SWAN INN PUB FRIENDS CLUB

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HERE IS YOUR REGULAR NEWSLETTER

ON YOUR COMMITTEE'S PROGRESS

IN RETURNING IT BACK INTO OUR COMMUNITY

Edition Number:- Two October 2016



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PROGRESS REPORT

This is an interim report ahead of the next public meeting to inform you of the progress being made and the possibilities of success.

RESEARCH

As the committee were working from a standing start (and a position of ignorance regarding community funding) it was felt desirable to investigate case studies of successful community pub projects around the country. The committee has been registered with the Plunkett Foundation, which is a charitable organisation established to help, advise and part fund this sort of project. There have been well over 100 successful pub projects and six of these have been visited and studied in Essex, Norfolk, Suffolk, Yorkshire and Lancashire. The common theme to all these ventures, is that despite misgivings, particularly from local sceptics, all the funding was achieved and the pubs are running on a viable basis, and giving good financial returns to the shareholder investors.

CHARITABLE STATUS

Application has been made to the FCA for the establishment of a company with charitable status – it will be called: **SWAN WORLINGWORTH COMMUNITY PUB LIMITED** and this should be up and running in the next 10 days. We can give advance notice that when we seek funding from local shareholders, they will be offered a real rate of return on their investment, which is substantially better than most investment returns in the market today. In other words, the charity applies to the venture, not to the real investment return, which may well, also be tax free in the hands of the investor (subject to FCA clearance).

FUNDING

Funding will fall into three parts:-

Monies required prior to the launch and public share issue. The committee has secured two grants towards the totals needed, and a third more substantial grant has been applied for this week and is under consideration by the charity concerned.

Public share offer, which will be supported by a Business Plan and Prospectus describing the share issue, the aims and objectives of the community venture and how it will operate. The timing of the public launch will, to some extent be conditioned by the vacant possession situation – see below, but we will aim to be in a position to achieve this by the end of November.

Top-up funding to cover any shortfall in the public share offer, available from a third party bank on commercial terms.

PROPERTY PURCHASE

The Swan is owned by a financial institution – Commercial First, who lent substantial monies to the pub industry in the 1990/2010 era. Many of these loans have defaulted, as in the case of the Swan, and CF have foreclosed and taken over the freehold. The result is that they have a book of unviable properties to dispose of. The tenants of the Swan were given Notice to Quit, which expired in May 2016. However, there was a legal deficiency in their process, and the tenants remain in occupation, whilst CF pursue them through court action. This is extremely frustrating, as it denies us the opportunity to inspect the property and form a proper business plan incorporating the costs of refurbishment. This also precludes making an offer to purchase, as the building costs required will have a direct impact on the purchase price.

However, CF has instructed a local agent, and they are seeking offers for the premises as they stand, with sitting tenant/squatter in situ. This is an untenable situation and disregards the pubs designation as an "Asset of Community Value", which protects the community from this sort of precipitate disposal.

In summary, we have confirmed an interest to purchase, but will not make an offer until the full facts are known.

TIMING

If CF pursue vacant possession action through the courts on a diligent basis, vacant possession could be achieved in six to eight weeks. This would enable a business plan to be prepared to support the public offering. To a large extent, the timing is outside the committee's control, and we have to react to events in this respect. This does not prevent the legal status of the venture being secured, and funds sought to support the early stages of the venture as described above.

The ACV status puts a 6 month moratorium upon the sale of the property, to allow any local community based project, sufficient time to assemble the finance and make an offer to purchase.

This 6 month moratorium period had not yet commenced.

PUBLIC MEETINGS

At the next public meeting, there will be the presentation of the Propectus, Business Plan, and share offer. It will take place when all the factors described above, have been satisfactorily dealt with.

Swan Worlingworth Committee

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