

East Budleigh Community Pub Project

Background

The Community of East Budleigh with Bicton is being given the opportunity to purchase the Sir Walter Raleigh pub. The owner wishes to retire and feels that this is the right time to hand over to the community.

A Founder Group was established comprising members of the hall, church and parish council sitting on the parish Collaboration Group. A shop representative has recently joined. This group has carried out significant investigative work including joining the Plunkett Foundation and visiting / contacting other community pubs in Devon. The Plunkett Foundation exists solely to assist local community ventures such as this. Templates for legal structures "Cooperatives" and financial registration are readily available as are ongoing advice and guidance.

Current situation

An article was featured in the May magazine announcing the project and this has recently been followed by the distribution of a community questionnaire to every household. The views and wishes of the community are being sought regarding their support for a community pub and what type of facilities they would like to see under their potential ownership.

A valuation and market appraisal has been arranged. The results of this together with the questionnaire responses will shape the negotiations regarding the purchase of the pub.

Financial Implications

Unfortunately, no funds were available at the start of this project. A number of start-up cost activities are necessarily being arranged in order to progress, including:

- Printing cost of questionnaire / stationery costs etc
- Funding the valuation / market appraisal
- Joining fee for Plunkett
- FCA registration fee for company registration

There are many more such start-up costs before the project is able to obtain full funding from a combination of Shares, Loans, Grants and Donations. Costs include:

- Surveys
- Legal costs
- Further administrative and computer costs
- Hall hire
- Community presentation events
- Share offer costs (prospectus printing etc)

Some people have kindly loaned some funds, but more loans are required in the short term. Essentially, should the project proceed to full funding then the loans would be repaid, but there is a risk of loss if the project does not come to fruition.

How can the Parish Council help?

The Sir Walter Raleigh pub is listed in the Neighbourhood Plan as an Asset of Community Value. All such assets are identified as being objects worthy of support by the Parish Council to prevent their

decline or loss to the community, unless the asset is deemed to be beyond saving. Limited financial support may be provided by the Parish Council towards supporting these causes.

In a few cases in the Country, the Parish Council has actually purchased the pub for the community through borrowing from the Public Works Loan Board. This option was not available to East Budleigh with Bicton, however, as we do not hold the General Power of Competence and could not acquire it in the medium term. In any event, a share ownership model for the community is likely to engage people's support more effectively.

Historically, the Parish Council has provided donation grants and loans to various community asset projects:

Community Shop	£1,000	£2,000 (loan)
Ditto	£6,000 (capital)	
Hall	£3,300 (capital)	
Yettington Hall	£1,100 (capital)	
Salem	£500	
Tennis Club	£500	
Statue	£700	
Bus shelter	£800 (capital)	
Playground	£1,500 (capital)	
Ditto	£5,000 (capital) in progress	

It is therefore suggested that a grant of £500 from the Parish Council would help the pub project get through the initial start-up stages. If purchase terms are agreed then a further loan of £1,000 would assist with professional fees etc up until the fully funded share / loan / and grant deposits for the project are received. The loan could be repaid on exchange of contracts or subsequently.

The 2021/22 precept budget does not include specific funding for this purpose, but does have some Reserve and S137 funds. However, from the March and April meetings it became clear that largely as a result of a non-standard 20/21 Covid year, savings of the order £2,800 were achieved, which bolstered the General Reserve fund.

So, if the £500 loan was charged against the £800 21/22 in year Reserve budget, then even if that budget was exceeded later in the year, there would be a General Reserve cushion to fall back upon. The loan element, if required, would come from the General Reserve.

Recommendation

Taking ownership of the pub, if achieved, would be the biggest community project in East Budleigh since formation of the community shop. It would be a fantastic achievement for the community to own two major facilities in the village and preserve the presence of a local pub for all time. The community shop project was fully supported by the parish council at the time and it is hoped that similar support would be forthcoming for the community pub.

It is therefore recommended that a £500 grant be made available to the East Budleigh Community Pub project to assist with pump priming costs. The funds to be obtained from the Reserve budget. If and when purchase terms are agreed, then it is recommended that a loan of £1,000 be made available to the project to assist with professional fees, survey costs and other costs pending the receipt of the fully funded purchase package in the form of shares / loans and grants.

DW 13/5/21