



The Plough is a ‘managed pub’ (managed by the Management Committee).

What is the difference between this and a ‘tenanted pub’?

One of the Management Committee's first decisions was whether to manage trade at the Plough, or lease the Plough to a tenant who would trade in their own right. The decision was to be a managed pub.

Here's the explanation we gave in the Business Plan to our first share offer:

There are advantages and disadvantages to both of these models and community owned pubs operate successfully with both. Currently the split between the two models across community owned pubs is approximately 50:50.

The advantage of operating with a manager is that the community group has complete control in the early years over what the pub provides, i.e., what the menus should be; what beers and wines are sold and at what price. Local groups can be encouraged to use the pub even if such meetings are not financially viable.

However, a managed pub needs considerable time and input from committee members who are ultimately responsible in law for issues arising from Licensing Objectives; for Health & Safety legislation; Data Protection regulations; VAT; PAYE etc. This means that the Management Committee will need both the right skills and the time to provide the level of support needed, which should not be underestimated.

The advantage of a tenancy arrangement is that the Management Committee would be relieved of much of the daily running of the business. A lease and rent would be set at a level to give a tenant or tenant couple the opportunity and incentive to run their own thriving pub business.

However, although requirements can be set out in any lease, a tenanted arrangement would make it harder for the community to have a say in the direction and running of the pub or to use voluntary help. The arrangement would rely on a community minded landlord and a probation period would be essential.

On balance and because control of the business direction is so important, we decided to run the business ourselves as a managed pub, with the assistance of a paid, live-in manager.

A Managed Pub brought various advantages, including:

- the ability to decide how the business is run
- tax relief available to members on the cost of their shares under the SEIS and SISR schemes
- the ability as a not-for-profit company trading for the benefit of the community to obtain grants, which have helped us get established
- volunteers are willing to help because they know that the business is operated for the benefit of the community and not for the personal profit of a tenant.

A Managed Pub also brought greater responsibilities and obligations, including:

- the committee is ultimately responsible in law for issues arising from licensing objectives; for Health & Safety legislation; data protection regulations; VAT; PAYE etc.
- the Society must trade for at least three years after the issue of shares qualifying for SEIS or SISR. Failure to do so would result in the members having to repay their tax relief to HMRC. Our current shareholding is £438,030 - the tax relief given to members is well in excess of £100,000
- the committee is inevitably faced with difficult decisions from time to time; much more so than if there was a tenant. The decisions they make must be made in what each committee member honestly believes to be the best interests of the Society.