



Business Plan



Prepared by Grendon Underwood Pub Community Society Ltd, a Community Benefit Society registered with The Financial Conduct Authority

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Table of Contents

1.Executive Summary.....	3
2.Introduction	4
2.1 Business Plan Purpose	4
2.2 Structure of the document.....	4
3 Project Development	5
3.1 Introduction.....	5
3.2. The Background to theProject.....	5
3.3 The Local Community	5
3.4. The Current Position.....	7
3.5. The Future	7
4 Vision, Aims & Objectives.....	8
4.1 Introduction.....	8
The vision for The Society	8
4.2 Project aims and objectives	8
5.Proposals.....	9
5.1 Introduction.....	9
5.2 The Project Proposals	9
5.3. Additional services.....	10
5.4. Business Model.....	11
5.5. Capital required	11
5.6. Shares issued by The Society	11
6.Building & Renovation	13
6.1. Introduction.....	13
6.2. Works planned prior to opening.....	13
6.3. Funding of works prior to opening.....	13
6.4. Medium to long term works required	13
7.Marketing Plan	14
7.1. Introduction.....	14
7.2. Increasing the number of customers.....	14
7.3. Increasing the frequency of visits	15
7.4. Increasing the value of each visit	16
8 Management & Operation	24
8.1 Introduction.....	24
8.2 Legal Structure	24
8.3 Management & Operation of the Community Hub	24
8.4 Day to day operation	24
8.5 Management of Staff	24
8.6 Staffing requirements	25
9 Financial Forecasts	26
9.1 Introduction.....	26
9.2 Raising the capital.....	26
9.3 Income and expenditure forecasts	27
9.4 Cash flow	28
9.6 Accountancy	29
10 The Share Offer	30
10.1 A Tax break from the Government	30
11 Risk Analysis	31
11.1 Introduction.....	31
11.2 Analysis of the key risks to the project	31

1. Executive Summary

This business plan presents a proposal for the operation of The Swan Inn, Grendon Underwood, as a community owned co-operative pub.

- a) The Swan has been a thriving pub in the past. The building is currently owned by Wellington Group, previously leased by them to a number of long -lease tenants with good success. However, since the last long-lease tenants did not renew their lease two years ago, the pub has been under the tenancy of temporary leases. The pub was put up for sale in January 2018 and the then temporary tenant's offer to purchase the pub was subsequently turned down after which they vacated the premises in May 2018 and the pub has been closed ever since.
- b) Once those temporary tenants vacated the premises the local community started a campaign to save the pub and a group of volunteers have worked to assess the viability of running a community pub, assisted by advice and assistance from the Plunkett Foundation.
- c) Following a community survey indicating strong support, the volunteers incorporated a Community Benefit Society to co-ordinate the purchase and operation of The Swan. This society is called Grendon Underwood Pub Community Society Ltd ('The Society').
- d) The Society is now seeking to purchase the freehold and operate as a managed free house offering beverages, food, a daytime café, meeting place and other community services, identified as important by the local community.
- e) Bringing The Swan into community ownership would boost the likelihood of success and the sustainability of the business by enabling the community to develop the facilities to meet their needs, rather than serving the financial demands of a commercial, 'for-profit' business.
- f) Community ownership will also ensure The Society works alongside existing village businesses rather than competing with them.
- g) The results of the community survey (and update survey's in due course), and regular community impact assessments, will influence the design of the Swan's activities in future.
- h) The Swan will be a free house not tied to any brewery.
- i) Importantly, the legal structure of The Society (as a Community Benefit Society) ensures an "asset lock" that guarantees the assets of The Society will be used for the benefit of the community and cannot be disposed of for private profit now or in the future.
- j) The society will be run for the benefit of the local community on a not for profit basis. All surplus monies generated from trading will be re invested to make improvements and used for community projects.
- k) The majority of the Capital to purchase the building and update the premises will be raised through a community share offer. Shares will be nominally £25 each, and the minimum shareholding will be £100, with the maximum individual investment permitted being £100,000. Documentation relating to the detail of the share offer will be issued shortly.
- l) Purchase of shares would confer 'membership' of The Society, giving members control over the business through the election (annually) of a Management Committee, and voting rights on significant issues at regular meetings. All members will have an equal vote, regardless of the size of their shareholding (one member one vote).
- m) Shareholders would have the protection of "limited liability".
- n) It is planned to pay interest to investors if funds are available in due course for this purpose, and hoped that this will be in the region of 2.5% per annum once the Management Committee determines that the business is fully established (possibly from 2021 onwards).
- o) A carefully selected General Manager would operate The Swan overseen by the Management Committee.

2. Introduction

2.1 Business Plan Purpose

This business plan has been developed to support development, at the Swan Inn, of a Community Hub for Grendon Underwood together with the surrounding Parish, which includes the villages of Springhill, Kingswood and Edgcott from which the regular customer base is drawn. Such a Community Hub would house local facilities including a public house and café, as well as offering a meeting place for various groups and for other community activities (e.g. healthcare drop-in centre). The Swan Inn can be that Community Hub, which would safeguard the facilities by retaining a vibrant, economic heart to the village.

2.2 Structure of the document

This business plan sets out the proposals for the realisation of this community facility. The plan is divided into the following sections:

Section 1 – Executive Summary	Provides a one page summary of the business plan
Section 2 – Introduction	Sets out the purpose and structure of the business plan
Section 3 – Project Development	Gives more detail about the context for the project including the history and development of the project to date, background to the local area, community consultations and need for the project.
Section 4 – The Vision, Aims & Objectives for The Project	States the overall vision for a new Community Hub and explains the underlying aims and objectives and how these support the local needs identified in section three.
Section 5 – The Project Proposals	Explains the plans for the new Community Hub in more detail, including capital costs and implementation plans.
Section 6 – Building and Renovation	Looks at the main costs for repair, renovation, and conversion.
Section 7 – Marketing plan	Outlines key activities to encourage use of the facilities.
Section 8 – Management and Operation	Describes the ongoing management and operating plans for the facility following opening.
Section 9 – Financial Forecasts	Summary five-year revenue forecasts for the operation of the Community Hub.
Section 10 – Share Offer	Briefly describes the details of the share offer.
Section 11 – Risk Analysis	Identifies the key risks associated with the project, with avoidance and mitigation strategies designed to prevent and minimise each risk assessed to be a significant threat to the project.

3 Project Development

3.1 Introduction

This section explores the local history and context for the project. It details the local census area statistics, which give a flavour of the composition of the area. It goes on to outline the current difficulties associated with operating a business within the village at present and explains the various consultations and community involvement in the development of plans for a new facility.

3.2. The Background to the Project

The Swan Inn, Public House

Despite being a viable thriving local pub, The Swan Inn, owned by Wellington Pubs Ltd, closed its doors after the previous tenants were given notice and vacated on 7 May 2018. Wellington, as the owner of a large sized estate of public houses had made little investment in The Swan over the preceding 20 years and their appraisal of the premises and refurbishment costs precluded it from remaining a part of their estate.

As a result of the closure, an initial group of concerned locals began discussions about how to prevent the permanent loss of a pub in the village and an open meeting was arranged to explore the options for saving the facility. Two meetings took place in May 2018 which were attended by over 120 local, concerned residents. The meetings concluded with the formation of a voluntary group to explore the options for community ownership.

The Swan used to be a thriving pub attracting regular visitors from Edgcott, Westcott, Quainton and Waddesdon as well as serving the immediate local community. The Swan was pivotal in the lives of the few hundred families who live in the immediate vicinity and the many regulars who visited the premises from further away. It was their social club and meeting place. Over recent years it has hosted a number of village events, notably a street party for the Queen's birthday and Christmas Carols on an annual basis.

The pub lies at the centre of what was originally a small farming village community and although there has been a long period of under investment, which led to the fabric of the pub deteriorating, the business continued to make a reasonable profit up to the point of its closure in May 2018.

Local Consultation

At the outset of the campaign, the voluntary group organized a community survey, which received more than 120 responses demonstrating community support and interest. Further leaflets were distributed to all households in the parish, the purpose of which was to see what level of interest there would be in a community share offer and communicated our progress to date and focused on the community benefits that we can achieve if we are successful.

This was followed by a public meeting in June 2018, which was attended by around 40 people, at which the financial commitment of those present was tested through the opportunity to make pledges. The outcome of this pledge period was very encouraging, as was support gathered during the local fete in mid-July.

To help keep the community informed of progress, the volunteers launched a website (www.saveourswan.org), a Facebook group-page, a Google mailbox, and have carried out several leaflet drops and poster campaigns.

3.3 The Local Community

Grendon Underwood, Springhill, Edgcott and Kingswood are villages within the Parish of Grendon Underwood, in North Buckinghamshire, England. The village lies between the towns of Waddesdon, Bicester and Buckingham. The local area is blessed with places of historic and national interest. Waddesdon Manor, Bicester Heritage and Stowe Gardens to name but a few. The villages and towns neighbouring the parish are of a market feel with a number of independent stores which are popular both with residents and visitors to the local area. The villages enjoy good road & bus links to the larger conurbations of Buckingham, Bicester, Waddesdon, Aylesbury, Milton Keynes and Oxford, each of which have rail links to major cities.

Whereas these links make the villages highly accessible this can also present a challenge to local businesses, competing for custom with larger town centres, urban supermarkets and other shops located

near residents' places of work. Competition for the patronage of local customers makes the business environment within the villages challenging. Regrettably, over the last 30 years or so the area has lost three pubs and whereas there was formerly a garage in the centre of the village (almost opposite the pub), a doctors surgery and potentially an additional new shop, the village now only hosts one shop which includes a Post Office.

The geography of the area with quite lengthy distances between villages can make access to relatively nearby facilities difficult for some of the residents. There remains, therefore, a need to provide local services at a reasonable cost to cater for the significant numbers of people who may be less mobile, more reliant on public transport and living on low incomes and therefore unable to travel large distances to cheaper urban supermarkets, as well as to provide greater choice for all residents.

The central area of Grendon Underwood around Main Street contains the village church, post office/shop, village hall, builders' merchant, active farms, a primary school and a small business park including a garage. The village is expanding in terms of residential housing stock as it comes within the Aylesbury Vale District Council (AVDC) area of North Bucks.

According to the most recent census (March 2011) the local area described above is made up of the following:

- Number of households: 411
- Total number of residents: 1625
- Average household size: 3.9 persons
- Men 1067
- Women 558

It is notable that the Swan's former customers were drawn from a much wider geographical area, from as far afield as Buckingham, Waddesdon and Bicester. In that context, the business has a potential customer base of over 30,000 customers within a 10-minute radius of The Swan Inn.

3.4. The Current Position

Developing a Sustainable Business

Whilst Grendon Underwood has an active community scene of groups and volunteers, it is considered that if the Swan could be community owned and operated, the chances of them being sustained for the benefit of the local community would be so much greater. The Swan Inn, operated as a pub and café and a Community Hub would support the local economy, providing local employment, as well as purchasing local produce, goods, and services, supporting local food producers and other service providers.

To progress this proposal, the voluntary group set up following the May 2018 closure of the pub have:

- Confirmed that that Swan is an Asset of Community Value, protecting it through the Localism Act's Right to Bid legislation
- Formed a Community Benefit Society ('The Society') through registration with The Financial Conduct Authority
- Successfully engaged with Fleurets (Estate Agents, appointed on behalf of Wellington) to begin discussions on the sale price and terms
- Secured the support of The Plunkett Foundation to access the government sponsored 'More than A Pub' scheme and funds
- Discussed funding opportunities with other grant making bodies, including the Architectural Heritage Fund
- Engaged a Valuation Surveyor to provide realistic financial projections for the Swan

The voluntary group has been supported in work this by The Plunkett Foundation, Pub Is The Hub, Local Breweries (i.e. XT Brewery and Vale Brewery), Local Councillors, Cameron Branston (District Councillor), John Bercow MP and Speaker of the House, and numerous others, demonstrating wide ranging endorsement of the project.

3.5. The Future

There are now many examples of villages that have saved their local pub by taking it into community ownership, involving either voluntary or professional management. To date there are 50 co-operative pubs in existence in the UK. In all of these examples, the income from the business is invested back into the pub or other facilities or activities in the locality. For community shareholders, it provides a social reward knowing that the investment is being put to worthwhile causes. To date, no pubs set up using this model have failed.

Community ownership of the Swan would also offer the opportunity to open a café and social hub within the centre of the village, so the project can be a real catalyst for the economic and social development of the area, creating a transformative community-led business with multiple functions under one roof.



4 Vision, Aims & Objectives

4.1 Introduction

This section sets out the overall vision for The Society and explains the underlying aims and objectives for the project. These are linked to, and directly support, the local needs and demand identified in section three.

The vision for The Society

The vision for The Society is:

To develop a sustainable and inclusive community asset which will act as a community hub for Grendon Underwood and the neighbouring villages and will be a central focal point for village life, and act as a catalyst to re-ignite the vibrancy and harness the sense of community in the area.

4.2 Project aims and objectives

The project aims and underlying objectives which underpin this vision have been developed based on the local needs identified in section 3. They are as follows:

Aim: To provide a flexible, multi-purpose community facility that is sustainable and which enables participation in social, cultural and leisure activities by the whole community

Objectives:

- a. To provide a community facility that is an accessible, flexible venue in the area, to offer somewhere to go and something to do, for a diverse range of individuals and groups
- b. To cater for a range of community needs through a diversified portfolio of services including for those that are less mobile/able
- c. To provide economies of scale and enable the sharing of costs by locating several services under one roof to optimize the facility's financial viability

The next section considers the most appropriate way to meet the vision, aim and objectives.



5. Proposals

5.1. Introduction

This section explores the plans such a new community hub in more detail. It also provides a breakdown of the capital costs of the project.

5.2 The Project Proposals

As already explained, the vision for The Swan Inn is for it to become a focal point of the community through the provision of various services which are:

- **As a fantastic local pub** with an excellent reputation – not only for serving real ale and craft beers, wines and spirits and sensibly priced wholesome food using locally sourced produce, but also for its warm, friendly, inclusive atmosphere. This will be achieved with outstanding customer service, and by embracing the community it serves, providing food and facilities for all residents regardless of age or gender.

'The Swan' as it is affectionately known has good accessibility, parking and a generous amount of outside amenity space which has been under-utilised over the years. The Swan lies on an area of flat ground which is an important and significant feature for some patrons.

Pub activities could include live music nights, stand-up comedy nights, a book club, a golf society, poetry evenings, themed food nights and guest speakers. Re-engaging with pub sports teams (pool, darts, Aunt Sally, football – Grendon Underwood has a thriving football team, Grendon Underwood Rangers FC, GRFC) and sponsoring local sporting events along with a regular quiz night and forming a competitive quiz league with other local pubs would also help engage the community.

Many exciting ideas have been proposed by members of the community, including regularly having a pop-up restaurant (allowing keen local budding chefs the chance to take over the kitchen and serve their food to customers), brass band competitions, a kid's Christmas party with gifts funded by The Society, an OAP's (Old Age Punks) music night, DJ sets, after school club for parents, a base for the local theatre group (the Quaintwood Players), a kazoo and ukulele orchestra etc. The list is only limited by the community's desire and passion for such ideas.

The pub would serve the local community and passing visitor trade as well as supporting other local businesses (e.g. the shop and post office and local breweries, such as XT Brewery and Vale Brewery).

Key action points to make The Swan Inn a vibrant pub and community hub will be:

- a) Re-open as a free house allowing the Committee & manager to select a choice of popular & craft beers and lagers, and to serve them in excellent condition at a competitive price.
- b) Replace the Thatch roof, which has been left with a sizeable hole in it.
- c) Refit the beer lines and ensure the cellar and pumps are fit for purpose.
- d) Redecorate the pub and replace the furnishing, carpeting, lighting etc. to create a welcoming and comfortable atmosphere.
- e) Attend to the buildings external appearance to give it a professional, warm, and welcoming feel.
- f) Appoint competent and passionate managers who will have the opportunity to make a good living in return for running the pub excellently.
- g) Operate sensible, practical, and reasonable policies e.g. dogs, children and behaviour which enhance the experience for the widest audience.

More detailed actions and standards are included later in this document.

- **As a place to meet / daytime café.** Critically there is no ability in the immediate area for members of the community to have casual, impromptu meetings or get together throughout the day; we currently do not have anywhere within easy walking distance to meet and chat. This is particularly important for the residents who may not have access to a car and is especially true for those who may not be traditional pub users; a café facility would broaden the appeal of the Swan to more members of the community. The facility would help to connect people such as parents dropping off and picking up children from

local schools, elderly residents, the increasing numbers of people isolated at home, those working from home etc. Through this approach the village could enjoy increased community cohesion and improved well-being.

The vision is to create a café serving high quality food, brunches, and lunches at reasonable prices, with a reputation for excellent coffee, speciality teas and locally produced cake etc. This would have the same inviting atmosphere as the pub, with quiet corners to relax and read the paper, grab and go take away offers etc. The café would also offer Internet access for those who need to work and relax, as well as those that do not have internet provision at home. If possible, the café which is located in the business park could collaborate and benefit in this activity, once again encouraging their business to thrive along with the Swan.

- **As an 'essentials' shop.** We've all run out of milk for the kids' breakfast at 10pm at night; forgot to buy loo roll; discovered there's no pasta in the cupboard 10 minutes before we start to make dinner. The pub could work in conjunction with the Village Shop by stocking basic household and food items, (not on display but with a list of items available to those who require them) and selling these on behalf of the shop when it is closed and the pub is open. This will bring a great convenience feature to the community and further enhance engagement. This would, of course, only be arranged after discussion with the shop, so as to compliment their excellent service. We are looking to 'host' the Village Shop in the Swan – working with the shop owners to improve both business' footfall and sales.
- **As a resource for visitors.** The Swan should not only to meet the needs of local people, but also embrace the multitude of visitors who currently pass through the village. The pub is situated close to Waddesdon House and Bicester Village, and various other sites of special interest, and by offering good quality but reasonably priced food and providing a welcoming and attractive venue for walkers, runners and cyclists there should be a build up a outdoor clientele (by word of mouth as these pursuits are carried on very much year-round). The Society could publish and encourage a series of walking and mountain bike routes around the nearby areas in conjunction with local ramblers and cycling clubs, who would come to appreciate the benefits of utilizing the pub, for example through offering secure, bike-friendly parking.
- **As a resource for regeneration of the area.** Attracting more visitors to the village can only be a good thing as it will provide more customers for the existing businesses and village shop. We are conscious that villages such as Grendon Underwood require a 'critical mass' of businesses that can feed off and support each other. The proposed community hub will provide a means for retaining village centre facilities that the other, existing businesses can benefit from.

5.3. Additional services

As the building will be purchased as a freehold, the community will have the option to develop the range of services to meet their future needs. Given that the proposed business is viable within its current form (see financial forecasts), additional services could be added at low risk. Suggestions from members of the community include:

- Mothers and Toddlers group
- Teaching space for basic computing, languages, and arts
- Open exhibition space for local artists
- Farmers markets and craft markets in the outdoor amenity space
- Development of a micro-brewery
- Seniors luncheon club / meals on wheels service
- Healthcare drop in centre
- Internet café

- Tourist Information Point

These opportunities are limited only by the space available and demand for the service and will continue to be explored by the future Management Committee.

5.4. Business Model

To achieve the aims of The Society for The Swan Inn the way ahead is to purchase it and operate it as a community owned pub, café, and community hub.

- The business model for doing this is in the form of a Community Benefit Society (CBS) which, through a share issue and additional funding sources, would purchase the pub for the benefit of the local community. To that end, a Community Benefit Society ('The Society') has already been established through funds provided by the Plunket Foundation.

The benefits of this business model are:

- The local community will own the building in perpetuity
- Local people can feel more committed to the facilities offered by through the community hub
- Setting up a co-operative allows The Society to attract grant aid
- Tax relief schemes can be taken advantage of by investors in the shares

5.5. Capital required

Monies will be required to meet the purchase price, the costs of refurbishment plus legal and professional costs and sufficient working capital to purchase stock and cover initial staffing costs.

The Wellington Pub Company (the vendor) currently advertises the pub for purchase at a price of **£415,000 + VAT** for the freehold property, complete with all fixtures and fittings. Any offer is subject to contract, and subject to vacant possession on completion with no covenants in place with respect to use or any other restrictions. VAT is payable on 90% of the purchase price, and will be reclaimable by The Society which will be VAT registered and operating as a not-for-profit organisation.

An allowance of **£10,000** has been allocated in the financial modelling to cover legal & professional fees and Stamp Duty.

The working capital budget would **£20,000** which is enough to cover the cost of stock, insurances, consumables, and staff wages for a period of two months.

The costed budget for refurbishment works stands at **£120,000**, more details on which can be found in section 6 – Buildings.

We are therefore seeking generate Capital of £520,000 through a variety of sources.

The volunteers are making applications to grant-awarding bodies (including the Plunkett Foundation to access a combination grant / loan from the Government backed Power to Change organisation's 'More than a Pub' fund at a maximum level of £100,000 which is typically 50/50% split of loan/grant) as one type of funding source. If these grant applications are successful (the minimum amount we will need to raise from the community share offer ('the Share-Offer', which will be announced shortly) is **£325,000**.

The best-case scenario is that all of the capital required is raised from the Share-Offer and grant funding, as this will avoid the need for commercial debt (a loan), which would carry interest and capital repayments to be serviced from trading activity. This is explained in detail in section 9 – Financial forecasts.

5.6. Shares issued by The Society

As a means of raising the majority of the required capital, shares in The Society will be sold through a Share-Offer, details of which will be announced shortly.

Unlike shares on the stock market trading in the shares can only be between The Society and the individual investors. In this way, the purchase and selling price of shares remains constant so that no 'profit' can be made from share ownership. It should be noted that in very rare circumstances the value of the shares can decrease in value if The Society was compelled to dissolve (by member vote or legal ruling) but this is mitigated by the majority of the investment being locked into the capital value of the land and buildings that comprise The Swan.

Critically, the legal structure of The Society, as a Community Benefit Society, also creates an "asset lock" that ensures the assets of The Society will only be used for the benefit of the community and cannot be disposed of for private profit now or at any time in the future.

Owning shares in The Society automatically entitles the owner ('member') to having an equal influence over how The Society is managed as, being a co-operative, each member receives one vote no matter how many shares they own. Further details of the Share-Offer will be available shortly.

Once shares have been purchased, the shareholders ('members') will elect a Management Committee that will, amongst other things, advise the members on:

- what they think the annual level of interest to return to the members should be set at in a given year
- whether members should be allowed to withdraw share capital (dissolve their shareholding) along with any cap on withdraws in a given period and the minimum advanced notice for doing so
- how The Society will handle requests by members to facilitate share 'transfers' between individuals and in what circumstances (typically when a member leaves the locality and wishes to allow another party to take on the value of the exiting member's shares)

As shares are not currently on sale, and there are no shareholders, there is not a Management Committee in place and so the voluntary group has begun drawing up proposal relating to such matters, which will be explained in the upcoming Share-Offer document.



6. Building & Renovation

6.1. Introduction

The Swan is a Grade II listed building in a Conservation Area.

This section sets out some of the key headings for repair, renovation, and conversion costs. A survey of the building has been undertaken and the results of this have been incorporated into the costs, recognising that the best time to carry out repairs, refurbishments and redecorations is in the period between The Society taking ownership of the premises and reopening.

6.2. Works planned prior to opening

The work that is planned prior to opening includes:

- **Thatched Roof.** This needs to be completely replaced as it has deteriorated to such a point that a hole has opened up, allowing water to ingress.
- **Pub area.** General refurbishment to include new carpets, upholstery, decorations, electrics, and lighting overhauled etc. This will be done sensitively so as not to lose the warmth and character of the multi room layout.
- **Dining area.** To refurbish part of the pub for use as a café and dining space and enhance the overall flow of the interior.
- **Exterior of building and garden.** Decorations, new signage, security lighting, new garden area and furniture etc.
- **Kitchen.** Improvements to ensure that it is fit for purpose for its new use and food can be produced compliant to current food hygiene standards
- **Toilets.** Some work required to bring them up to standard
- **Bar & Cellar.** Ensure that these areas are fit for purpose
- **Upstairs dwelling area.** To refurbish to a basic standard that can accommodate staff.
- **Energy saving measures.** Upgrade some of the lighting to low energy bulbs and install double glazing where possible and insulation. The use of some of these methods will be limited as the building is Grade II Listed
- **Drains.** There is a known issue with these, they need repairing to ensure they function correctly
- **Repairs.** General repairs and routine maintenance work (e.g. gutters to be cleared, pathways maintained)

6.3. Funding of works prior to opening

The estimated cost of the works listed in Section 6.2 is £120,000. This figure is the maximum that could be spent as cost control is essential particularly during the early trading years of the enterprise. Of course, there may be unforeseen works required, but overall the works would be tailored to suit the available budget and any remaining elements will be funded as surpluses allow. Thankfully, there are excellent skilled local tradesmen who have indicated that they would be willing to offer their services voluntarily or at preferential rates, which could mitigate any risk and help contain or reduce these costs.

6.4. Medium to long term works required

Medium / long term works will require a schedule which enables areas to be completed during quiet trading periods, and comprise areas of work which should be addressed as soon as funds, potentially including grant funding or via volunteer input, allow:

- **Out-buildings and Landscaping.** The use of the outside space will require some re-design to provide a haven for families wishing to frequent The Swan. Some of the the buildings could generate income or be of multi-purpose use such as flexible office space.
- **Parking.** Currently this occupies a large part of the front amenity space, which might be better organized, conversely it provides off-road parking for those patrons who are not local.
- **Staff accommodation.** More comprehensive refurbishment of the existing staff accommodation to make it a welcoming place to live

7. Marketing Plan

7.1. Introduction

The marketing plan for The Swan is based on three fundamental aims:

- 1 To increase the number of customers using the facilities (building the customer base)
- 2 To increase the frequency with which customers use the facilities (building customer loyalty)
- 3 To increase the value of each visit made (building customer value)

The target market segments that The Society hope to attract through the marketing proposals are:

- Local people, including families, young people, and older people – from Grendon Underwood, the surrounding villages and the wider area;
- Day visitors to the area, particularly tourists, walkers, runners, bikers and cyclists.

Proposed methods for achieving the marketing objectives in the early days of operation of the business are outlined below. The marketing plan will be updated regularly in conjunction with the Management Committee as the business grows and develops.

7.2. Increasing the number of customers

Standards

At the core of any marketing strategy is meeting customer needs, providing quality products and great customer service. This will be at the heart of the pub's business ethic. Here is a list of key principles, no matter which target market The Society are aiming at.

- a) Excellent beers and lagers (Keep in view it will be a free house)
- b) Good range of wines and other drinks at fair value
- c) Good quality, fair value food, locally sourced
- d) Warm welcoming atmosphere
- e) Comfortable clean surroundings internally (e.g. pub and café) and externally (e.g. beer garden areas)
- f) Attractive outside access from car park to front door
- g) Good basic services including toilets
- h) Sensible practical reasonable policies e.g. dogs, children and behaviour which enhance the experience for the widest audience
- i) Reinvest trading surplus to improve infrastructure and customer experience

Reaching the target markets

The first part of the marketing strategy relies on raising awareness of this new community hub and the facilities on offer. This will be done through an extensive outward facing marketing campaign incorporating all forms of media including:

Print media

Articles in the run up to the launch of the new facility will be placed in local print media, for example, the Bicester Advertiser, Oxford Times, Buckingham Advertiser, Bucks Herald, the local Parish Magazine plus others to ensure good coverage across Grendon Underwood, Bicester, Buckingham, Waddesdon, Aylesbury, North Buckinghamshire and Oxfordshire. The aim of the marketing campaign will be to create awareness and interest in the facilities, by emphasising the community aspect of the project and the belief that this is the first project of its kind within the North Bucks area. The ultimate goal of the activities will be to convert readers from a general awareness to active interest in visiting.

Other opportunities to be explored will include running articles in special interest publications, particularly those for walkers and cyclists, two key target markets who are likely to be interested in using the facilities. Developing a series of walks or bike rides as leaflets or booklet which take in The Swan Inn en-route (as well as potentially other local facilities) could help attract this customer segment.

Radio

The local area has some strong local radio stations such as Mix '96, Heart FM and BBC Radio Oxfordshire through which The Society would look to garner interest and support to raise its profile.

Social media

Mirroring the print media campaign, the social media campaign will help raise awareness amongst potentially a different demographic to the printed word, generating awareness and interest amongst a younger, and more geographically diverse audience. Website articles will be used, along with twitter feed, Facebook group, specific marketing to special interest groups such as cyclists and walkers, and marketing emails directly to those who have expressed an interest in being kept informed about the project.

Local businesses, groups, and clubs

The Society will seek to work with local businesses, groups, and clubs to raise awareness of the project amongst their customers, users, and visitors. This will be done through leaflets / posters within local businesses, and through giving talks and presentations to local groups. The local Village Hall, which is located within easy walking distance, offers an important meeting place to engage people in the period prior to The Swan reopening. Local businesses, particularly the local shop, will also be important advocates with their own customers to raise awareness of the facilities.

7.3 Increasing the frequency of visits

Creating a welcoming and attractive atmosphere

Every encouragement will be used to help locals to feel it is their pub. It should be an important part of the community. Having attracted customers initially through the door, the main marketing tool will be to create a great impression and build a positive reputation to encourage repeat visits. To do this The Society will offer favourable employment terms and conditions to staff and ongoing training to enable them to provide a great customer experience. There will be investment in the fabric of the building on an ongoing basis to provide the kind of environment that the customers will expect. Staff will serve customers promptly, with a friendly manner and any complaints will be dealt with to reach a satisfactory outcome for the customer. A seasonal food menu and drinks on offer will also help to retain customer interest, attracting repeat visits on an ongoing basis.

Events & Activities

A series of activities and events aimed at engaging *all* sections of the local community, as well as visitors will be developed, including regular day and evening events (e.g. book clubs, darts / pool competitions, quizzes, music nights) and larger one-off events such as seasonal markets, important sporting events, speciality food evenings, Wine or Gin tasting and beer festivals. The events will complement other local initiatives to benefit from the promotions and marketing carried out for those events, such as Christmas Carols at The Swan and Family Fun Days, etc.

Promotions

One off promotions will be used to generate interest, especially at off-peak / traditionally quiet times. These will be developed in conjunction with the pub staff / management to gain their feedback and knowledge on the most appropriate form of promotion.

TripAdvisor and other online travel forums

Maintaining a watching brief on review websites such as TripAdvisor will enable the Management Committee to respond to any negative reviews / comments quickly and directly, showing the wider potential customer base that The Society are engaged and committed to improving its services.

7.4 Increasing the value of each visit

Increasing the facilities available under one roof

Previously, The Swan functioned only as a pub business. This limited the revenue generation opportunities, as well as the audience likely to enter the building. By co-locating a café facility under the same roof, The Society aims to attract a wider audience to the facility, increasing the value of revenue generated from each visitor. For example, those that may not otherwise visit the pub may be encouraged to do so by first visiting as a customer of the café, converting into a customer of the pub through a better understanding of the facilities on offer.

Increasing the time spent in the Community Hub

One way to increase the value of each visit made by customers is to increase the amount of time spent in the facility; people popping in for a drink may be persuaded to stay for a meal or snack by prominently displaying an eye catching and tempting menu, whilst those visiting to use the café may be enticed to return for a drink after seeing a range of craft beers on offer. Newspapers and second-hand books to complement the small village library can be used to encourage longer dwell times, and games and toys can help to create a child- friendly environment, retaining family visitors for longer. Good WiFi connections can also encourage visitors to stay longer, particularly those who do not have access to this elsewhere, e.g. tourist visitors. Ultimately, creating a comfortable and pleasant environment, that meets the needs of the customer, will encourage longer, more valuable visits.



8 Management & Operation

8.1 Introduction

This section describes the ongoing management and operating plans for the Swan following opening.

8.2 Legal Structure

This community asset will be owned by the Grendon Underwood Pub Community Society (The Society). This legal model was selected because it emphasises the social benefit of the project, whilst giving members (shareholders) the protection of limited liability. ***Importantly, as explained earlier in this document, the legal structure of The Society as a Community Benefit Society also guarantees an “asset lock” that ensures the assets of the society will only be used for the benefit of the community and cannot be disposed of for the private profit now or at any time in the future.***

The Society Rules have been approved by the Financial Conduct Authority, and are available to download from the website (www.saveourswan.org).

8.3 Management & Operation of the Community Hub

Following the incorporation of The Society by the voluntary group the intention is to establish a broad Society membership drawn from across the local community through the sale and purchase of community shares through the Share-Offer. Once the Swan has been procured, a Management Committee will be appointed at a Annual General Meeting by voting by the members. The strategic management of the venue will be overseen for The Society (which has been set up specifically for this purpose) by the Management Committee. In the meantime, the group of volunteers has been and will continue to be supported by expertise from The Plunkett Foundation, XT Brewery, The Pub is The Hub and other individuals and professionals.

In future, positions on the Management Committee will be open to any shareholder member when elections are held at the Society’s first Annual General Meeting.

8.4 Day to day operation

A careful recruited experienced, reliable, commercially astute, and socially skilled General Manager (or management couple) will be appointed for the day-to-day operation of the facilities, leaving the community, through the shareholders and their appointed Management Committee, to set the strategic direction. The manager(s) and staff must have high standards in all aspects of the business, and be motivated by the desire to create a really special pub that is treasured by the community and attractive to those from further afield. There is the potential to employ some staff that have worked at The Swan Inn before, are known to the regulars or have good links with the community – along with other local works.

The pub will be run to deliver a surplus to be reinvested in the pub itself, awarded to local community groups, shared with the hired staff in the form of pre-set achievement bonuses and potentially distributed to the shareholders via interest payments. The society will hold an annual general meeting for all shareholders and may have further meetings to discuss its plans and progress.

8.5 Management of Staff

The Management Committee will put into place systems and organizational arrangements to ensure that the Manager(s) are properly overseen in the management of the day-to-day operations of the enterprise. These arrangements will including liaison and reporting on a frequent basis, cloud based accounting packages to ensure financial matter are fully visible to a designated member of the Committee, etc. It is the intention that a single Committee member will be responsible for day to day supervision and liaison with the General Manager.

The Manager(s) will be responsible for day-to-day staffing management and matters such as staff rotas, etc.

8.6 Staffing requirements

Current forecasts indicate that the café will require 56 staffing hours per week, and the pub a further 135 staffing hours, totaling 191 hours per week. This allows the following opening times:

Day	Café times	Pub times
Monday	09.00 – 12.00	12.00 – 23.00
Tuesday	09.00 – 12.00	12.00 – 23.00
Wednesday	09.00 – 12.00	12.00 – 23.00
Thursday	09.00 – 12.00	12.00 – 23.00
Friday	09.00 – 12.00	12.00 – 23.00
Saturday	10.00 – 12.00	12.00 – 23.00
Sunday	10.00 – 11.30	11.30 – 22.30



9 Financial Forecasts

9.1 Introduction

The financial forecasts relate to two separate phases. The first is the financial plan to raise the necessary capital to open the pub. This is set out in Section 9.2. The second is the financial plan to operate the pub in a way which is viable in the long term. This is set out in sections 9.3 – 9.4.

9.2 Raising the capital

As explained in Section 5.5 and Section 6, there is need to raise c. £520,000 of Capital for the purchase and re-opening of the pub. There is an additional need, as shown in Sections 9.3 - 9.4 for working capital to deal with the forecast short-term peak cash-flow demands.

Item	
Purchase and Re-opening	£520,000
Bridging loan for VAT and initial setup costs	£125,000
Total	£645,000

The Society intends to raise the majority of these finances from the Share-Offer outlined in Section 5.5 along with grant funding. The likelihood is that there will be a need for short-term working capital loan funding but this is normal for a start-up enterprise and is included in the forecasts shown later in this document. Should the Share-Offer not raising the amount needed, The Society has three options open to it:

- i. Not proceed with the sale of shares and not pursue to the purchase of The Swan
- ii. Reduce and/or delay some of the stage one (see Section 6) refurbishment – all elements of the refurbishment have been fully costed to be carried out by suppliers on the open market
- iii. Borrow an increased amount over the longer-term, but this is dependent on the trading potential of the enterprise.

For the purposes of modelling as set out in Section 9.3 and 9.4, a low, mid and high trading and capital scenario were used to assess the trading viability of the enterprise.

The mid-case scenario figures are presented in the projections in Section 9.3 and 9.4.

9.3 Income and expenditure forecasts

The Swan P&L

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Turnover	240,855	297,700	319,440	353,760	375,200
Cost of Sales	89,823	104,195	102,221	113,203	120,064
Gross Profit	151,033	193,505	217,219	240,557	255,136
Operating Overheads	135,533	165,724	184,216	194,364	197,580
EBITDA	15,500	27,781	33,003	46,193	57,556
Interest expense	8,200	8,700	8,700	8,700	8,700
Operating Profit/(Loss) - Before Tax and Depn	7,300	19,081	24,303	37,493	48,856
Operating Profit/(Loss) - After Tax and Depn	5,840	15,265	19,443	29,994	39,085

How the P&L's have been calculated as below:

These figures have been based on the last known trading figures of The Swan and information gleaned from a valuation survey where "Fair Maintainable Trade" for a pub of this size has been ascertained. The figures have also been influenced by trading accounts of similar pubs that have been provided from the Plunkett Foundation.

Cost of Sales relates to the raw materials (e.g. beverages, food etc) needed to generate the forecast sales per annum and is calculated using accepted industry benchmarks.

Operating Overheads covers salaries, advertising, premises & utility charges and other anticipated running costs, based on figures obtained from other businesses.

A modest sales growth has been forecast to take into account the increase that is inherent in widening the food offering and increasing café hours to take into account passing trade.

Business rates - the rateable value of The Swan is £9,300 and therefore we would qualify for full small business rate relief.

9.4 Cash flow

	<u>Yr0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Share Offer & Other Capital Funding	£520,000					
Short term bridging loan	£125,000					
Opening Cash Balance		£25,000	£16,023	£73,137	£87,847	£154,645
Total Income		£289,026	£357,240	£383,328	£424,512	£450,240
Forecast Purchase & Initial Renovation	£516,000					
VAT on Purchase & Initial Renovation	£104,000					
Total Outgoings		£298,003	£300,125	£368,618	£357,715	£413,865
End Cash Balance	£25,000	£16,023	£73,137	£87,847	£154,645	£191,019

It is expected that substantial savings will be made by using the goodwill that is inherent in the community in the renovation and refit.

Whilst £120,000 has been earmarked during the first year for renovation it is envisaged that the absolute necessary works to open the pub again will be spent at purchase and refit, and then further works would be undertaken progressively during year 1. A further healthy provision for building maintenance is included in the forecast during years 1-5.

A short term bridging loan of £125,000 has been assumed which is expected to be repaid (including related interest) within 9 months.

The projected cash flow suggests that some share capital could be returned to investors wishing to withdraw their share value at the end of 3 years however the way in which surplus funds are used would be at the discretion of the Management Committee, subject to membership dialogue and voting at the annual general meeting.

The vendors have elected to apply VAT to the Sale price. However, The Society will be registered for VAT at the time of purchase and VAT should be recoverable at the first return. The bridging loan to cover this and other working capital requirements is expected to be repaid in full in the first 9 months.

9.5 Contingency

The projected operating surpluses are not insignificant, but will require careful cost control alongside energetic and targeted marketing in order to achieve it. A number of contingency measures for dealing with any shortfalls in this surplus have been considered:

- The sales projections are based on previous year's sales figures plus a small increase as a consequence of increasing the food and café offering. From previous experience of The Swan and other community pubs, the margin and sales opportunity posed by doing so will improve the overall profitability considerably. The Swan is a local pub, serving a local market. Engagement of that local community should increase footfall and per person spend. The Swan should also benefit from passing trade from the prisons, HS2 and East-West rail (all of which are close to the village).
- Volunteer staffing – Training courses could be delivered for the Management Committee and for other volunteers who would like to be cover the casual bar staff as required. This would deliver allow reduced costs.
- Small grants to subsidise replacement of machinery and equipment and to undertake some of the repairs and maintenance can being sought but are not accounted for in the figures.

9.6 Accountancy

The Society have yet to appoint a firm of Accountants to assist with all accountancy and bookkeeping requirements including tax, VAT, payroll, and audit. It should be noted that The Plunkett Foundation have a panel of recommended accountants and The Society will look to engage one who is a specialist in the field of Community Benefit Societies.



10 The Share Offer

More details of the Share-Offer will be provided shortly in a separate document.

10.1 A Tax break from the Government?

UK taxpayers are, in some circumstances, eligible for tax relief on investments that comply with HMRC rules.

The Society has applied for 'Advance Assurance' from HM Revenues and Customs (HMRC) to determine whether shares in the Grendon Underwood Pub Community Society are eligible for tax relief under the **Seed Enterprise Investment Scheme (SEIS)**, **Social Investment Tax Relief (SITR)** and the **Enterprise Investment Scheme (EIS)** which are government-backed tax relief schemes designed to encourage investment in enterprises.

At the date of the publication of this business plan, HMRC are still processing the Society's enquiry.

Whether or not tax relief might be available to any individual investor has not been established by The Society and, therefore, it is recommended that anyone wishing to invest with a view to claiming tax relief should obtain personal advice from a professional tax advisor.

Remember applications for tax relief are made to HMRC by you, the investor, not by The Society.

The actual amount of tax relief you can claim will depend on your personal tax circumstances.



11 Risk Analysis

11.1 Introduction

This section identifies the key risks that have been identified which are believed to be associated with the project. The risks are assessed according to the likelihood of occurrence and level of impact on the project should they occur. For those risks considered to be a significant threat to the project (those with a medium or high likelihood of occurrence and medium or high impact should they occur) a risk avoidance strategy has been developed, to prevent the risk from occurring and mitigation strategy also given, to reduce the impact of the risk, should it occur.

11.2 Analysis of the key risks to the project

This section considers the risks to the project:

- The Society is unable to agree a fair and appropriate purchase price with Wellington, or they choose to sell to someone else
- Lower than expected share capital raised
- Budget overspend
- Failure to attract sufficient customers to cover operational costs
- Failure to offer a wide enough range of activities to attract users from across all sections of the community
- Departure of key skills / members of the temporary voluntary group
- Unforeseen operating costs or increases in costs

The following chart plots the likelihood of occurrence and impact of each risk:

Impact	High	Failure to offer a wide variety of activities	<ul style="list-style-type: none"> • Lower than anticipated usage • Unforeseen increases in operating costs 	
	Medium	Capital budget overspend	<ul style="list-style-type: none"> • Lower than expected share capital • Difficulty finding suitable manager 	
	Low		<ul style="list-style-type: none"> • Loss of key skills 	<ul style="list-style-type: none"> • Failure to purchase the property
		Low	Medium	High
		Likelihood		

Here are some useful links if you want some more information:

Our Campaign website www.saveourswan.org contains lots of useful documents and links, including the Model Rules governing the Society.

Our Facebook page (a closed group) www.facebook.com/groups/2081606825419402

The village Facebook page www.facebook.com/groups/grendoncommunitygroup

Invaluable support has been provided by The Plunkett Foundation: www.plunkett.co.uk

The Plunkett document 'A Better Form of Business' explains the principles of community ownership: <http://www.plunkett.co.uk/better-business-reports>

Community Benefit Societies are regulated by the FCA

Details of the Co-operative and Communities Benefit Act 2014 can be found at www.fca.org.uk

Guidance from the HMRC about SITR Tax Relief can be accessed at:

<https://www.gov.uk/government/publications/social-investment-tax-relief-factsheet/social-investment-tax-relief>

CAMRA is working to protect pubs from closure and the local Slough, Windsor and Maidenhead Branch has supported our campaign throughout: www.camra.org.uk www.swm.camra.org.uk

Pub is the Hub helps pubs to diversify: www.pubisthehub.org.uk

For information about community shares go to www.communityshares.org

