



Dear Village Life Reader

Aug 2021

The pub planning application 21/00686/FUL is now listed on the MBC planning portal www.melton.gov.uk/info/200337/planning. Click on "View Planning Applications and Decisions", click on "Search for a planning application" and then enter "Grimston" in the keyword search. Once again, I encourage you to lodge an objection. A set of reasons for objecting were published in the July edition of this magazine.

We have had a query regarding the prices quoted in our last letter so am taking this opportunity to clarify the figures.

Pub values **do not** reflect the residential property market (which tends to go up most of the time) and are influenced by the general hospitality sector and the trading situation of the individual pub. This is why pubs are attractive to developers as pub values have remained lower than the surrounding residential properties, particularly in rural areas.

Pub premises values are affected by their trading position (closed, trading below potential, or trading at full potential) and then there is usually an additional payment for goodwill, which is also affected by the trading situation (closed resulting in no goodwill and trading goodwill related to verified accounts).

When The Black Horse was purchased in 2017, the land register records show the pub **building** cost £435k at a time when the pub was trading at its full potential. There would have been an additional amount paid for goodwill, which is likely to have been substantial given the level of trading by the previous owner.

The Black Horse has now been closed for 19 months and, when open in the recent past, was trading below its full potential since 2017. These two issues impact the current value of the pub building and the level of goodwill (currently nil as not trading). I hope this helps understand the potential volatility and complexity of pub values.

On another matter, now that the Community Group is a Community Benefit Society, I thought you might be interested in what this means.

A Community Benefit Society (CBS) is an enterprise run by the community for the benefit of the community and not for any individual's private gain. It is incorporated and registered under the Co-operative and Community Benefit Societies Act 2014 and authorised by the Financial Conduct Authority (FCA).

As you know, our aim is to purchase The Black Horse pub in Grimston and, when the opportunity arises, we will do that by asking people to buy withdrawable shares and/or give donations. There will be a minimum and maximum number of shares any individual can purchase, but each member will have an equal voice and equal vote. Our FCA approved rules are on our website and, when a sale is agreed, full details of our business plan and share information will be made available.

If we successfully purchase the pub, it will be community-owned and for the benefit of this and future generations in perpetuity. The pub would be owned by the CBS (not individuals) in what is called "an asset lock". This means that in the highly unlikely situation of the pub having to be sold in the future, the proceeds of any sale (after payment of debts and repayment of shares held at that time) could only be used for the continuing benefit of the community and not for private gain.

To raise the total funds required to purchase the pub, the Community Group will look to supplement the shares/donations with grants and, if necessary, a loan. The Community Ownership Fund (COF) has now been launched by the Government. It explicitly says that it will provide a match-funded grant towards purchasing the capital asset, ie. building (plus some related costs such as stamp duty), but will not fund other costs such as the business losses of the current owners.

Please remember to submit your objection, ideally, individually, not as a household, as this will carry more weight with MBC.

Mike Petty – Chair

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<https://blackhorsecommunitygroup.com/>