Community Meeting 13th July ’23

OTCC, Great Gransden CBS Ltd, & The Crown & Cushion Public House

Agenda

1. The Committee
2. The History
3. Why are we campaigning
4. CAMRA & The Plunkett Foundation
5. The Community Survey
6. Local Competition and Local Community Pubs
7. Your Vision
8. Community Benefit Society Limited
9. Legal Battle
10. Next Steps

Questions and Answers

The Committee

Nick Collett – Chair



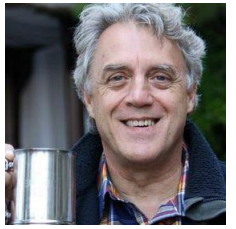
Tim Higgin-Botham - Vice Chair



Linda Gallagher- Treasurer



Alan Wynn – Society Secretary



Darren Gallagher – Member



Rob Newbold – Member



Andrew Bowen – Member



The History

- Dating back to 1560
- For many years C&C was owned by Charles Wells Ltd
- Sold to Sundeck Ltd in the 1990, with Chris Clark remaining as Tenant
- On the retirement of Chris Clark in 2005 tenancy sold to Mayton Taverns Ltd
- Then 7 years of sub-tenants with an impossible 3 layer business model with tied supplier (no access to open market)
- 2011 freehold purchased by Ian Selkirk.
- Most improved rural Pub 2013.
- Freehold sold as a profitable “going concern” to current owners 2018
- C&C closed 20th March 2020, having traded for 20 months

Why are we doing what we are doing?

- When the C&C did not open post COVID many members of the community expressed their desire that Great Gransden should keep it's last remaining Public House.
- At the village meeting on 13th April 2022 we formed a community group and subsequently elected a committee to explore what could be done
- At this same meeting Ray London of CAMRA informed us that the Plunkett Foundation were a great source of support for rural Pubs
- As the C&C is up for sale we have formed a "Community Benefit Society" on the Plunkett model so we can engage with the sale and create a Community Owned Public House
- The only reason the C&C is theoretically up for sale is because of our legal pressure pushing HDC to act

Who are the Plunkett Foundation?

- The Plunkett Foundation is a charity with the purpose to assist rural communities in the United Kingdom to create and run community-owned businesses.
- The majority of businesses supported are Pubs and Shops
- The Plunkett model a has 99% success rate
- A remarkable achievement, considering the 5-year survival rate of all UK small businesses is only 41%

The results of our community survey

- One of the first things the Plunkett Foundation advised was to conduct a village survey. This survey has shown that:
- 93.6% of those answering survey were in favour of opening the pub
- 88% of respondents wanted an expanded service offer including regular Music, Events, Hot food and drinks.
- 90% of respondents thought that closure of the pub was a significant loss of welfare for the village.
- A village without a pub can negatively affect property values

- Survey results at: https://openthecrownandcushion.com/survey-results

Local “Competition”

- Our desire is that we have two successful pubs in “The Gransdens”. Not one at the expense of the other!
- Competition is a great thing
- Not just two pubs in our village but close by we have, The Eight Bells, The Duncombe Arms, The Eltisley, The Cock Inn, The Wheatsheaf, No 77, The Willow Tree, Lalbagh & The Red House etc.
- The village has grown enormously since Chris Clark’s heyday, and it was a thriving pub then- it can be again

Local Community Pubs

Plunkett Community Benefit Society model:

- The Three Tuns, Guilden Morden, Cambridgeshire
- Hare & Hounds, Harlton, Cambridgeshire
- Plough and Fleece Pub, Horningsea, Cambridgeshire
- The Railway Arms Saffron Walden, Essex
- Three Horseshoes Bumpstead, Essex

Non CBS community Pubs:

- Grafham Trout, Grafham (Community interest Companies)
- Royal Oak, Hail Weston (Co Ltd by shares)
- Dyke's End, Reach (Parish Council) 9 pubs owned by Parish councils in UK
- Green Man, Thriplow (Co Ltd by shares)

Your Vision

- Create an attractive open and welcoming centre to meet old friends and make new friends
- Be responsive to the needs and wishes of the community
- Local Cask Ales and Good wine
- Good simple locally sourced Pub Grub (Sunday Lunch)
- Coffee & Cakes
- Internet café
- Band Nights
- Regular events and activities
- The Revelers want to perform
- We “the community” need to decide what we want the Pub to provide

Purchasing the C&C Public House

- What funding do we need (very approximate)
- Purchase £300k
- Refurbishment £100k
- Other Costs £50k (Professional Fees, Trade inventory, etc)
- Contingency Fund £50k (Contingency and 1st years costs)
- How do we raise funds to purchase the Crown and Cushion
- Community Shares: £200k - £250k
- COF Grant Funding: £250k + £50k
- Other Grants Funding: TBD
- Loans: £0

Possible Management Models

- The CBS appoint a Tenant to run the Pub as a Free House
  Simplest model, collect rent & maintain building
    39% of Plunkett Pubs
- The CBS appoint a Manager with paid/volunteer staff to run the Pub
  More work for CBS, no longer a tax advantage (SIRT 30%)
    61% of Punkett Pubs (80% use volunteers)
- The CBS run the Pub on a volunteer basis, part time bar steward
  Run more like a sports club (Grafham Trout)
    Of the Plunkett Managed pubs 5% are fully volunteer run

Great Gransden CBS Limited

Alan Wynn

Community Benefit Society (CBS)

- A CBS is the legal business structure favoured by Plunkett Foundation
- Governed by the Co-operative and Community Benefit Societies Act 2014

Plunkett Foundation has developed a set of model rules (template governing document) for a Community Benefit Society which has been approved by the Financial Conduct Authority (FCA). By using these rules, a community enterprise can be assured of a tried and tested model and approval by the FCA.

Each member of the Management Committee must sign a “Code of Conduct”

Find our CBS registration is on the Mutuals Register https://mutuals.fca.org.uk/

Great Gransden Community Benefit Society Limited

FCA Registration Seal

The Society is registered with the Financial Conduct Authority under the Cooperative and Community Benefit Societies Act 2014 – Registration number 9090



FCA FINANCIAL CONDUCT AUTHORITY

12 Endeavour Square
London
E20 1JN

Tel: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099
www.fca.org.uk

Co-operative and Community Benefit Societies Act 2014

Registration of new society

The following society has today been registered by us under Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society:

Society: **Great Gransden Community Benefit Society Limited**

Registration number: **9090**

Registration date: 14 June 2023

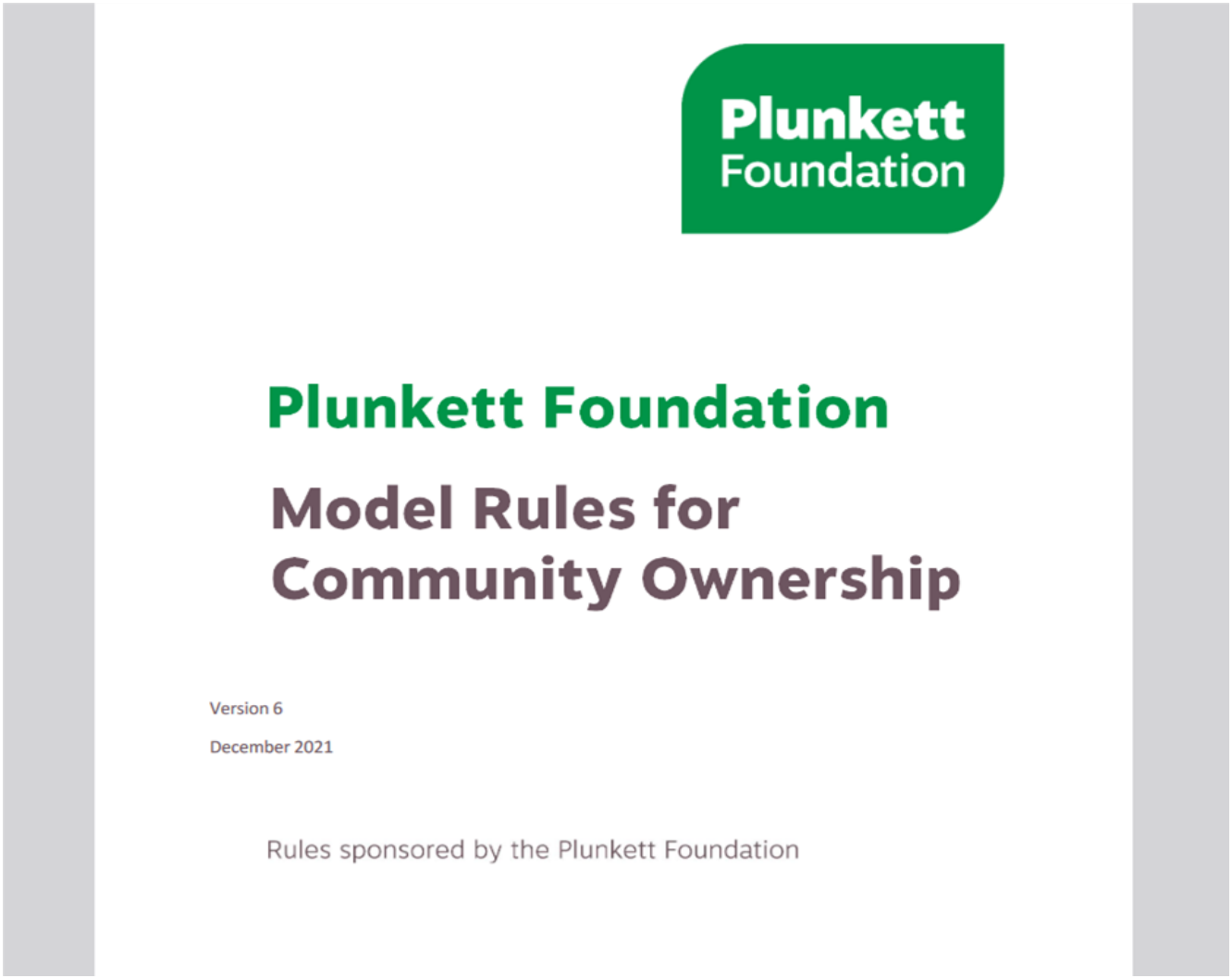
Address: 7 Church Walk, Little Gransden, SG19 3DY

Financial year-end date: 31 March

Date: **14 June 2023**

Financial Conduct Authority
Mutual Societies

We use the model rules to govern the CBS



Why have we chosen to form a CBS?

We need a legal structure to:

- Own assets, employ people, purchase products and services, provide products and services.
- Open a Bank Account
- Ensure limited liability
- Engage community wide participation in the project (desired by Community Ownership Fund)
- Issue shares to raise capital from within the community
- Obtain loans at favourable rates - Charity Bank, Triodos Bank, Cooperative and Community Finance
- Be eligible for Grant Funding, particularly the Community Ownership Fund (COF)
- Be open to donations
- Obtain organisational/professional support, for startup and ongoing
- Serve the whole community not just shareholders

Eligible Organisations Community Ownership Fund,

The Community Ownership Fund is government funding, of up to £250k for capital + £50k for revenue, available for community projects

- Charitable incorporated organisations (CIO)
- Co-operatives including Community Benefit Societies
- Community Interest Companies (CiC)
- Companies limited by guarantee
- also now
- Parish Councils

A CBS meets all our requirements

Constitutional features by legal structure	Regulator	Governing Document	Limited liability (incorporated)	Can it issue shares	Asset Lock	Suitable for charitable status
Partnership	None	Agreement	No	No	No	No
Association	None	Constitution	No	No	No (unless a charity)	Yes
Trust	None (unless a charity)	Deed	No	No	No (unless a charity)	Yes
Limited Liability partnership (LLP)	Companies House	Agreement	Yes (but limited liability is limited)	No	No	No
Company Limited by Guarantee	Companies House	Articles	Yes	No	No (unless a charity)	Yes
Company Limited by Share	Companies House	Articles	Yes	Yes	No	No
Community Interest Company (Limited by Guarantee)	Companies House & CIC Regulator	Articles	Yes	No	Yes	No
Community Interest Company (Limited by Share)	Companies House & CIC Regulator	Articles	Yes	Yes	Yes	No
Co-operative Society	Financial Conduct Authority (FCA)	Rules	Yes	Yes *	No	No
Community Benefit Society	Financial Conduct Authority (FCA)	Rules	Yes	Yes *	Yes (can opt for asset lock)	Yes
Charitable Incorporated Organisation	Charity Commission	Rules	Yes	No	Yes	Yes

* These two legal structures have an exemption under the Financial Services and Markets Act 2000 so can issue community shares to the public without an authorised prospectus. For more information see communityshares.org.uk

No share capital

Issuing shares more difficult, autocratic

Serves only members

Easy to setup, easy to issue shares, very democratic

No share capital

What are a Community Shares?

Community Shares

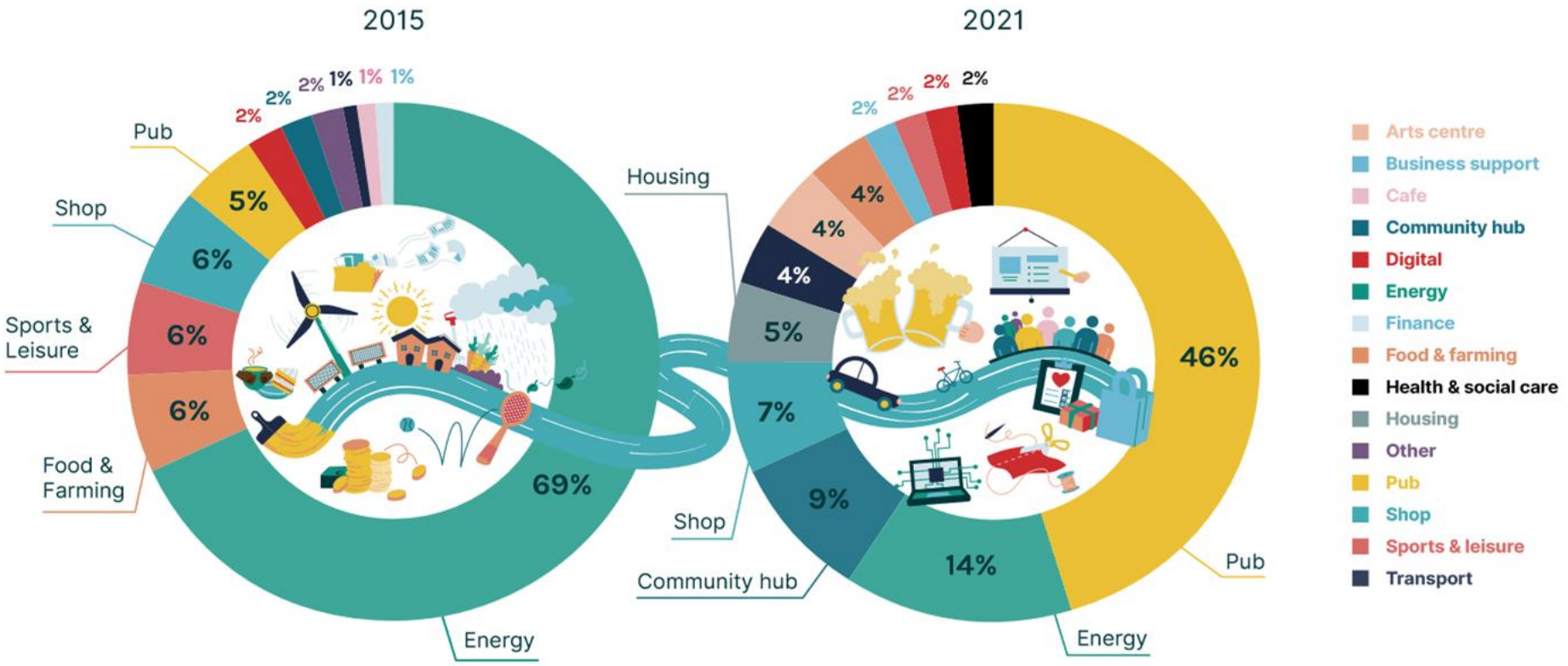
- “Great Gransden Community Benefit Society Limited” will issue “Community Shares” to raise capital to purchase The Crown & Cushion Public House
- These are not like ordinary company shares.
- They are a way of the community collectively investing long term in valuable community assets for the benefit of the whole community
- Everyone who buys shares becomes a Member of the ‘Society’ and will own a piece of the Societies assets i.e. The Crown & Cushion Public House

Community Shares

- Community shares are a tried and tested form of share capital unique to Co-operative and Community Benefit Society legislation. This type of share capital can only be issued by Co-operative Societies, and Community Benefit Societies
- The Society is an open and democratic organisation. One Member receives one vote on issues determined by members, irrespective of how many shares that member has purchased.
- The CBS Management Committee is voted in by members at the Annual Members Meeting (serve max of 3 years, then 1 year break)
- The aim is to encourage a large membership to inspire participation as **owners and customers**

Share offers by Sector

Shown below is a snapshot of community share offers by sector, with the percentage based on the number of share offers launched in each sector that year, showing the shift in the market over time.



* More detailed annual breakdowns by sector can be accessed by contacting the CSU

Community Ownership Fund (COF)

- As the Society is not for private gain it is eligible to apply for grant funding.
- This is very important with the government “Community Ownership Fund” (COF) providing grants up to £250k capital funding and £50k revenue funding.
- With a 20% match to the capital funding and zero match for revenue funding this represents a fantastic gearing on the community contribution. (we would be very lucky get a 20% match + we need more £ anyway)
- Note the Government will place a charge against the Societies assets lasting for seven years. e.g. if the CBS were dissolved within seven years the government would take back the grant

What is the price of the Shares?

- Shares will be priced at £50 each with a minimum purchase of Five Shares (ie £250)
- There is a balance to be struck between having an inclusive membership and raising enough funds
- We would encourage “Members” to be community spirited and purchase more than five shares! (be aware of the impact on property values by not having a Pub in the village!)
- Maximum legal limit for share purchase is £100,000
- The eventual share offer will be backed by a detailed prospectus
- We aim to be awarded the “Community Shares Standard Mark” (Backed by the FCA), by meeting national standards of good practice

Legal Position

Huntingdon District Council, Enforcement and Planning Law

Darren Gallagher

ACV & the Community Right to Bid

- The owners of the C&C Public House have informed HDC of their intention to sell
- On notification of this, Great Gransden Parish Council have invoked the 6 month moratorium on the sale.
- During the moratorium only bids from qualifying community groups can be accepted to purchase the Public House
- The owners do not need to accept any offer
- BUT the owners should have regard to the HDC Local Plan policy LP22 wrt planning permission for CoU

ACV renewal

- The current ACV is about to run out so Great Gransden Parish Council are seeking to renew this for the next five years
- The application is currently being reviewed for HDC by a leading Barrister
- The ACV renewal is important as:
- it establishes formal **community interest** in the Pub (wrt HDCs Local Plan Policy **LP22**)
- would keep open the option of **Compulsory Purchase**

Public Houses v Dwelling Houses

- All property is defined in terms of its **“Use Class”**
- Thus a normal Dwelling House is defined as Use Class C3, a house in multiple occupation as Use Class C4.
- Public Houses were in Use Class A4 but are now classed as “Sui Generis” (class of it’s own)
- Any **change** of Use Class (CoU) requires **Planning Permission**
- There is a big difference between the value of a Public House (A4) and a Dwelling House (C3) with similar accommodation
- Hence all the battles between **property developers**, councils and communities for CoU and various government policies aimed a protecting community assets in rural communities.

Change of Use (CoU), Sui Generis to C3

- The residential area of a public house is **“ancillary”** to it’s main use, that of a Public House, thus if it’s main use ceases so does the right to continue residential occupation (Cleveland Arms, “No active use as a Pub - Planning Inspectorate Appeal Ref: 3199255)
- If residential use continues unopposed by the LPA, a CoU can be regularised by gaining a “Lawful Development Certificate”.
- HDC LPA maintain there is no CoU, because the “pub is still a pub”, so no chance of Lawful Development
- The Planning Inspectorate (Tier 1 appeal) are unlikely to agree with the LPA (Given the mass of legal opinion we have that there is a CoU)

Our Legal Advice

- Five different Legal/Planning professionals have informed us that current residential occupation of the Crown and Cushion is in breach of planning. (Two helped author the new Enforcement Handbook)
- One of those, a leading barrister, has produced a legal opinion supporting the fact of a CoU.
- The HDC response to this legal opinion has been “disappointing”
- We have responded to this in detail and requested a meeting with the CEO, Head of Planning and Councillors

Certificate of Lawful Development

- If a breach in planning is not enforced by the LPA for **4 years**, a certificate of lawful development can be requested to regularise the position
- Thus if HDC do not enforce the CoU breach the C&C ceases to be a Public House and becomes a C3 dwelling house.
- The relevant period for this (arguably) expires around mid 2025
- The relevant period did not start at lockdown (High Court case Islington v Maxwell Estates, so actual law)
- The **4 year** period is due to change to **10 years** with a new Act that is 90%+ through all parliamentary stages.

Legal Next Steps

- We have responded in detail to HDCs statements and requested a meeting with the CEO, Head of Planning and Councillors to explain face to face our position
- HDC have corrupted the Stage 1 & Stage 2 complaints process, not using independent officers at each stage
- We need to maintain legal pressure on HDC as the announced sale may be withdrawn at any time
- Our barrister will prepare a detailed legal statement for HDC as a pre-cursors to a “letter before action” working towards Judicial Review

Fund Raising for Legal Action

- So far all legal action has been funded from within the OTCC Committee Members
- Barristers are very expensive
- We must maintain pressure on HDC LPA using legal challenges
- We need more funding to further the legal battle.
- This is not part of the “Community Share Offer”

Interaction with Huntingdon District Council

All emails sent to council officers included curtesy copies to our elected leaders

- HDC Cllr Richard West
- County Cllr Stephen Ferguson
- MP Jonathan Djanogly

- Initial contact from multiple members of the community expressing concern that a Change of Use seemed to be occurring.
- 27/10/22 - Acknowledgement of receipt of complaint by HDC.
- 4/11/22 Stage 1 Response from HDC – sent to unspecified group
  - “team have undertaken a full investigation regarding this use of this building and did not confirm a breach of planning control at the time”
  - Based on an assessment of “Facts and Degree”
  - The property could still operate as a Public House
  - The owners had advised HDC they would be re-opening

- 21/11/22 – Formally requested Stage 2 complaint process as our legal advice did not agree with HDC's Stage 1 response
- 25/01/23 – Escalated to HDC CEO as there had been no response from HDC
- 03/03/23 – Emailed again to HDC's new interim CEO as no response had been received
- 03/04/23 – Submitted our Barristers "Opinion" to HDC

- 04/04/2023 – HDC responded and provided another rejection of the suggestion that a CoU had occurred.
  - Provided copies of the original Stage 1 and Stage 2 responses. Stage 1 had never been received by the OTCC Committee.
  - Stage 1 & 2 responses were completed by the same HDC officer, not an independent management officer per HDC process.
- 15/04/23 – HDC admitted they had never sent the Stage 1 response to the OTCC Committee
- 24/04/23 – Follow up due no response to councils opinion

- 18/06/23 – Sent a detailed response to HDC's reply to our "Council's Opinion"
  - Refuted each item in HDC's reply with fact and data as used by our Barrister to form his opinion.
  - Request a meeting with HDC including the CEO, and Head of Planning as well as inviting our elected leaders.
- 30/06/23 – HDC replied
  - From a planning perspective we are alive to the same concerns about the passage of time and our **Planning Enforcement Team Leader is in more recent active discussions with The Crown and Cushion**. At this time it is not appropriate for me to disclose the nature of those discussions.

Next Steps

- **Legal**
  - Letter Before Action
- **CBS**
  - Create Development Group (Volunteers?)
  - Create Prospectus
- **Financial Support from the Village**
  - Funding indications
  - Legal fees pledges/ donations
- **Village Meetings**
  - How often would you like these meeting?

Questions

Questions and Answers

Thank you for coming this evening