting rights would I have?**

A: All members have one vote, regardless of how many shares they have bought. This is an underlying concept of the Community Benefit Society model.

**Q: If I invest do I take on any other liability?**

A: No. Your liability is limited to your investment.

**Q: Are there limits to how much I can invest?**

A: The minimum investment is £250 and the maximum £100k. The aim is to spread the ownership to as many members of the community as possible.

**Q: How can I get back my money?**

A: You must hold your shares for a minimum period of three years (realistically 5 years) after which time you can apply for your shares to be withdrawn. The management committee will review applications for share withdrawals having regards to the long term interests of the Society, the need to maintain sufficient reserves and the Society’s commitment to community benefit.

**Q: I would like to support the society's efforts other than just financially. Can I help in other ways?**

A: Yes. If we are successful in acquiring the pub, practical help will be needed to carry out planned improvements. This will help us to contain costs. We are also interested to hear from you now if you have any specialist skills and experience, e.g. accountancy, taxation, management of pubs, cafes or similar retail trades.

**Q: What is the best way I can help get the Crown re-opened?**

A: Spread the word. Ask friends and relatives to invest in our community effort. Share our Facebook page.

Also if you have specific expertise (legal, accounting, surveying, building renovations, experience in the licenced trade etc) please step forward!