

Church Fenton Community Hub



**‘Keeping the Pub at the Heart of the Community’
Raising funds to support the early stages of the
Community Hub**

Share Offer Prospectus

Launch date: 1st June 2018

Closing date: 1st October 2018

Fundraising Target: £50,000.

Minimum target £15,000, Maximum £ 100,000

Minimum investment: £100. Maximum investment £10,000



The Community Shares Standard Mark is awarded by the Community Shares Unit to ‘offers’ that meet national standards of good practice.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk

INTRODUCTION

The White Horse Public House in Church Fenton has been in the community providing catering and restaurant facilities since 1881, and, as many of you will have heard, is currently for sale.

We have prepared this Prospectus to provide you with all the information regarding the background of the pub, our vision to 'keep the pub at the heart of the community', and the proposed share issue.

The aim is to raise £50,000 to: satisfy the requirements of the Parish Council to: hold at least 12 months' rent, support the early stages of the Community Hub and allow membership of the Society, through a Share Issue.

We are looking to the Church Fenton community for support, to purchase shares, and become members of The Society.

We hope you will find this information useful in helping you decide to become a member shareholder and get involved in this fantastic opportunity to support this community project.

Further information is available from:
Churchfentoncommunityhub@gmail.com
www.churchfentoncommunityhub.co.uk

The back of this document contains the all-important form to pledge your support and investment.

A HISTORY OF THE PUB



Believed to have been built in the 17th century, the White Horse pub occupies a prime location in the village of Church Fenton, close to York and Selby. It provided a centre for the community as both a pub and a restaurant.

It has served people from all walks of life, and frequently entertained RAF personnel in WW2. Local families have used the White Horse for family events, and, more recently, it has hosted local sports' teams.

In addition, the White Horse has become an essential asset for parents of Kirk Fenton Primary School and Jigsaws Nursery who have been allowed to use the White Horse car park as a drop off/pick up, and an overflow car parking facility for the church and village hall. This facility has recently been lost due to the extensive building works, and its loss has caused huge congestion for parents, children and other road users.

THE STORY SO FAR...

In August 2016, the White Horse was left vacant and the owners, Enterprise Inns, (EI), advertised the pub For Let.

The Church Fenton Neighbourhood Plan highlighted the importance to the village

of The White Horse's continued use as a public house and restaurant.

The White Horse was listed as an Asset of Community Value (ACV) with Selby District Council on 28th October 2017. The ACV provides a period of six month protected status for a community to make an offer to purchase the pub.

On 23rd November 2017, Church Fenton Parish Council resolved that "The Council submit a formal expression of interest to be considered as a bidder for the White Horse".

On 28th November 2017, a Feasibility Group was established and produced a document 'An opportunity to keep the White Horse Public House at the heart of the Church Fenton Community'.

On 4th January 2018, a public meeting was held to consult with, and gauge the opinion of, local residents. 112 residents attended the meeting.

An introduction from the Chair of the Parish Council, and a presentation by the Feasibility Group on the options open to Church Fenton residents, provided an opportunity for questions. A vote, asking if residents wanted the study to continue, resulted in 112 votes returned:

- Yes: 107
- No: 0
- 50/50:1
- Blank: 4

Some residents expressed an interest in making a financial investment or had various offers of practical help.

On 11th January 2018, The Parish Council confirmed that "they support the principles of acquiring the White Horse through a Public Works Loan (PWL)

subject to the production of a satisfactory Business Plan".

On 7th February 2018, the Feasibility Group presented the Parish Council a "Proposal to purchase the White Horse".

On 22nd February 2018, the Parish Council held an Extraordinary Meeting (EM) to discuss the proposal in detail. At the meeting it was unanimously agreed to "seek the approval of the Secretary of State for Communities to apply for a PWLB loan of up to £510,000".

Every household in the village received a ballot to vote on the proposal, with a return deadline of 28th February 2018. The outcome was:

242 (93.8%) in favour.
16 (6.2%) against.

On 4th March 2018, the Parish Council applied to the PWL Board for a loan to cover the purchase and refurbishment of the White Horse.

On 15th March 2018, the Parish Council agreed to make an offer of the full asking price for the pub with the following provisions:

- A Community Benefit Society (CBS) is established to provide an ongoing management structure, to act as landlord, on behalf of the Parish Council.
- The CBS will have a reserve of at least 12 months' rent.

To support the business case, an independent structural survey and a valuation by Selby District Council has been undertaken.

Since the first community consultation, a Business Plan has been received from a potential tenant, highly experienced in the catering industry, expressing an interest in taking a lease on The White Horse to run the licensed business and restaurant.

The Feasibility Group has taken specialist professional advice from the Plunkett Foundation www.plunkett.co.uk, a charity experienced in supporting community ventures, including pubs who have undertaken similar projects.

The Feasibility Group has been awarded a small grant of £2,500 to establish a Community Benefits Society (CBS) now known as “The Society”, to provide an ongoing management structure on behalf of the Parish Council, and to liaise with the tenants.

OUR ‘VISION’ FOR THE PUB

The White Horse lies at the heart of Church Fenton, and once enjoyed a vibrant trade, welcoming, serving good quality home cooked food, and playing host to various groups and societies. The vision is to build on the White Horse’s past by delivering the kind of community pub the village needs.

With over 580 households in Church Fenton and a further 750 households in villages within a 2 mile radius. In a growing community, a family pub is an essential asset for rural villagers who have seen the loss of many facilities. A community pub should be a place the residents of the village and surrounding areas visit which appeals to everyone. In line with the ‘More than a Pub’

programme www.plunkett.co.uk/more-than-a-pub, the Society would look to ensure future tenants:

- Provide car park drop off/pick up facility for the local school and nursery.
- Offer free WiFi.
- Offer a quiet area for customers to meet.
- Offer an area for book exchange.
- Offer community meeting rooms for a variety of uses.
- Offer a central location for societies and clubs to use as a meeting point.
- Provide employment for local people.
- Use local supply chains, where available.

Having these facilities would support the ethos of the Church Fenton Community Hub, a facility to combat social isolation and support rural living.

A PUB THAT DID IT!

The George and Dragon in Hudswell, the village’s only community facility, closed in 2008. It reopened in 2010 after residents formed the Hudswell Community Pub Ltd and raised £200,000 to buy the building and land. Paul Ainsworth, from CAMRA, said: “The George & Dragon is a great example of how a pub has been resurrected as a true community asset.” It has just won CAMRA’s National Pub of the year 2017!

The first step for Church Fenton is acquiring the pub.

THE PROPOSAL

The proposal is:

- The pub would be secured in the community as long as the community wanted it and the loan can be paid.
- Villagers would feel more committed to the pub if they were members and owned shares in the Society.
- Leasing the pub to someone who would run their own business would be more motivated to succeed as the tenant would benefit from their own success.
- The Society's Management Committee (MC) would not have the day to day responsibility of running the pub.
- Once the pub is purchased and renovated, the MC would liaise regularly with the tenant and work to ensure the 'Vision' for the pub is progressed.

Similar models have proven successful in over 36 other pubs eg: George and Dragon, Hudswell, North Yorkshire, Dog Inn, Belthorn, Lancashire.

WHAT IS A COMMUNITY BENEFITS SOCIETY (CBS)?

Professional advice from the Plunkett Foundation www.Plunkett.co.uk strongly advocated a Community Benefit Society (CBS) structure. A body to operate between the PC and Tenant was also requested by the Parish Council.

A CBS is a new form of legal structure introduced as a result of the Co-operative and Community Benefit Society Act 2014. It has its roots within the community and binds people together in a way that few other things are able to do.

It is:

- Highly democratic: democratically run by the community, one member one vote, regardless of how much money they invest.
- Highly transparent: all information is shared on a public website.
- An incorporated body with limited liability under the 2014 Act.
- Follows the CBS 'Model Rules'.
- Registered by the Financial Conduct Authority (FCA).
- A 'Society' for the benefit of the community (bencom).

*CBS Model Rules are available from our website www.churchfentoncommunityhub.com

The CBS registration has been established.

We know most communities are made up of people with very mixed incomes and the co-operative model ensures that everyone has the opportunity to have a say about what is important to them.

Co-operative pubs can have both open and voluntary membership, which means that new people moving into the community, or those who have not previously been involved, can still become members. Co-operative pubs can be run by full-time tenants, which is how the Society propose the White Horse to work.

WHO ARE THE COMMITTEE?

A Feasibility Group was formed following the PC meeting on 23rd November 2017. In line with the 'Model Rules' of The Society, a Management Committee (MC) will be established by the founder members and requires between three and twelve members. Once the purchase of the pub is complete, a meeting of the

Society will take place to ask for other members to be elected who will actively contribute their time and skills and are committed to ensuring the 'vision' for the White Horse is achieved on behalf of the community. The Parish Council has the right to appoint one member of the MC. At the first yearly AGM members of the MC will stand down and can offer themselves for re-election. Any member will be able to stand for election. The current management committee comprises:

Chair: Nigel Thirkill

I have been running the family business providing engineering services to FMCG producers and global brands. Prior to that I held a range of senior roles with experience in managing teams, problem solving and business management. I am passionate about maintaining a "heart" for our village that makes CF more than just somewhere to live. I liaise with the builders and potential tenants.

Vice Chair: Mike Wright

Qualified as an accountant and former Commercial Director of Little Chef, and latterly owning my own retail food businesses. I became a Fellow of the Royal Institute of Public Health and Hygiene. I provide advice on tenants' proposals and work on share issue and sponsorship.

Treasurer: Helen McHugh

I work as a Practice Manager for Holmefield Veterinary clinic. I bring my knowledge of running a small business having also overseen major renovation works at the Brayton branch. I focus on financial aspects, website and FB page.

Secretary: Sue Babington

I have extensive experience as an Executive PA. I am responsible for ensuring the correct information and documentation is provided to the other members (and other bodies) to maintain the smooth running of the Group's aims and responsibilities. I am the link between the Parish Council and the Society.

Lesley Wright

As a former National Director in the NHS, I have extensive experience in business case development and applying for funding from Government sources. I have supported the development of the Business Plan, CBS application, Prospectus and a successful grant application.

Mandy Thirkill

In addition to working in the family business, I support small and medium sized enterprises (SME) from start up to continuity planning, by providing business management support. I have always worked in financial organisations. I bring a well-rounded knowledge of business processes, strong knowledge of how a business runs, from start up to year on year growth. I liaise with tenants and work on leases.

Ross Higham (Advisory Capacity)

I am the Licensee of the Fenton Flyer, and I hold the licence for the Church Fenton Community Shop. My contribution has been in advising on wet sales for the business plan. I also bring 15 years' experience of facilities management and 10 years' experience of project and programme management.

GETTING INVOLVED?

There are several ways to be involved. The CBS 'Model Rules' allows The Society to raise funds, allowing any person who buys two or more shares can become a member of The Society. Each member has one vote irrespective of the number of shares held.

One Member = One Vote

There are a great deal of skills and expertise within our community and villagers can help with practical support with aspects of the refurbishment.

Drawing on local volunteers where possible and, gaining sponsorship for materials and applying for grants will reduce the refurbishment costs. If you can help contact us on:

churchfentoncommunityhub@gmail.com

The full refurbishment is likely to be phased over a period of time.

Once the pub is purchased and tenants appointed, working with our community, the Society will continue to ensure the 'Vision' for the White Horse is developed for the benefit of all residents of Church Fenton for the foreseeable future.

The MC will not have the day-to-day responsibility of running the business or micro-manage the pub. The MC will formally meet with the tenants on a quarterly basis to ensure the business is running well. The MC will obtain regular feedback and input from shareholders, and the community, to shape the future. The MC will encourage the community to help support achieving the vision for the hub.

SHARE ISSUE

Owning shares in a Community Benefit Society is making a 'social investment' in the community. This is a **long-term investment** in the future of Church Fenton, providing a hub to benefit all.

Under the 'Model Rules' of The Society, the membership shareholder issue, the cost of each share is £50 with a minimum investment of £100 (2 shares). Good practice is that no one member should hold more than around 10% of shares (subject to raising required funds).

Members must be over 18 years of age. Corporate members are allowed if they support the interests of the community. Joint membership is available.

Given the importance of the project to the village, it is hoped some members will invest more than the minimum.

We will not be seeking to pay interest on shares in the first two years. After this period The Society's intention is, if possible, to pay interest to its members, at the discretion of the MC, at a competitive level of interest.

The aim is to pay the following interest on shares:

Year 1. 0%

Year 2. 0%

Year 3 onwards. 2%

Minimum target: £15,000 already pledged
Target: £50,000 will cover first years rent, early stage costs.

Maximum target: £100,000 will reduce the PWL and loan repayments making the business more viable.

FINANCIAL MODEL

The Parish Council will be financially responsible for purchasing the building, associated legal costs, restoration costs, project management fees and insurance. Estimated costs are in the region of £510,000. However, we hope to bring these costs down by way of community help sponsorship, donations and grants.

The community shares will be used as a safety net in case we are without a tenant for a significant period of time, renovation costs over run or unexpected costs arise. The CBS will also pay rent in advance to the PC to ensure they can meet the loan repayments and insurance costs.

Expected cash projection best case scenario.

Purchase Price: £355,000

Refurbishment cost: £100-130,000

Legal costs: £14,600

Tenants rent circa: £30,000 per year on a "repair and insure" basis

	Opening Balance April 2018	Year 1 Y/E March 2019	Year 2 Y/E March 2020	Year 3 Y/E Mar 2021
BBF		£50,848	£54,600	£62,786
Share Capital	£50,000			
PF Grant	£ 2,500			
Rent Deposit	£15,000			
Rent from tenant		£15,000	£30,000	£30,000
Total income	£67,500	£65,848	£84,600	£92,786
Rent to PC	£10,500	£10,500	£21,000	£21,000
Expenses inc. SDLT	£ 6,152	£748	£814	£829
2 % Interest on shares	£ 0	£0	£0	£1,000
Total Expenditure	£16,652	£11,248	£21,814	£22,829
Balance	£50,848	£54,600	£62,786	£69,957
Share Capital	£50,000	£50,000	£50,000	£50,000
Annual cash reserve	£848	£4,600	£12,786	£19,957

We are currently being considered for support from the Community Shares Booster Programme, which is funded by Power to Change and run by the Community Shares Unit. Under this programme, up to £100,000 is available to match applications for shares from the public. If we are successful, it would mean that for every pound invested by individuals up to £100,000, another pound will be invested in matched shares. The matched shares will be held by Co-operatives UK, a partner of the Community Shares Unit and will be subject to the same terms and conditions as other members, except for its right to withdraw share capital which will be restricted to a pro-rate amount.

Further renovations may also be funded through additional fundraising and grants.

SHARE OWNERSHIP

Community shares are a long-term investment. To give The Society a chance to become established, shareholders will be required to leave their share investment for the first three years. After that time, members will be required to give three-months' notice of their intention to withdraw funds.

Members can withdraw their money by application to CFCH Management Committee after a minimum period of three years and in accordance with the 'Model Rules' of The Society. These rules give the MC the power to decline a request to withdraw funds if it would endanger the viability of the Society. With the support of the community, it is anticipated the business will be profitable and therefore the tenants' rent paid to

The Society will be sufficient to pay a competitive rate of interest.

A copy of the 'Model Rules', Business Plan and 'Investing in Community Shares' documents are available on our website. A Share Certificate and Prospectus will be issued to all shareholders.

The shares are redeemable, but they are not transferable, (ie. people cannot sell them to anyone else). This arrangement allows The Society to be exempt from the Financial Services and Markets Act for Society share issues.

The proposal is not regulated by the Financial Services and Markets Act 2000 because the shares in The Society are not 'securities' for the purpose of those regulations. It is therefore not authorised by the Financial Conduct Authority. If the business fails, there is no right of complaint to the Financial Ombudsman or the Financial Services Compensation Scheme.

The Parish Council will own the property and the Society will have a 50-year lease with the PC. The long-term business plan demonstrates a growing surplus that will eventually be in excess of the value of the shares.

Whilst it is firmly believed that the Tenant lease costs (30% less than original owners lease costs.) are competitive and that their business will be profitable. The 50-year lease provides members with a high level of security. If the business fails attempts will be made to look at alternative uses. Annual cash reserves may be used to refund members share capital by the end of the lease.

It is important for members to understand that there is a potential risk that the business may fail. If this were to occur the value of a share in The Society could be reduced or lost.

If the Society is dissolved for any reason, after its debt and members are paid back, any further monies will be given to a charity or community project.

HOW THE COMMUNITY BENEFITS

In addition to the 'vision' for the White Horse and in line with 'More than a Pub' programme, The Society's 'Model Rules' determine that, any surplus earnings made by The Society after it has paid interest to its shareholders, must either be reinvested, or used for the benefit of the local community, or for another charitable or community cause.

When surplus funds allow, these will be used for the benefit of the community. Eventually, the community will own the building and most of the surplus funds can be invested directly into community projects.

The Management Committee and members are forbidden from benefiting in any other form from the activities of The Society.

WHAT ARE YOU BUYING?

You are buying a share in the Community Benefit Society formed to operate The White Horse trading as a licenced pub with catering and restaurant facilities

continuing to provide community facilities.

The share capital will be used to provide the required buffer capital requested by the Parish Council to provide rental income cover in the event of tenant void periods. In addition, the share capital will support the renovation process funded by the PC.

The Society will be paying rent in advance to the PC to ensure they can meet the loan repayments and insurance costs.

The loan repayment is £21,000 per year plus insurance and the rent is £30,000 per year. The rent charge to tenant is set at a level that is conducive to a successful business into the future.

NB: Any profits the tenant makes will NOT be part of the Share return.

FAQ's

Who will benefit from this venture?

The residents of Church Fenton and surrounding area.

What will the Society do with this money?

The plan is to buy the White Horse with a PWL and offer the refurbished building to a tenant to run the pub, reflecting the type of pub the community wishes to see. The tenant will be required to 'furnish' the pub, including kitchen and restaurant facilities. The Society needs to ensure it can pay back the PWL from the income generated from rent and hold 12 months' rent. Additional funds from sponsorship, donations, and grants will keep down the cost of refurbishment and allow the further development of the upstairs

rooms for community use. For example, a large meeting room or function room could possibly be a community cinema. In the long term, any surplus monies will be used for the benefit of the community.

Is the pub a viable business?

In the past, the pub has had a good track record as a profitable business. It has been strongly supported by locals and has attracted visitors from far afield, with coaches stopping as part of a visit to Selby Abbey and York Minster.

Naturally, the community need to continue to support it and use the facilities, then everyone will benefit.

The MC will work to ensure a contingency plan is in place to reduce the impact of a gap in the rent from tenant's leaving.

Who are the people organising this?

The MC making this share offer is a group of volunteers who believe in preserving the White Horse and increasing its use as a community asset. MC members do not have a personal financial interest in this project beyond the amount they may invest themselves. Profiles of the MC can be found on

www.churchfentoncommunityhub.com

Are there any restrictions to becoming members?

Members must be aged 18 or over. There is no requirement to be a resident in Church Fenton - just a desire to support the cause. Corporate members are allowed if they support the interests of the community hub.

Will the shares pay out any interest?

Yes, in year 3, the interest will be determined at the MC's discretion and is

regulated by Bank of England and The Society Model Rules. It will be a percentage of the investment made, not a percentage of the profits from the tenants. No interest is paid in year 1 or year 2.

What voting rights do I have as a Member?

In a CBS, the 'Model Rule' is one member, one vote. Every member has an equal voice irrespective of investment value. Joint members have one vote between them.

What is my liability, should I invest?

Your liability is limited to the value of your shares.

Will my investment increase in value?

Shares can go down in value if the business should fail, resulting in loss of some or all of the investment. Shares cannot increase in value above their original price.

Can I sell my shares on?

No, these shares cannot be sold. They are a special type of share known as a Community Share. The only way to recover their value is to apply to withdraw your shares from the MC.

How can I get my money back if and when I need it?

To enable the business to build up sufficient reserves, it will be at least three years before you can apply to withdraw any shares.

What happens to my shares if the business fails?

The MC would look to explore other options to lease the asset to other tenants

or for alternative commercial uses that would cover the financial liability.

What if the shares are over or under subscribed?

The offer period is designed to allow a sufficient time to raise funds. Should the share issue be oversubscribed the allocation will be based on a first come first served basis. Expressions of Interest in shares has indicated the minimum will be achieved.

What happens if we don't succeed in purchasing the White Horse from Enterprise Inns (EI)?

If for any reason the bid is unsuccessful in purchasing the White Horse from EI the value of the shares will be reimbursed in entirety.

Any gifts received outside of the share issue would also be returned.

What are the tax implications?

It is each shareholders responsibility to declare any interest on share investment to HMRC, if appropriate. As a tenanted pub there is no tax relief form members buying shares.

Supporting documents

The following documents are available on our website to support you in your investment decision:

Business Plan

CBS Model Rules

Investing in Community Shares

www.churchfentoncommunityhub.com

Church Fenton Community Hub Limited.

Church Fenton Community Hub Ltd is: Registered as a Community Benefit Society with the Financial Conduct Authority (FCA).

Registration Number: 7756

Registration date: 19 April 2018.

Registered Office:

16 Oakwood Close, Church Fenton, Tadcaster, North Yorkshire LS24 9SJ.

Member of the Plunkett Foundation PCEN 148.

FURTHER REFERENCES

- www.plunkett.co.uk/co-operative-pubs
- www.plunkett.co.uk/better-business-reports
- www.pubisthehub.co.uk
- www.thedoginnatbelthorn.net
- www.georgeanddragonhudswell.co.uk

**Application to become an investor in
Church Fenton Community Hub Ltd. (CFCH Ltd)**

Share Holder Name: _____

Organisation (if applicable) _____

Address: _____

Postcode: _____

Email: _____

Phone no: _____

How much do you want to invest? _____

(min £100, maximum £10,000)

Please tick the following to indicate that you agree with the statements:

- I confirm that I (the applicant) am 18 years old or older
- I have read the share offer document and understand and accept the terms of the share offer rules for CFCH Ltd.
- I understand that the Management Committee of the CFCH Ltd may reject my application and are not obliged to tell me why it has been rejected.
- I understand the Management Committee may conduct such checks as necessary to comply with money laundering regulations.
- I consent to receiving formal notices by the email address on this form and links to formal documents on the Society website.

Signed: _____ Date: _____

Print Name: _____

If the share offer is oversubscribed and the Society are unable to offer you any or all of the shares a refund for the whole, or the difference will be made by cheque to the above address.

Please note: your email address, postal address and other personal or financial information you have provided us, will be purely used for the purpose of this share offer or for communications related to those indicated above. They will not, under any circumstances, be passed to a third party.

Application Procedure

To apply, either complete the attached application form or go online to our website <https://www.churchfentoncommunityhub.com/share-offer/> and download an application form and submit payment as below:

- By completing an Application form the Applicant offers to subscribe to the Terms and Conditions contained in this offer document, for the number of shares specified, or such lesser number as may be accepted.
- Only 1 named applicant can be entered on one form. The Applicant must be 18 years of age or over.
- An Applicant who receives shares agrees to be bound by the rules of Church Fenton Community Hub Ltd. These are available on our website. www.churchfentoncommunityhub.com
- Once an application has been submitted and approved it cannot be withdrawn.
- Applicants may be requested to provide additional evidence of identity in order to comply with Money Laundering requirements.
- Applications may be rejected in whole, or in part, or be scaled down, and monies shall be securely returned to the applicant, not later than 2 months after the cheques have been cashed, without interest.
- Applications on incomplete or inaccurate Application forms may not be accepted.
- Results of the offer will be published on the CFCH website and all applications will be informed.

An acknowledgement of application for shares will be made within 2 working days.
Unsuccessful offer cheques will be destroyed.

The offer closes 1st October 2018. The Management committee reserves the right to extend this offer. Cheques made payable to: **'Church Fenton Community Hub Ltd'**

Please return this form and cheque in a sealed envelope to:

Church Fenton Community Hub Ltd.

16 Oakwood Close, Church Fenton, North Yorkshire, LS249SJ

BACS Payments available upon request.

For Further information email: churchfentoncommunityhub@gmail.com