



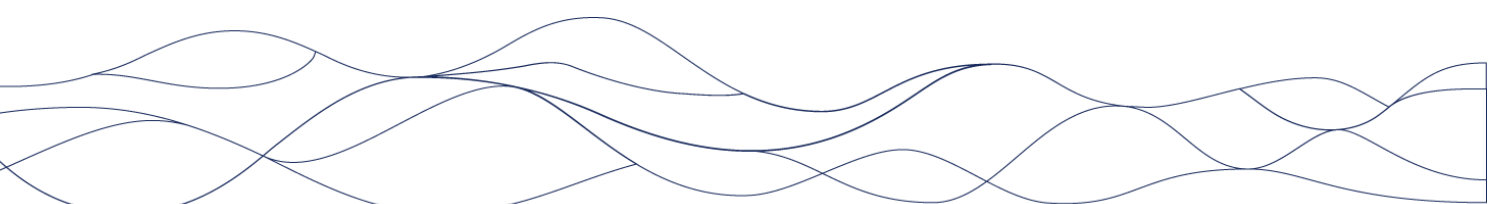
BLUE BELL
Community
HUB

Blue Bell Community Hub Limited
Cocking, West Sussex

Proposal for a Community Hub

Business Plan

January 2019



This business plan is prepared by The Blue Bell Community Hub Ltd, a Community Benefit Society registered with The Financial Conduct Authority Register, No. 7991. It has been authorised by the Management Committee.

Blue Bell Community Hub Limited

COCKING WEST SUSSEX

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The South Downs National Park has been shaped by the people who have worked, lived and visited here over centuries. Cultivated farmlands, managed forests and the villages built into hillsides. We are proud to be at its heart.

EXECUTIVE SUMMARY

A community owned pub, shop and post office for Cocking

Introduction

This business plan presents a proposal from the Blue Bell Community Hub Ltd (BBCHL) for the purchase and lease to a tenant of the Blue Bell Pub in Cocking as a community-owned facility. BBCHL is a legally established Community Benefit Society that has been specifically formed to purchase the Blue Bell, develop it as a hub including the Post Office and shop, and to secure its future for the benefit of the community. It is registered with the Financial Conduct Authority (registration number 7991). The society exists to carry on business for the benefit of the community and owned by the community. Assets owned by the society will be used solely for community benefit. Profits generated will be reinvested into the pub and store, and any surplus used to benefit the community.

Current Situation

The Blue Bell has been our local pub in the past, attracting custom from Cocking, surrounding villages and more widely from passing trade, with a deserved reputation for well-priced good food. The pub has now been closed for 18 months and is owned by local developers Wand Estates. The village now lacks an effective community hub, accessible to all ages throughout the day and every day of the week. The well-located Blue Bell with on-site parking availability should answer this need, and, critically, help to ensure that Cocking remains a thriving and vibrant community with a sense of place in the years to come.

Following an unsuccessful planning application to convert the Blue Bell into two houses, a community group concerned that the heart of our village would be lost was formed and they have negotiated the purchase of the pub. Agreement has been reached for the purchase, including an overhaul of the building to bring it up to a basically sound standard, allowing alterations and upgrading of the interior to take place to make it suitable for operation as a community hub.

Consultation

In December 2018, 230 survey questionnaires were distributed in the Parish. 70 of the parish households (33%) completed the survey, with 87% of the respondents considering a village shop and post office was 'very important'. Similarly, the percentage of people thinking that the pub is very important or important was 75%. 94% of the respondents expected to use the proposed shop and post office (at least weekly). The results of the survey gave a clear mandate to progress plans to develop a hub for the community. Many suggestions were made for the type of facilities desired and these have been incorporated into the proposal.

Community hubs are a resilient form of business. Their success rate is 100% compared to the average small business success of 46%. This is because support for a venture in which there is

an economic and social interest is higher. As member-owned organisations, community shops listen better and respond faster to the needs of their members and the wider community.

The Management Committee of BBCHL has consulted widely with other community hubs and has received support and guidance through its membership of the Plunkett Foundation. The vision is fully supported by the South Downs National Park Authority.

There is a further group of people with a wide range of valuable skills and expertise who said they would be prepared to offer professional or other relevant advice or support to the project.

Business Proposal

BBCHL's proposal is to buy the Blue Bell site from the developers, upgrade the building and appoint a professional tenant with the experience and skills to run the pub and B&B rooms as a profitable and successful business for the benefit of the community and other users.

Economies of scale can be achieved by incorporating the Post Office and shop into the same building all under one roof. Our objective is to have a friendly and welcoming village hub that serves real ale beers and sensibly priced freshly prepared wholesome food, is accessible by all (including disabled persons), is children, dog, walker and cyclist friendly, and provides for local needs identified through community consultation.

We envisage that hub will be more than a pub, and we propose to introduce a range of community amenities including a post office, a café and shop. The store will sell everyday essentials at affordable prices. It will also offer local produce and crafts and support local businesses. The café will serve a range of drinks and food and will act as a much - needed social hub for the village.

We will set a fair rent and agree a lease with the tenant who will run the pub as a free house selling food and drinks. The rent will be set at a level that gives the tenant the opportunity and incentive to run a profitable pub and B&B business, and which will provide the revenue for us to maintain the building, to repay any loans we take out, and in due course if cash reserves permit, to pay a modest interest to share-holders, and to fund the withdrawal of shares from time to time. Our investment is in the building and land – the bricks and mortar – not the licensed business.

We are planning to open our Cocking community hub in August 2019.

Financials

There is wide support for a community purchase, not just in Cocking but in the surrounding villages and further afield. The project will cost approximately £637,000 to purchase the pub and cover the associated costs, in order to be 'tenant-ready', and over £150,000 has already been pledged in donations and loans.

It is our intention is to finance the purchase as far as possible through a combination of grants (£200,000), donations (£117,000), private loans (£160,000) and a community share offer. Our target for the share offer is to raise £120,000 of which £24,500 has already been

raised. If necessary, we will take out a commercial mortgage to meet any funding shortfall (currently budgeted at £40,000).

We will be launching the community share offer at the start of February 2019 to raise capital. Shares will be priced at £50 each, and the minimum shareholding will be five shares (i.e. £250 minimum investment). The maximum shareholding will be set at £10,000 per private investor and £100,000 for institutional investors. The financial model underpinning this business plan is realistic and robust.

Purchase of the minimum number of shares will confer membership of the Society, giving members control over the business through the annual election of a Management Committee and voting rights on significant issues at regular meetings. Community Benefit Societies are by law intended to be democratic organisations, and all members will have an equal vote, regardless of the size of their shareholding, and will have the protection of limited liability. The Society's rules contain a statutory asset lock. This is a constitutional device that prevents the distribution of residual assets to members. The purpose of the asset lock is to ensure that the community benefit of any retained surplus or residual value. It cannot be appropriated for the private benefit of members.

All building blocks are now in place to launch the project and turn the dream into a reality.

A community owned pub, shop and post office for Cocking

1. Purpose of this business plan

This business plan presents a proposal from the Blue Bell Community Hub Ltd (BBCHL) for the purchase and lease to a tenant of the Blue Bell Pub in Cocking as a community-owned facility. BBCHL is a legally established Community Benefit Society (CBS) that has been specifically formed to purchase the Blue Bell, develop it as a hub including the Post Office and shop, and to secure its future for the benefit of the community. It is registered with the Financial Conduct Authority (registration number 7991).

This plan gives the background to the project, describes the approach to realise it and gives details of the financial aspects.

2. Community Benefit Society (CBS)

The key features of a registered Community Benefit Society under the Co-operative and Communities Benefit Societies Act 2014 are that the Society has:

- A written set of rules which governs the way the Society has been set up and operates (available from the Community Hub website, www.bluebellhub.org.uk or on request from the Management Committee)
- The ability to own property
- The ability to enter into contracts
- A more lightweight regulatory regime (as a Community Benefit Society is not subject to company law)
- Limited liability (i.e. members' liability is limited to the value of the shareholding)
- A profit-making ability, which under our rules is either put back into the organisation or to be used in community or charitable projects
- A recognised legal identity for community co-operatives which can issue community shares open to all
- A democratic ownership model with each shareholder having a vote.

The Society will be the vehicle to realise the proposals. It will rent out the hub to an experienced professional tenant who will be responsible for the operation of the hub. Our aim is to secure the future of the Blue Bell for the benefit of Cocking and the wider community as a flourishing friendly and welcoming village hub. The hub will be a free house that serves craft beers and sensibly priced, wholesome food prepared using locally sourced ingredients where possible. It will also serve coffee, teas and soft drinks with cakes and snacks. Limited B&B accommodation will also be available. It will be the heart of the village as a place for informal social gathering, cultural activities, somewhere to meet people and exchange information, and it will promote a cohesive and friendly community in the area. It will be family- and dog-friendly, and welcome locals and visitors, walkers and cyclists.

This represents a fantastic opportunity for Cocking and nearby villages to strengthen the vibrancy and sustainability of our community.

3. History and Context

Current amenities

Cocking is a village nestling in the South Downs, between Midhurst and Chichester. It used to have two pubs but the Richard Cobden pub closed approximately 20 years ago, leaving the Bluebell Inn as the only pub in the village. It is located on the A286 more or less at the physical centre of the village. In recent years there have been tenants who have operated the business successfully as licenced premises with Bed & Breakfast accommodation (very popular with South Downs Way walkers and those attending Goodwood events), a strong food offering also popular with locals, and activities (see appendix B). In July 2017 the tenant left following the landlord requiring a substantial increase in the rent.

The premises of the Bluebell were then marketed by a specialist agent for sale at £575,000 freehold / £35,000 p.a. rent. With no buyer found, the property was subsequently sold to a developer in May 2018 who marketed the premises using a local estate agent again for £575,000. With no buyer found at this price, the developer then made an application in September 2018 for change of use to residential with the plan to convert the premises to two houses. Following overwhelming local opposition, this application was withdrawn towards the end of November 2018.

At the same time, the long-term continuation of the shop and Post Office at Cocking may be at risk as the current owners of the shop wish to retire within the next year or so.

The Post Office and corner shop is also at the centre of the village, virtually opposite the Bluebell. It is a critically important amenity, which not only provides the basic function of the Post Office and the supply of newspapers and basic provisions, but also is a busy informal meeting place for villagers. In spite of its poor parking facilities the establishment not only serves Cocking but also Graffham, Heyshott, West and East Dean, Singleton and Bepton. The recent loss of cash machines and banks in the area has seen an increase in the demand for cash withdrawals.

The CofE church is physically at the periphery of the village serving a loyal community providing a place for regular worship as well as a place for weddings, funerals and baptism. The church lays on the annual fete at the Rectory, which is attended by many villagers. The church also organises other events often held at other locations as mentioned below.

The Moonlight Cottage B&B and Chicken Shed provides accommodation all year round for walkers, cyclists and other visitors. The licenced Chicken Shed Cafe offers a full range of cafe food and refreshments open on Friday to Sunday and Bank Holiday Mondays. It also takes group bookings at other times and provides evening meals for guests and local villagers. Bistro evenings are run throughout the year. The lunch club instigated by the church (but

open to all) provides an opportunity for elder members of the village to socialise and meets here once a month.

The Village Hall is an excellent facility for functions and is regularly used for yoga and Pilates lessons, by the church for events open to all, for wedding receptions, parties and camping events. The sport fields at the hall are not currently frequently used for sports but a regular informal football session for the youngsters has recently been set up. The Village Hall and fields are the focus for the annual fireworks night organised by the Parish Council, which attracts many people and families from the village.

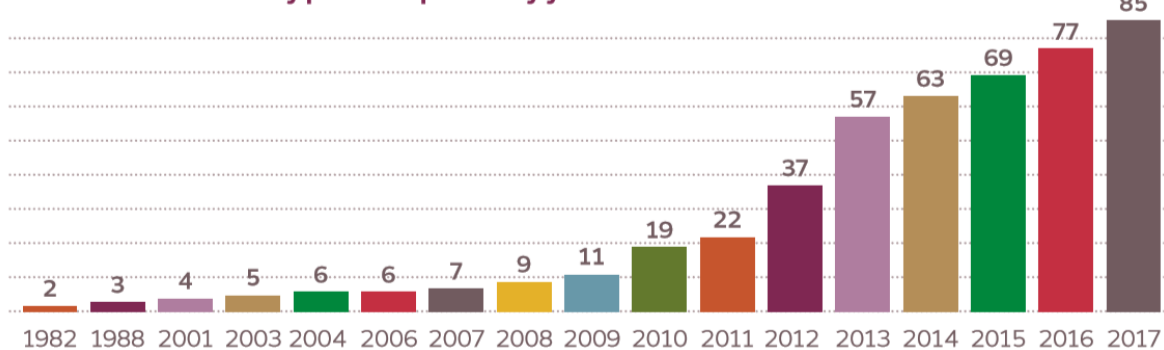
A way to save our pub

A group of locals got together to form a group to investigate the possibility and viability of purchasing the Blue Bell as a community asset and to safeguard and enhance its function as a central point in the village. They contacted the Plunkett Foundation which is a long-established charity set up to promote and assist in development of community projects and social enterprises. It is predominately government and charitable trust funded, and provides excellent advice how to realise community-based initiatives. The group has taken advice from the Plunkett Foundation and has adopted their recommended approach to set up a Community Benefit Society to progress the proposals.

Community hub

The Localism Act was introduced in 2011 and The Plunkett Foundation, working with others in the industry, developed the co-operative pub model. Since then the number of community pubs has grown steadily. By the end of 2017 there were 85 community-owned pubs. There are also now a further 153 in the pipeline across the UK.

The number of community pubs incorporated by year



Source: Co-operative Pubs: A better form of business 2018 (Plunkett Foundation)

Resilience

Although still a relatively young sector, to date there have been no co-operative pub closures in the UK, therefore maintaining a survival rate of 100%. This compares extremely positively with estimations for UK businesses which have an estimated 5-year survival rate of 41% (Office for National Statistics) and is one of the best business survival rates anywhere in the world.

The rateable value is a broad measure of how the Valuation Office considers the rental potential of a business premises to be. It is carried out by independent valuers. The table below shows a comparison of nearby establishments which are operational. Just before closure the Blue Bell was assessed as having an increased rateable value reflecting its operational performance as a successful business. It can be seen that the Blue Bell is comparable to other pubs in the area; in the new set-up the rent will be higher reflecting the increased sales through inclusion of the shop, café and Post Office.

Pub	Location	2010	2017
Blue Bell	Cocking	£12,500	£19,900
Greyhound	Cocking Causeway	£24,250	£26,400
Unicorn	Heyshot	£16,000	£19,200
Fox Goes Free	Charlton	£79,000	£100,000
Partridge	Singleton	£27,750	£36,400
White Horse	Graffham	£14,250	£16,500
Foresters Arms	Graffham	£12,500	£12,500

Table 1 - Rating assessment of nearby pubs

Local community shops

A number of community shops have opened in West Sussex in the last three years, including all of which have appointed tenants and are operating successfully. We have been liaising closely and have received valuable support from these (and other) pubs/shops.

Community and Consultation

We have seen locally the impact on communities that pub closures can have. Pub closure not only threatens the social cohesion of a community, but also exacerbates the impact of rural isolation. Furthermore, the closure of a local pub can reduce the value of domestic properties, both in the village and surrounding villages, typically by 5-10%.

It is in the context of the above that BBCHL is making proposals to save the Blue Bell, the post office and shop as described in the following sections.

4. The Proposal

The village is therefore confronted with the potential permanent closure of their only pub and only shop and Post Office. Combining the Blue Bell (pub, restaurant and B&B) post office and shop could, through its economies of scale, make a viable 'Hub'. It would provide a valuable 7 day a week sustainable asset to the village, whilst also attracting tourists to the area. It would also provide local employment.

For most villages a pub is an important service; it is a meeting place, communication centre and an important lynchpin of village life. A shop and post office can be a vital lifeline, especially for those without transport, and an important connection with the world beyond their front door. Much of the appeal of our village rests on its sense of community. It is the reason many people have moved here and remain here. The presence of a community hub with pub, shop and post office would, we feel, greatly enhance that community spirit and give Cocking a stronger sense of place.

The Steering Committee, with backing from villagers and our Parish Council has assessed the feasibility of the village purchasing the Blue Bell as a community asset, bringing the property up to standard, moving the shop and post office into the Blue Bell building and finding tenants alongside volunteers to run the day to day business within guidelines set by ourselves.

The Blue Bell has been a viable business over the years with the most recent tenant only giving up due to an increase in rates (this has now been reduced in the recent Budget) and an extreme rise in rent.

We feel that this proposal best supports the SDNP Local Plan in that it seeks to foster the economic and social well-being of the village and protects existing community facilities that serve the local communities of the National Park. The vision is fully supported by the South Downs National Park Authority.

The proposal will:

- Create opportunities for local employment
- Inject money into the local economy
- Provide a hospitality venue for local groups, tourists, walkers, cyclists and passers-by
- Help to sustain local property prices
- Potentially provide additional community services
- Provide scope for volunteer contributions from residents of Cocking and the surrounding area.

There has been significant interest from local people in the proposal, which is in line with government and district council policy to extend the range of amenities offered by the community pub. By investing in this, services could be provided to the community which will enable fuller use to be made of the community-owned pub building and garden, to reduce journeys to Chichester and Midhurst, and thereby to improve local resources and support environmental sustainability.

Taking the proposed amenities in turn:

1. Shop/PO

The shop and Post Office will have step free access for all and will have car parking available. Shop opening hours can be maximised. Many people have expressed interest in having a local shop facility within the pub to sell daily essentials such as bread, milk, butter, eggs, tea, coffee, etc. and offering a wider range of goods, newspapers, cash point etc. The store will stock everyday essentials at affordable prices. The store will also provide a range of locally sourced produce including bread, milk and dairy, meat and fruit and vegetables and local crafts. By providing local produce and crafts we can support local businesses.

The store will also provide:

- postal services (recorded delivery and special delivery services, national and international post and parcels, parcel drop off and collection point)
- National Lottery
- local notice board to advertise jobs, items for sale and items wanted, information about local events and ticket sales
- Information about the local area and the South Downs National Park, Weald & Downland Museum, West Dean College and Goodwood events.
- Display for local artists, potters, etc.

As member-owned organisations, community hubs are more likely to listen to and respond to the needs of their members and of their wider community. They are therefore more likely to stock and sell products and services that their customers want.

2. Pub and Café

There has long been interest from local residents and passers-by (especially walkers, cyclists, and visitors to the South Downs Way) in a more extensive pub/café facility at the pub with an internet facility. The pub would serve reasonably-priced but wholesome pub-grub type food. We want the pub to embrace the community and therefore provide food and facilities for the whole family. Themed nights would help to harness the talents in the village including music and folk nights, book nights, poetry evenings, themed food nights and guest speakers. Re-establishing a regular quiz night would also help to engage the community.

A morning coffee club (with or without knitting or other activities) could provide an inclusive amenity for people who live locally and are restricted by lack of transport or reduced mobility. The pub/café area will provide a place where people can buy drinks and food and will provide

a much - needed social hub for the village with the shop and pub/café generally increasing social engagement between different age groups and social groupings within the village and reducing social isolation. We intend to work in partnership with the Moonlight tearooms; our belief is that the two amenities can and should complement one another to the overall benefit of the community.

3. B&B accommodation

The Blue Bell can provide three rooms all en-suite for bed and breakfast. They will be reasonably priced in line with similar establishments in the area and will provide a regular income for the hub throughout the year.

4. Additional amenities

A community pub can offer simple but valuable amenities such as a collection and delivery point for a range of retailers, pub sports such as darts and dominoes, a book exchange, and occasional wine, ale and food tastings. We would encourage regular folk and jazz evenings, and a bike parking and repair station catering for the ever-increasing number of cyclist groups and the future connection to the Centurion Way.

5. Aspirational future amenities

When the core pub business and extended amenities are established successfully, interest has been expressed in providing facilities on site for a pizza oven. The pub kitchen may also be able to assist by providing catering for large-scale events at the village hall. This will need to be developed with the appointed tenant.

From existing feedback, we are exploring the possibility of including a village defibrillator and a visitor experience of Philip Jackson's public works including the Cocking Column. We have also approached the SDNP to become an information centre for tourists and visitors including the South Downs Way, Weald and Downland Museum and West Dean College who are currently starting a new outreach programme. There are also opportunities to link with the Goodwood Estate to find synergies with the major annual events they hold attracting a national and international clientele.

We will only act with the backing of the village. It is our intention to fully engage with the villagers through public meetings at the appropriate times. Initial findings on gauging opinion are described in section 5.

5. Views of Villagers

Consultation has been undertaken within the community via a survey and a public meeting has established an excellent body of support for the community hub project, with a high level of participation.

Highlights of our programme of community engagement include the following:

- We have visited and consulted with a number of established community pubs and with other successful local pub and restaurant operators.
- In line with our wider community model, we have also consulted with the village shop, architects, builders / developers, solicitors, craftsmen and other professionals in our community.
- Last, but by no means least, we have drawn on local interest and offers of help to recruit a willing force of volunteers who have delivered newsletters, canvassed opinion and encouraged pledges of investment, and who will assist practically with the numerous tasks (e.g. painting and decorating, gardening) which will be required following community purchase of the Blue Bell. These actions have demonstrated an impressive and extremely encouraging level of community engagement.

In the first month of the campaign then, members of the community have pledged in excess of £150,000 in the form of donations and loans to the community purchase. This outstanding response has given us the confidence and belief that the community stands solidly behind the proposal.

Cocking has a population of approximately 450. The committee has sent out a questionnaire to the whole village asking for their opinions about the concept of what we are proposing and what services each resident would like. The findings are given in Appendix B but can be summarised as follows:

In December 2018, 230 survey questionnaires were distributed in the Parish. 67 of the parish households (30%) completed the survey, with 87% of the respondents considering a village shop and post office was 'very important'. Similarly, the percentage of people thinking that the pub is very important or important was 75%. 95% of the respondents expected to use the proposed shop and post office (at least weekly). The results of the survey gave a clear mandate to progress plans to develop a hub for the community. Many suggestions were made for the type of facilities desired and these have been incorporated into the proposal.

6. Advice and assistance

We have had extensive discussions with the Plunkett Foundation www.plunkett.co.uk. Plunkett was formed more than one hundred years ago to “create a sustainable initiative that will make your community a better place to live. We call these initiatives community businesses.” They have 500 active members running vibrant community businesses, predominantly pubs and shops all over the UK. We are now members and discussions have been held with the advisor assigned who believes the project has great potential and who has endorsed this business plan.

Plunkett have access to funding of up to £100,000 (50/50 grant loan) under their ‘more than a pub’ scheme and in addition can advise on many other sources of grant and loan finance for community schemes.

We have also drawn on the experience of members of the committee in fund raising and project development.

We have commissioned a highly experienced valuer accredited by the Plunkett Foundation and his report gives valuable guidance on the economics of the operation and generally endorses our approach. The report is extensive but a summary of the valuation is given in Appendix C. The full report is available on the website www.bluebellhub.org

7. The target market

The Bluebell is situated in the middle of the village on the A286, is highly visible and has the potential to accommodate 14 on-site parking spaces, so would attract passing trade as well as that from local residents.

The marketing plan for The Blue Bell Hub is based on four 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)
4. To engage with the community to gain their support/use (building community involvement)

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

- Local people, including families, young people, and older people – from Cocking and the wider area Bepton, Singleton, West and East Dean, Heyshott, Graffham and Midhurst;

- Day visitors to the area, particularly walkers, cyclists, racing enthusiasts' horse and motor, shooters, polo enthusiasts and All those who pass by our door on the busy A286.

Proposed methods for achieving the marketing objectives in the early days of operation of the business are outlined in the plan in Appendix D. The marketing plan will be updated regularly in conjunction with the Hub management team and the Tenant as the business grows and develops. It's important to remember that the Community needs to be very active in supporting the tenant with initiatives and events both in attendance and in their running.

We are acutely aware that there is significant competition in the area for what we can offer as a pub. Two miles up the road there are the Royal Oak and the Greyhound near Midhurst, the Unicorn Inn in Heyshott, the cafes at the Weald and Downland Museum and the Chicken Shed in Cocking. We also realise that there are a number of well-established gastro-pubs in the area which are probably fulfilling the majority of demand at most times. Although major events such as Glorious Goodwood, The Festival of Speed and the Revival Meeting at Goodwood motor circuit do create high demand for accommodation and eateries which we will target, this is of short duration only and a steadier demand over the rest of the year would be crucial to the venture's success. We would therefore target to provide affordable basic wholesome meals at lunchtime and evenings (using local produce where possible) and a small selection of good beers, wines, soft drinks and hot and cold drinks. Cakes etc (locally supplied) would be on sale throughout the day. Patronage by locals would be encouraged by organised social events. The general ambiance would be informal and relaxed with a mixture of dining tables and sofas.

Cocking has a unique geographic position in that it is at a natural breakpoint for the South Downs Way. We therefore see many walkers and cyclists in the village who often stop off at the village store. There is also a demand for B&B from this but also from events at the Downland Museum and students attending courses at West Dean College. Cocking is on a good bus route with services every half hour. There is evidence of a strong demand for B&B accommodation throughout the area and throughout the year. We would offer three rooms at average rates.

Cocking does at present not have any public toilets, so an important "attraction" we can offer is that when passers-by stop for a drink, bite and stocking up on snacks, they can use the toilet facilities. This can also serve the village church which does not have any facilities. We intend to make and advertise the hub as dog, walking-boots and cyclists lycra friendly; i.e. we will have wooden flooring where muddy boots do not matter. We will also provide outside seating space, bike racks and a bike repair shed.

The shop and post office area will be attached to the public bar area and free circulation will be possible thus encouraging cross-fertilisation. A parcel drop-off and pick up facility will encourage footfall and it is predicted that with increased internet shopping this is a continuing upward trend. The shop will stock basic foodstuffs at non-deli prices (thus encouraging locals to do their shopping there) as well as deli-type items mainly sourced from local suppliers. Newspapers and magazines and the usual small hardware etc will also be on

offer. There is scope to extend the shop area from the building if the future operational profits will allow this to happen.

A morning coffee club and/or afternoon tea club could provide an inclusive amenity for people who live locally and are restricted by lack of transport or reduced mobility.

As described, the Blue Bell Hub will be at the heart of the village and serve as a place for social gatherings, cultural activities and somewhere to meet people. It will promote a cohesive and friendly community. It is our intention that the pub will work closely with and in support of the other community facilities and clubs in the area.

8. Organisation and legal structure

Community Ownership

We have taken advice but it appears that from the various legal options available to us, a **Community Benefit Society (CBS)** as described in section 2 may be the most appropriate. Villagers and other users would be invited to purchase shares, with one member one vote. The Society will be owned by the shareholders.

CBS is the option most favoured by the Plunkett Foundation and is we understand an attractive model for attracting grant funding since it is a well-established vehicle.

CBS Management

The project and later oversight of the operation will be undertaken by a management committee. The Management Committee will, as obliged under the constitution of the CBS all stand down at the first AGM when individuals may offer themselves for re-election. The committee will then be selected by members' votes at the AGM each year. It shall provide an annual report of activities and finances to all members and annual return to the FCA. It will carry out monitoring of the tenant.

If the committee is successful in purchasing the pub, they will appoint a tenant and enter into a rental agreement with him/her to run the licensed business selling food and drink in our premises, and to pay an affordable but realistic rent to the Society. The rent will be set at a level that gives the tenant the opportunity and incentive to run a thriving pub business. We will use the rental income to maintain the building, repay any loans, meet other outgoings, facilitate the withdrawal by members of their shares from time to time, invest in additional social amenities, and if affordable pay interest to members. We firmly believe that the business will be profitable, but in the unlikely event that it is not, the Society will own a valuable asset – i.e. the building and land associated with it – which could be sold in order to return funds to investors. It should be noted that the current owners Wand Estates propose to include a 'development uplift' or 'overage' clause on the sale of the Blue Bell. This means that

they would be entitled to some or all (dependent on what timescales apply at the time of sale) of any increase in value arising from a future change of use to residential usage.

The Society's investment is in the building and land – the bricks and mortar – not the licensed business. This is a great opportunity to invest in a worthwhile community enterprise that will provide a valuable service to its members, users and future generations. The business plan will evolve as we move through the process and negotiate to acquire the pub and appoint a tenant, and as we achieve success with any grant applications.

One of the criteria for selection of a tenant will be their willingness to provide for community needs. However, our intention is not to micro-manage the tenants. They will be appointed to market and run the pub, which is their job not ours – although we will of course provide whatever support and assistance we can. The society will not be directly involved in the day-to-day management and operation of the pub – that responsibility and the associated business risk belongs to the tenant. We of course hope that many members of the community, whether members of the Society or not, will support the pub by offering voluntary help, joining or assisting the management committee, and most importantly by coming to eat, drink and enjoy the Blue Bell Hub!

Steering committee

The steering committee set up so far is:

President:

Philip Jackson CVO DL MA FRBS

Philip Jackson is a renowned sculptor with an outstanding international reputation He has lived in the village for 32 years

Chairman:

Peter Gibbon

Former Chairman and founder of the MGA Group a marketing and communications business with a 25-year track record. Also a Director of the Midhurst Community Land Trust. He has lived in the village for 17 years.

Committee members:

Nico Dekker – Vice Chairman

Director RSC Ltd- public transport consultancy. 38 years experience in project planning, definition, feasibility, finance and management of multi-million pound projects in the UK, Continent and Far East. Previously Trustee responsible for business plan and implementation of Cowdray Heritage Trust attracting £3.8M of grants for consolidation of Cowdray Ruins. Has lived in the village for 19 years.

Alan Massey

ONC in engineering but moved into software development working with major companies here and abroad. Setup AJM Computer Services 15 years ago. He has lived in the Village for 13 years

Frances Russell

Worked for NHS latterly as Chief Executive of a West Sussex NHS Trust retiring in 2002. Currently Chair of Healthwatch West Sussex Community Interest Company and Chair of Trustees at Aldingbourne Trust. Councillor on Cocking Parish Council. She has lived in the village for 22 years.

Sally Kayworth

A teacher for 22 years but currently project managing their self-build in Cocking. Sally, her husband Nick and two girls moved to the village 18 months ago.

Jonathan Harvey

Jonathan Harvey was a barrister in private practice in London for more than 40 years doing almost exclusively a variety of non-criminal work. He retired from practice during 2018. He has been connected with West Sussex for over 20 years having rented a house near Chichester for 15 years before moving to Cocking in 2011.

Gill Buchanan

A Cocking resident for 20 years, Gill has been on both the Parish Council and Village Hall Committee over the years. She manages a shopping centre in Horsham and is keen to use her skills to support the introduction of this new village asset.

9. Financial viability

Project cost

It is anticipated that the whole project may have a total cost of approximately £637,000. This is for the purchase of the property, and altering and renovating it to bring the building and surrounding in a good state of repair and to provide a blank canvas for a future tenant. It is assumed that equipping it where necessary, including kitchen equipment, bedroom furniture, furniture for the pub and equipment, shelving etc. for the shop would be provided by the incoming tenant. It will take time to carry out a detailed assessment of the likely costs. We also have offers from residents who offer their labour for jobs that we can carry out ourselves. An initial estimate of required works has been made but is subject to further refinements.

An initial profit forecast, which should be read in conjunction with the notes, shows that the project would be expected to be very viable. Please see Appendix A for full details of the financial planning of the project.

Funding strategy

Funds for capital investment and working capital will be raised by a combination of grants, the issue of shares in BBHSL, donations and loans.

It is our intention to finance the purchase as far as possible through a combination of grants (£200,000), donations (£117,000), private loans (£160,000) and a community share offer. Our target for the share offer is to raise £120,000. If necessary, we will take out a commercial mortgage to meet any funding shortfall (currently budgeted at £40,000).

There is wide support for a community purchase, not just in Cocking but in the surrounding villages and further afield and over £150,000 has already been pledged in donations and loans.

Grants

The Management Committee has identified and registered their interest with various potential grant funders such as Big Lottery, Plunkett Foundation, South Downs National Park Sustainable Communities Fund, Prince's Countryside Fund, Chichester District Council, West Sussex County Council, Reaching Communities National Lottery Fund and the Tudor Trust. We also continue to identify further sources of grant funding.

Issue of shares

We will be launching the community share offer in February 2019 to raise capital. Shares will be priced at £50 each, and the minimum shareholding will be five shares (i.e. £250 minimum investment). The maximum shareholding will be set at £10,000 per investor. The financial model underpinning this business plan is realistic and robust. It will evolve as we run the Share Offer and as we achieve success with any grant applications. However, we need to raise a minimum of £237,000 from the community through a combination of shares and donations in order to trigger grant funding to make up the shortfall for purchase and refurbishment. Fortunately, more than 15% has already been pledged.

Purchase of the minimum number of shares will confer membership of the Society, giving members control over the business through the annual election of a Management Committee and voting rights on significant issues at regular meetings. Community Benefit Societies are by law intended to be democratic organisations, and all members will have an equal vote, regardless of the size of their shareholding, and will have the protection of limited liability. The Society's rules contain a statutory asset lock. This is a constitutional device that prevents the distribution of residual assets to members. The purpose of the asset lock is to ensure that the community benefit of any retained surplus or residual value and cannot be appropriated for the private benefit of members.

In February 2019 we will be launching a share offer in BBHSL, with a formal share offer document which will set out the benefits, rights and liabilities of share ownership. The share offer will be open for a 6-week period which is designed to give “investors” (over the age of 18) the opportunity to contribute financially to the success of the Blue Bell Hub. Most shareholders are expected to come from the local community but contributors from further afield will of course be welcomed.

There will be interest-bearing withdrawable shares. These shares are for investors who would like to earn interest on their investment in due course, and to retain the option of withdrawing their investment at some future time. Surplus income will, however, be either re-invested in the undertaking or used to support the objectives of the enterprise in some other way. In this context, the payment of interest on share capital will be seen as an operating cost and not as distribution of surplus and must comply with the Benefit Society’s rules on the payment of interest. There will not be any form of profit distribution.

Shares are not transferable (i.e. members cannot sell them to anyone else), except in the case of death or bankruptcy of a member.

There would be a Statutory Asset Lock; i.e. shares could only be traded after a certain period and then can only be liquidised if funds in the society permit. It would be at the discretion of the management committee. However, we have assumed in our financial planning that an annual repayment capped at £6,000 would be feasible.

If we are unsuccessful in our bid to purchase the Blue Bell, then all investment monies will be returned promptly.

Donations

We will of course welcome donations from individuals or organisations. Donations will not form part of our share capital and will not be refundable (although in the event that we are unsuccessful in purchasing the Blue Bell we will return any donations received).

To date, BBCHL has already greatly benefited from a number of generous donations from residents in excess of £30,000. Donations will be vital to the success of the project.

Loans

Loans will be repayable to the Society and we are currently seeking offers from a bank but have already secured £130,000 from private individuals.

Value Added Tax

We have been informed that the Blue Bell sale will not have any VAT applied. The Society will, however, become VAT registered in order that we can reclaim VAT on any subsequent improvement works.

Long term viability

We have carried out extensive analysis on the financial viability of the proposals and the details can be found in Appendix A. It can be concluded that the proposal is robust and has been scrutinised by a number of professionals.

Affordable Rent

A key factor that frequently prevents pubs from flourishing is the often excessive rent that the owners charge their tenants. We will set an affordable but realistic rent that gives the tenant the opportunity and incentive to run a profitable pub business. This will be set at 10% of turnover which is a level we have seen used successfully by a number of community pubs – and which has been shown to be at the right level to attract serious applications from experienced tenants.

We have made what we believe is a realistic forecast of future turnover in our financial plans, but to some extent this will be a matter for discussion with potential tenants. They will operate the pub as a free house so the tenant will not be tied to buying beer, wine, spirits and soft drink supplies from a single brewery or pub company at non-competitive prices. These factors taken together mean that the tenant should be able to achieve significantly higher profits than in a tied pub, contributing to a financially stable business and a less frequent turnover of tenants.

Experienced Tenant

We have ruled out operating models such as the community directly running the pub on either a volunteer rota basis or by employing a manager. We believe that these models are impracticable and unlikely to be sustainable in the longer term due to the high level of day-to-day operational involvement they would require from the community. Based on our research, and advice received from other community pubs, we have taken the view that a tenant model is the operating model that is most likely to be successful and which will expose the community to the least risk.

As part of the selection process we will closely examine each prospective tenant's business plan, their view of what the pub will offer its customers, and their plans for its marketing. In particular, we will want to ensure ourselves that their plans take into account and reflect our vision for the Blue Bell Hub as set out in this plan. Whoever we appoint will need to have the

energy and enthusiasm to buy into our vision, and to contribute to its ongoing development. Selecting the right tenant will be absolutely critical in ensuring the success and long-term future of the pub. We have received much useful advice and offers of assistance with the recruitment process from existing community pubs and other professionals in the area, and will use a thorough and objective process to recruit the best tenant we can.

Appendix A - Financial plan

Blue Bell Financial plan

The financial plan for the project comprises a number of components:

- Firstly, there is the CBS financing of the acquisition and project development cost.
- Secondly, there is the on-going finance of the CBS debts and liabilities consisting of loans, shareholding and CBS running costs over time.
- Thirdly, there is the forecast of how a tenanted business might perform to underpin the viability of the assumed continuous rental income streams to the CBS.

The projections are necessarily based on a number of assumptions. Where possible we have used figures based on or derived from what has been achieved in the past for the pub and B&B operation and separately of the shop. This has been sense-tested by comparison of figures of similar operations such as the Abingdon Arms PH, Beckley, Oxfordshire, Old House at Home PH, Newnham, and the Anglers Rest, Bamford, Derbyshire and The Crown, South Morton Oxfordshire. We have also taken advice from professional organisations with long experience in this type of business notably Mike Hughes Ltd (Valuer of the Blue Bell business), Anthony Miller of Pub is the Hub and last but not least Mark McTaggart of the Plunkett Foundation.

In addition, this financial plan has been independently peer-reviewed by a number of professionals with business and management consultancy expertise within our management team.

The capital financing plan is summarised in Table 1. The underlying EXCEL spreadsheet is under Tab "Project Finance". All figures are without VAT; the business will be registered for VAT and VAT on expenses will be reclaimable.

Costs		Funding sources		pledged	outstanding
Acquisition cost	470000	Grants	200000	0	200000
Stamp duty	13000	Shareholding	120000	10000	110000
Legal fees	2000	Donations	117000 *	20000	97000
misc project costs	3000	Loans private	160000	130000	30000
		Bank loan	40000	0	40000
refurbishment	87000				
contingency (30%)	26000				
working capital**	36000				
total project cost	637000	total funds	637000	160000	477000
**= includes goodwill and stock existing shop			*= 10 x £10k + smaller chunks		

Table 1 – Blue Bell Project Finance

Costs

The purchase price has been agreed with Wand Estates and assumes an Exchange of Contracts date of 31 March 2019 and Completion of Sale by 30 April 2019. The CBS has paid a reservation fee of £5,000 to secure the sale. As part of the agreement, Wand Estates will carry out repairs to the building to bring it up to a basic serviceable state including works to the roof and chimneys and certification of the electrical and fire alarm installations.

The refurbishment budget of £87,000 plus 30% contingency allows for upgrading works to be carried out over and above the Wand Estate repairs. It also includes for the moving of the Post Office and shop. This budget has been set

by a consulting engineer on the management team and has necessarily a substantial contingency at this stage as builders' quotes are still to be obtained.

A separate line has been included in the start-up cost for working capital. This allows for buying out the goodwill of the existing shop and taking over of stock. It also provides the bridging capital for monthly loan repayments from acquisition completion scheduled in April and opening in August 2019.

Sources of funding

The assumptions on funding sources are based on a comparison with other CBS enterprises and experience with finding grants for the Village Hall in Cocking. It is considered realistic based on that experience that £200,000 can be raised through grants. It is expected that the grants may not be made immediately but over six to twelve months.

The whole premise of the community hub is that there is support from the locals and other interested parties, and that there is an opportunity to participate in its long-term financial success. This takes the form of being members of the CBS through shareholding. We have deliberately limited the size of each member's shareholding to £10,000 although under CBS rules this could be £100,000. The reasons are twofold: if we had large investments from a single source, we would have to cater for the eventuality that a number of shareholders may simultaneously wish to withdraw their investments. Although the rules of the CBS clearly set out that any repayments would be at the discretion of the management committee and could only be made if the business balance sheet would allow this, we would like to adopt the policy that we would strive to repay the investment when requested.

Secondly, members may be less inclined to invest or may find it hard in practice to accept that a large shareholding would not buy more voting rights. This tension can be minimised by limiting the range of values of shareholding. The assumed shareholding build-up is shown in Table 2.

shareholding assumed	average value**	numbers	totals (£)
locals	1000	100	100000
interest groups	1000	20	20000
**= min £250; max £10,000		Total	120000

Table 2 – Blue Bell Shareholding Assumption

It is possible that the amount of money which can be raised through shareholding is underestimated judging by what has been achieved elsewhere. If the shareholding issue is oversubscribed then we may reduce the amount of loans required accordingly.

Donations from private individuals and companies target is £117,000 of which £25,000 has been secured to date. Work is progressing to approach donors through local contacts.

Loans have been secured by pledges from local interested parties to a value of £160,000 of which £130,000 has been secured to date. These loans will be used to bankroll the acquisition cost but will start demanding interest payments at 3%. The projection assumes the loans to be paid off over 10 years. Depending on timing of grants arriving, the

loans may be needed sooner or later than projected. Any pledges on these loans therefore need to be flexible regarding availability. A few individuals have committed to provide the necessary cashflow as required.

The remaining funding will come from a £40,000 bank loan secured on the property from a commercial bank at 6% APR. If more shareholding can be secured this loan would not be necessary.

The repayment obligations are shown in Table 3.

source	rate	amount	annuity	duration
bank	6%	40000	5328	10 yrs
private loans	3%	160000	18534	10 yrs
shareholder returns	3%	120000	3600	indef
<i>Total debt servicing charge</i>			<i>27462</i>	

Table 3 – Blue Bell Projected Loan Repayments

Project Phase Cashflow

The resulting short term cashflows for the project are shown in Table 4 and the detail is given in EXCEL spreadsheet tab “project finance”.

It shows that with the assumption that grants and donations flow in over a period of twelve months, at the time of sale completion scheduled for April 2019 bridging finance is needed of approximately £75,000. This amount will vary depending on when donations and grants materialise and will be covered by private temporary loans from steering group members. The timing of repayment of these temporary loans would depend on the arrival of grants and donations and availability of the bridging finance has been assured. A further injection of £8,000 may be needed at opening but all temporary loans should be paid once all grants have been received.

The plan is that the Blue Bell hub will open for business in August 2019. Prior to this the CBS will need to cover insurance cost and rates. After that, the operating cost will be covered by the tenant. The initial up-front cost is covered by the working capital injected.

Operating performance forecast

The Blue Bell will be operated by a tenant under an agreement to be drawn up by the CBS. The tenant will be responsible for profit and loss of the whole hub operation including pub, shop and B&B. The Post Office will be run by a postmaster who will be salaried by PO Ltd. However, it is assumed that a supplementary payment will be made to the postmaster by the tenant to carry out shop management and staffing duties. The staffing assumptions are shown in Table 5. Shop and bar/café duties will be interchangeable depending on demand and a flexible attitude of staff is assumed. For busy periods it is assumed that staff will be supported by volunteers. The forecast figures for the operation once established are shown in Table 6 also showing potential downside (-10% and -20%) and upside (+10% and +20%). The forecast has been based on actual figures achieved by the previous owner supplemented by typical industry norms and cross-checked against key performance indicators applied in the industry. It has also been peer-reviewed by specialists with long experience in the trade.

It is assumed the tenant will fit out the premises and an allowance of £4,000/annum has been made for purchases or leasing arrangements.

Table 7 shows the projected build-up of the business allowing for a slow start and assuming the central forecast is reached in year three. Further growth beyond this is taken conservatively at 5% per annum to year 5. It should be

noted that the figures for the opening year are shown as annualised equivalent whereas the trading period would be 8 months up to the end of March 2020. The table shows that rental payments to the CBS can be maintained and increased over time sufficient to cover the debts and leave room for building up capital for future initiatives. The cashflow projections for the CBS with that income stream are given in Table 8 and the detail in EXCEL spreadsheet tab “cashflow projections operations”. We will of course review our forecasts with prospective tenants as part of the selection process to confirm that our respective business plans are aligned, but on the basis of our detailed research and many discussions with successful operators in the licensed trade we are confident that our assumptions at this stage are realistic.

The figures have been extensively tested against benchmark data from specialist advisors and other similar operations and are considered to be realistic. It can be seen that the proposed operation will be a sustainable and profitable business.

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
cost item													
Valuer	900												
Reservation fee	5000												
Deposit at exchange				42000									
Completion					423000								
Stamp duty					13000								
Legal fee					2000								
Wand refurb extras (fire alarm)		1000											
(electrics)		3000											
(water supplies)			1000										
(external betterments)				6000									
Refurbishment						34000	34000	34000					
CBS various	550	200	200	200	200	200	350	200	200	200	100		
Working capital and goodwill								17092					
Rates and insurance						1000	1000	1000					
Loan repayments						1989	1989	1989	1989	1989	1989	1989	1989
temporary loans repayments		6450											75000
total cost in month	6450	10650	1200	48200	438200	37189	37339	54281	2189	2189	2089	1989	76989
funding sources income													
private set-up loans	6450												
donations		30000	30000	30000	27000								
grants				10000	20000	30000	40000	30000	10000	10000	10000	30000	10000
shareholding		10000	30000	40000	40000								
bank loan					40000								
private loans					160000								
private temporary loans					75000								
tenant rental									2321	2321	2321	2321	2321
total income in month	6450	40000	60000	80000	362000	30000	40000	30000	12321	12321	12321	32321	12321
net proceeds	0	29350	58800	31800	-76200	-7189	2662	-24281	10133	10133	10233	30333	-64667
bank balance	0	29350	88150	119950	43750	36562	39223	14943	25075	35208	45441	75773	11106

Table 4 – Blue Bell cashflow projection project period

<u>Entity</u>	<u>salaries</u>	<u>comment</u>
SHOP		
PO postmaster	16000	paid direct to postmaster by PO Ltd; does not show in accounts
top up for postmaster for shop duties	4000	does show in accounts as cost
shop assistant half time	13520	may be shared job; 20 h/wk at £10 net; gross £13; to be shared with bar staff
volunteers for shop	0	
		assumes out of hours payments are made on bar till.
<i>Total for shop operation</i>	<i>17520</i>	
percentage of sales	16%	
PUB		
cook	30000	maybe tenant's partner to save costs but not assumed
kitchen help/bar/cafe staff	27040	may be shared job; 2*20 h/wk at £10 net; gross £13
bar person	0	assumed to be tenant
relief manager	5400	covering holidays, sickness and other business duties; 30 days/annum @ £180 gross
cleaner	8000	may be shared job; 14 h/wk at £10 net; gross £11
volunteers for bar	0	
<i>Total for pub operation</i>	<i>70440</i>	
percentage of sales	31%	
B&B		
cleaner	6000	may be shared job; 10.5 h/wk at £10 net; gross £11
manager B&B	0	assumed to be tenant
<i>Total for B&B operation</i>	<i>6000</i>	it is believed that the gross profit margin shown already allows for some operating cost so this is conservative
percentage of sales	14%	

Table 5 – Blue Bell Assumed staffing levels

				-20%	-10%	Central forecast	10%	20%
			<u>% of turnover</u>					
Sales				£	£	£	£	£
Drink sales				88,000	99,000	110,000	121,000	132,000
Food sales	incl 30k for café			96,000	108,000	120,000	132,000	144,000
Accommodation				34,164	38,435	42,705	46,976	51,246
Shop				88,000	99,000	110,000	121,000	132,000
				306,164	344,435	382,705	420,976	459,246
Gross profit								
Drink		65%		57,200	64,350	71,500	78,650	85,800
Food		65%		62,400	70,200	78,000	85,800	93,600
Accommodation		80%		27,331	30,748	34,164	37,580	40,997
Shop		20%		17,600	19,800	22,000	24,200	26,400
				164,531	185,098	205,664	226,230	246,797
Expenses								
Wages & salaries		31%/14%/16%		75,903	85,391	94,879	104,367	113,854
Rates				9,552	9,552	9,552	9,552	9,552
Utilities		2.5%		7,654	8,611	9,568	10,524	11,481
Repairs & renewals		1.5%		4,592	5,167	5,741	6,315	6,889
Insurance		1.00%		3,062	3,444	3,827	4,210	4,592
Marketing				2,000	2,000	2,000	2,000	2,000
Waste disposal, Cleaning, Hygiene		2%		6,123	6,889	7,654	8,420	9,185
Equip hire		0.5%		1,531	1,722	1,914	2,105	2,296
Accountancy				1,250	1,500	1,500	1,500	1,750
Bank charges				400	450	500	600	700
Credit/debit card charges		0.50%		1,531	1,722	1,914	2,105	2,296
Consumables		0.50%		1,840	2,070	2,300	2,530	2,760
Performing Rights Society				1,000	1,000	1,000	1,000	1,000
Sky TV/SKY Sports				-	-	-	-	-
Live music				-	-	-	-	-
Fitting out costs annualised				4,000	4,000	4,000	4,000	4,000
Sundry costs		1.0%		3,062	3,444	3,827	4,210	4,592
				123,500	136,962	150,174	163,436	176,949
Net surplus				41,031	48,136	55,490	62,794	69,848
Divisible								
		10.0%						
Rent receivable by Cocking CBS from tenant				26,216	29,493	32,771	36,048	39,325
Profit for tenant before any loan interest & tax				14,815	18,642	22,719	26,746	30,524
				41,031	48,136	55,490	62,794	69,848

Table 6 – Forecast of Blue Bell Hub operations once established

	Trading year				
	2019/20	2020/21	2021/22	2022/23	2023/24
	Aug-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar
Sales	325,299	352,089	382,705	401,840	420,976
Gross profit	174,814	189,211	205,664	215,947	226,230
Expenses	130,531	139,744	150,174	156,855	163,436
Net surplus	44,284	49,467	55,490	59,092	62,794
Rent receivable by Cocking CBS from tenant	27,855	30,149	32,771	34,409	36,048
Profit for tenant before any loan interest & tax	16,429	19,318	22,719	24,683	26,746
Sales volume profile	85.00%	92.00%	100.00%	105.00%	110.00%
	annualised				

Table 7 – Blue Bell hub business growth forecast

The longer-term financial viability of the CBS

With the anticipated rental income and projected on-going costs of running the CBS, it can be shown that capital can be build up over time to expand the CBS particularly after the main loans have been paid off after 10 years. The main business of the CBS is the setting up of the hub and manage the asset long term. As owners of the Blue Bell we will need to maintain the assets (land and buildings) to uphold their value and ensure that the hub can operate.

Although the tenant will have clearly defined obligations for the upkeep of the pub (these will be specified in the tenancy agreement) and a budget in excess of £5,000 has been allowed for this, it is reasonable to assume that the CBS will incur costs for a limited level of ongoing maintenance of the building over and above the tenant's budget. We have budgeted £1,000 pa for this. As a community initiative we hope and expect that members will want to help minimise maintenance costs by volunteering to undertake as much minor maintenance as is practicable.

Recurring costs will include professional fees (e.g. CBS accountancy costs, annual FCA fee, and Plunkett Foundation membership), business and indemnity insurance etc. The CBS will also be liable to pay corporation tax on its net returns although operating costs and interest paid can be off-set against income. Building insurance will be taken out by the CBS but this will be recharged to the tenant.

The forecast cashflow and income streams are summarised in Table 8 showing that the CBS loan debts can be cleared in 10 years even assuming that shareholders might withdraw their investments at 5% of the initial overall participation of £120,000, i.e. £6,000 withdrawals per year. The CBS can, within the rules, set that as their annual limit of withdrawals. As set out in the Society's rules, it should be noted that withdrawals will only be permitted if sufficient surplus funds exist, and then only at the Management Committee's discretion. This is consistent with the

expectation that investing in the Blue Bell Hub is a long-term investment in the community rather than for personal gain.

We have assumed that the opportunity of becoming member of the CBS will remain open and have assumed new shareholding to come in to a modest value of £2,000/annum. We expect to be in a position to pay interest to members from Year 4 onwards and we have developed our financial modelling on this basis. However, any interest payments will depend on sufficient surplus being generated to sustain and effectively manage the CBS business. Interest payments will be considered each year as part of the annual review process, and any interest payment proposals from the Management Committee will be put to the Annual Members Meeting. Levels of interest payments will be set in accordance with the Society's rules which specify the maximum interest that we are allowed to pay (i.e. not more than Bank of England Base Rate plus 2% or up to 5%). We have currently assumed a 3% return in the financial plan.

It has been advised that it would be prudent to assume a gap in income in year 4 for three months when a new tenant is taken on. This and assumed share withdrawals causes a short shortfall in cash in that year as shown in the spreadsheet tab "cashflow projections operations" for which provisions will need to be made. It can be seen from Table 4, however, that there will be a cash balance in excess of £14,000 after the setting up phase of the project so that more than adequately would cover that shortfall.

Sensitivity tests

We have looked at the effects of the business performing less well than assumed. First, we assumed a 10% lower growth in turnover from start up to year 6 and no growth at all for the next five years. This means that the shareholders would not been able to get their investment returned for an extra 7 years but interest on these shares could still be paid throughout. All debts could be serviced. In a much more severe scenario, the turnover was taken as 20% below that projected. In that case the CBS shareholder returns would have to be suspended until loans have been paid off after 10 years. However, the CBS would remain in the black but shareholder withdrawals would not be possible until year 11. The business would therefore appear to be robust and able to cope with set-backs.

Key assumptions

Our financial modelling is based on the following key assumptions:

1. Purchase price of Blue Bell is £470,000.
2. Share offer will raise a minimum of £120,000.
3. There will be only limited rental income in Year 1 from September 2019. Rent is charged at 10% of pub turnover and 5% of shop turnover.
4. There will be private loans of £160,000. These will attract interest at 3% and will be repaid over 10 years.
5. There will be a bank loan as a mortgage at 6% interest for £40,000 repayable over 10 years.
5. Interest will not be payable to shareholders until Year 4.
6. Interest, if paid, will not exceed Bank of England Base Rate + 2% or 3% whichever is the lower.
8. All shares will be interest bearing and are withdrawable. Shares will not increase in value.

9. 5% of shareholdings will be withdrawn in Year 4 and each year after.
- 10 All figures are exclusive of VAT.
11. CBS will be VAT registered and able to reclaim VAT.
12. Grants, loan and donations requirements can only be confirmed after the community share offer.
13. Start-up costs will be approx. £140k (including £113k for refurbishments).
14. Rental void for three months in Y4 – to allow for change of tenant.

	yr 1	yr 2	yr 3	yr 4 *	yr 5	yr 6	yr 7	yr 8	yr 9	yr 10	yr 11
	Aug 19 - Mar 20	Apr 20 - Mar 21	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24	Apr 24 - Mar 25	Apr 25 - Mar 26	Apr 26 - Mar 27	Apr 27 - Mar 28	Apr 28 - Mar 29	Apr 29 - Mar 30
<u>Income</u>											
rental	18,570	30,149	32,771	25,807	36,048	37,000	38,000	39,000	40,000	40,000	40,000
insurance recharge to tenant	1,167	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
investments	0	0	0	0	0	0	0	0	0	0	0
new shareholding	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Total income	21,737	33,899	36,521	29,557	39,798	40,750	41,750	42,750	43,750	43,750	43,750
<u>Outgoings</u>											
CBS running cost	500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Building insurance	1,167	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Renewals**		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Loan repayments	15,908	23,862	23,862	23,862	23,862	23,862	23,862	23,862	23,862	23,862	7,954
<i>of which is interest</i>	<i>4,621</i>	<i>6,526</i>	<i>5,900</i>	<i>5,249</i>	<i>4,572</i>	<i>3,867</i>	<i>3,134</i>	<i>2,371</i>	<i>1,576</i>	<i>748</i>	<i>156</i>
<i>of which is capital repayment</i>	<i>11,287</i>	<i>17,336</i>	<i>17,962</i>	<i>18,613</i>	<i>19,290</i>	<i>19,995</i>	<i>20,728</i>	<i>21,491</i>	<i>22,286</i>	<i>23,114</i>	<i>7,798</i>
Members interest				3,660	3,540	3,420	3,300	3,180	3,060	2,940	2,820
Share withdrawals (5%/annum)				6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Total outgoings	17,575	28,112	28,112	37,772	37,652	37,532	37,412	37,292	37,172	37,052	21,024
Gross earnings for period (excl shareholding)	13,449	21,123	24,370	14,398	25,436	27,213	29,066	30,949	32,864	33,812	34,524
Corporation tax 19%	2,555	4,013	4,630	2,736	4,833	5,170	5,523	5,880	6,244	6,424	6,560
Opening balance	14,943	16,549	18,323	22,101	11,150	8,463	6,510	5,326	4,903	5,237	5,511
Closing balance	16,549	18,323	22,101	11,150	8,463	6,510	5,326	4,903	5,237	5,511	21,677
NB: yr 4 assumes 3 months gap in income whilst changeover of tenant											
**=major repairs and renewals are in tenant's budget over £5,000. This is additional to that.											

Table 8 – Cashflow projections CBS

THE BLUE BELL HUB, COCKING

Notes to the financial forecast

1. The forecast is based upon the expectation that an agreement will be entered into with a **suitable tenant**, assumed to be a couple, who would live on the premises and run the combined business. Shop sales will be made alongside food and drink sales as long as the establishment is open each day. Sales of alcohol would be restricted to licensing hours.

2. It is proposed that with the agreement of the Post Office, this facility will move from its present location to the Bluebell. This will be run by a suitably qualified person who will receive a Post Office salary.

3. The central **sales forecast** is considered to be prudent and based upon our understanding of sales achieved by the previous tenant together with shop sales which take into consideration the additional space/stock that will be available at the Bluebell. Variances of up to 20% in sales takings are also shown to see how they would affect the annual surplus.

4. There are six bedrooms available on the first floor of the property. Following suitable renovation, any alterations necessary and work to ensure compliance with fire regulations, it is expected that 2-3 rooms will be made available to the tenant for their personal use, leaving three rooms available for letting on a Bed & Breakfast basis. The previous tenant achieved an average of approximately £85 per room per night (higher charged during Goodwood weeks) and we understand they had 60-70% occupancy of five rooms. To be prudent, our central forecast is based upon three rooms at £80 (incl VAT) at 60% occupancy.

5. Gross profit margins and expense ratios have been calculated mainly using data provided by the British Beer & Pub Association and other industry comparators.

Costs are based on industry accepted standard percentages of turnover and benchmarked against other similar operations. It is expected that some volunteer helpers will be available in the shop and pub to assist with the running and to reduce staff costs.

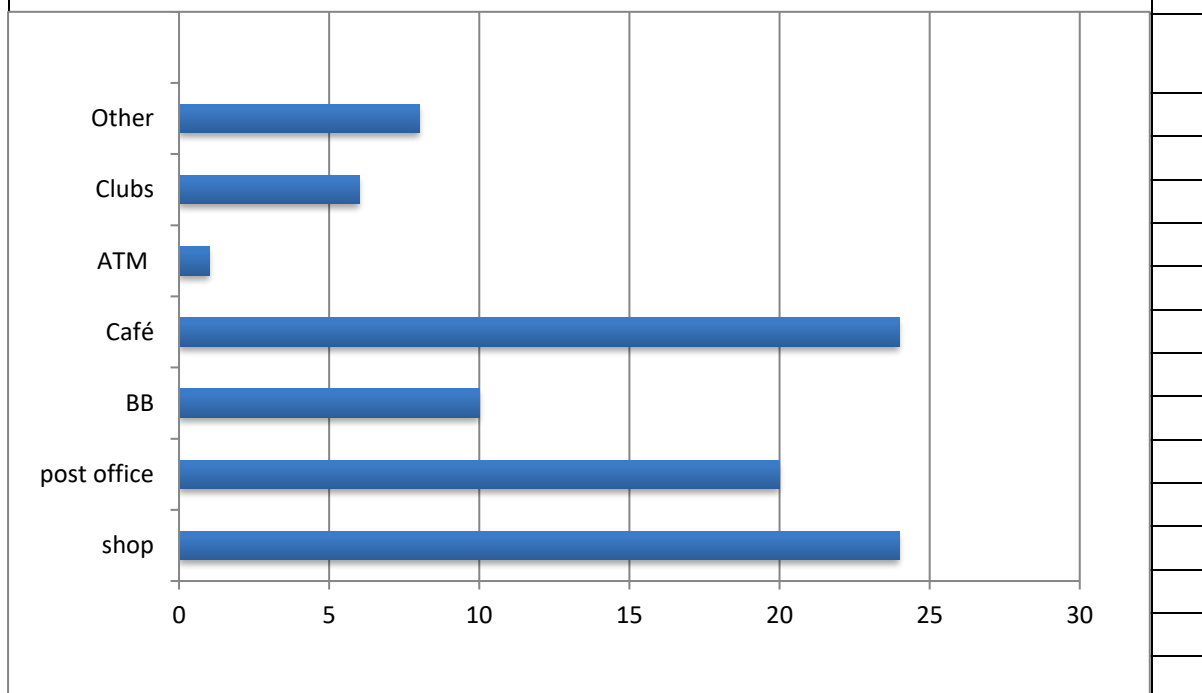
6. It is proposed that the tenant should be charged rent for the premises and business, which will be used to fund any interest on loans/loan repayments as well as upkeep and any enhancements to the community owned property. In future any surplus over and above the needs of this, would be used to further community activities or needs.

APPENDIX B

Analysis of villager consultation questionnaires

Blue Bell Community Hub Questionnaire								
Question 1: If our pub in Cocking was saved by the community would you or any member of your household use it?								
Yes		55						
No		6						
<p>Question 1: If our pub in Cocking was saved by the community would you or any member of your household use it?</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>55</td> </tr> <tr> <td>No</td> <td>6</td> </tr> </tbody> </table>		Response	Count	Yes	55	No	6	
Response	Count							
Yes	55							
No	6							
(the missing numbers are those that said occasionally or seldom or didn't answer)								

Question 2 What additional services would you like to see the pub offer	
shop	24
post office	20
BB	10
Café	24
ATM	1
Clubs	6
Other	8



(There was some repetition with question 3, 5 and 9- so not sure how helpful this is!)

Question 3: Are there any community services you would like to see on offer at the pub?

Many people were keen to see community services, such as after-school clubs, walking groups, toddler groups and pop-up health services.

Although quite a few of these people also noted that the village hall may be more suitable for some of these services.

Computer training, bike repairs, singing and discussion groups, live music and a book club were also suggested.

A noticeboard to include info of South Downs trails, local events and events/groups taking place at the less central Village Hall was suggested by a number of people

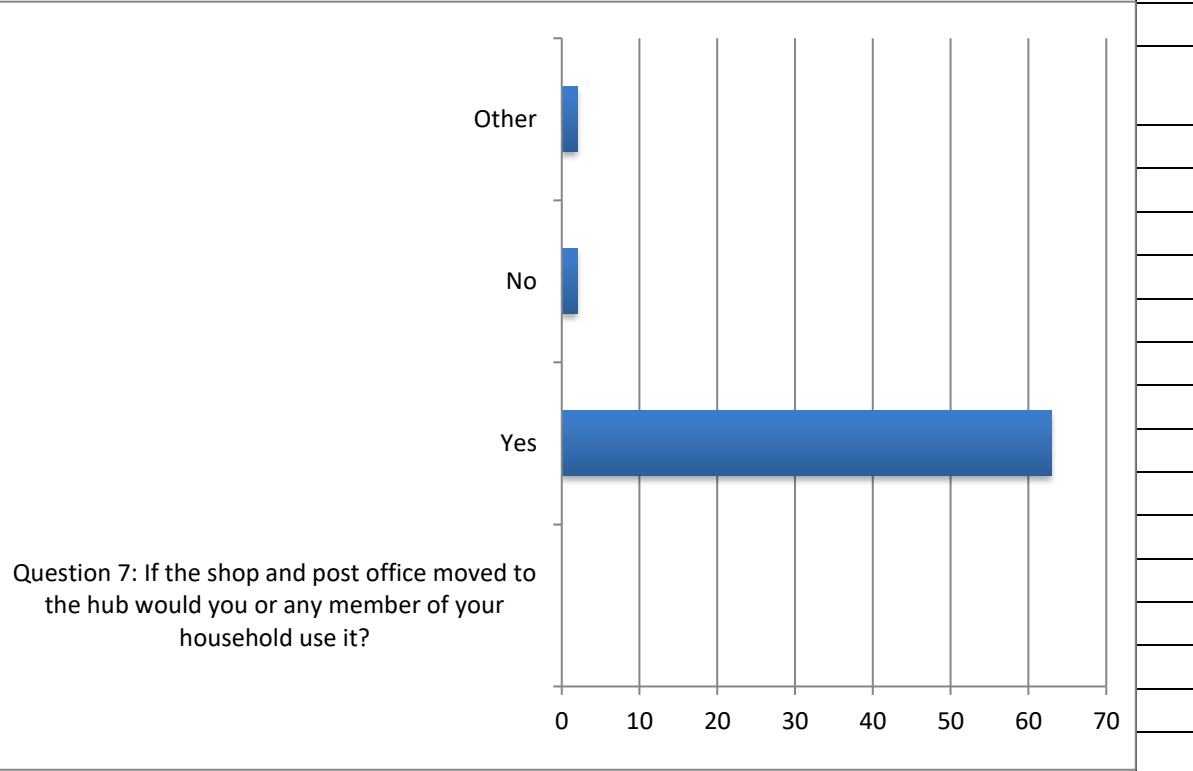
Question 4: What kind of catering would you like to see from the pub?

Overwhelmingly people requested 'good quality pub grub' /'traditional pub food' using local produce and at reasonable prices.

Question 5: What other activities would you be interested in?		
Pub quizzes were very popular, followed by darts and other pub games.		
Music nights and theme nights were also popular		
Other activities suggested were: whist drives, skittles, nature groups, bike repairs, computer advice, meetings for groups such as the elderly, and coffee mornings and afternoons		
Question 6: On a scale of 1-5, how important do you think it is to have a local pub in Cocking?		
Very important- 5		42
4		7
3		8
2		0
1		5
Did not answer the question		4
<p>Did not answer the question</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>Very important- 5</p> <p>Question 6: On a scale of 1-5, how important do you think it is to have a...</p> <p>0 10 20 30 40 50</p>		

Question 7: If the shop and post office moved to the hub would you or any member of your household use it?

Yes	63
No	2
Other	2



Question 7: If the shop and post office moved to the hub would you or any member of your household use it?

Question 8: What products (in the shop and post office) would you be most likely to buy?

- The majority of people answered 'everyday essentials', such as milk and bread and also newspapers and stamps
- Local produce was popular, such as fresh fruit and veg
- Some suggested stationary including greeting cards, road tax, magazines, soup and local honey

Question 9: What services (in the shop and post office) would you likely use?

- Banking services, including cash withdrawal were very, very popular, as were parcel collection/drop-off services
- A few people suggested dry cleaning services, bakery and money changing

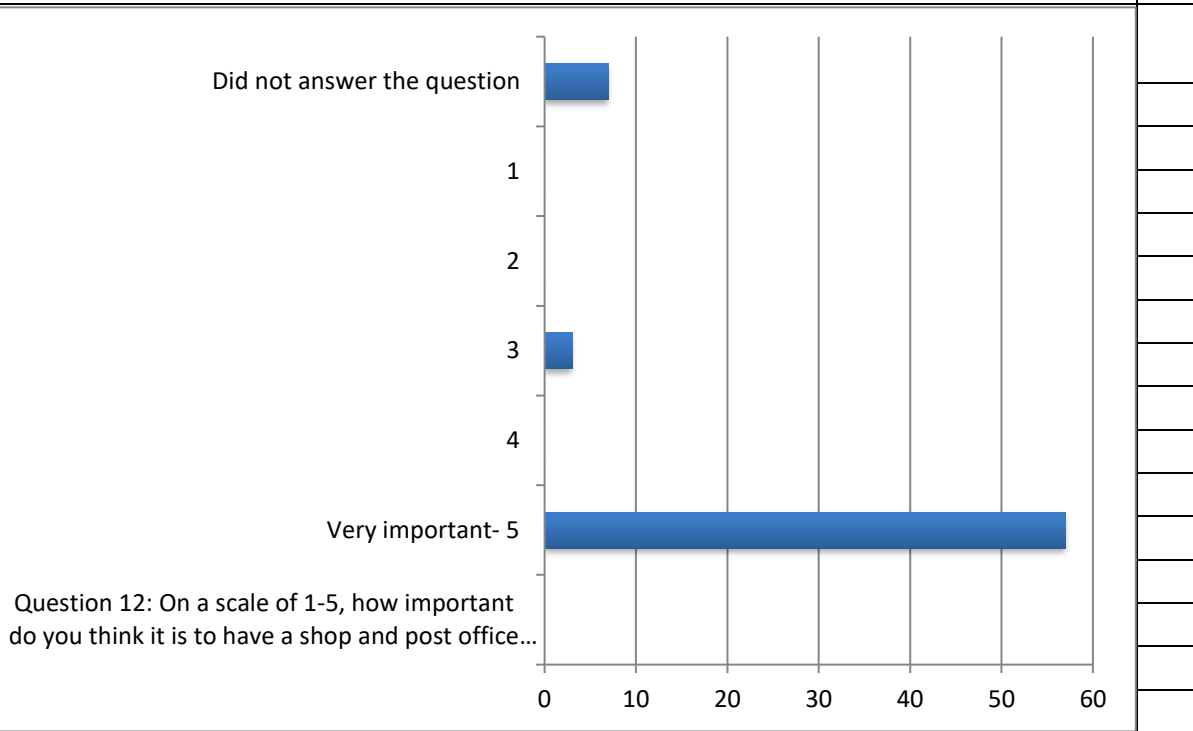
Question 10: At what time of day would you be most likely to use the shop?

- The vast majority of people said between 8 and 5, with mornings being the most popular time.
- Many said weekends

(No question 11)

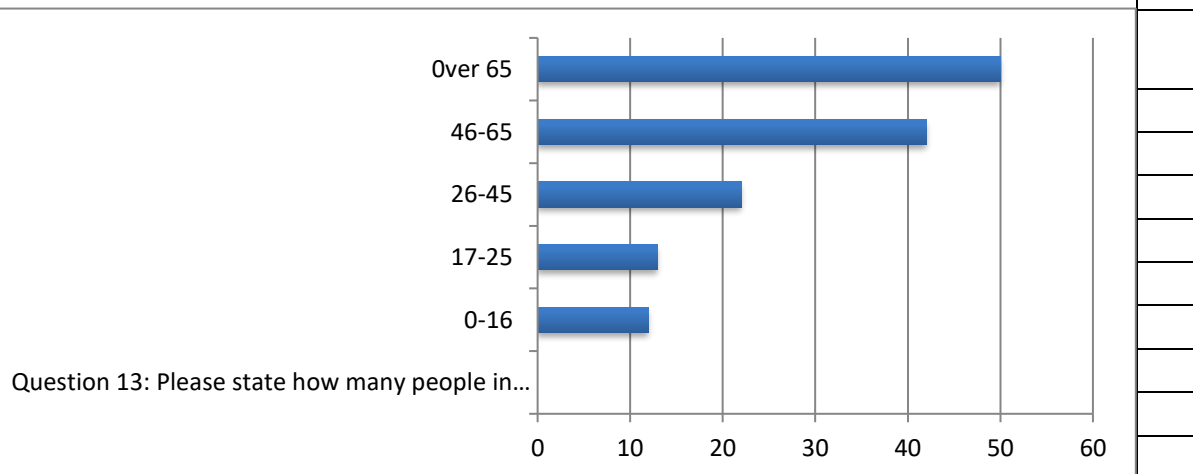
Question 12: On a scale of 1-5, how important do you think it is to have a shop and post office in Cocking?

Very important- 5	57
4	0
3	3
2	0
1	0
Did not answer the question	7



Question 13: Please state how many people in each age range there are in your household

0-16	12
17-25	13
26-45	22
46-65	42
Over 65	50



Question 14: Would you or anyone in your household be interested in helping a co-operative pub project in any way by:	
Helping with fundraising	15
Providing professional advice/services in the hub renovation	11
(see separate list of contact details)	

Quotation from a villager

I moved into the village 22 years ago and in that time the pub has offered a number of community activities to support the local residents and help maintain a strong community. Over time it has been:

- a meeting place for local residents
- Supported the parish lunch club
- Held community quizzes - very popular!
- Purchased provisions from the local shops and small businesses
- Provided employment for local people
- Run a profitable bed and breakfast business
- Supported tourist trade in the SDNP - it is on the main A286 and close to Goodwood

Bluebell Timeline and activities

From	To	Landlord	Length of Tenure	Activities
Oct-2013	Oct-2017	Simon Tideswell	4 years	Quiz Nights every 6 weeks or so - always busy with 40-50 people taking part, Cuisine Nights every 6 weeks or so - all tables taken for these events, OAP's Lunch once a month. Also meal deals with companies like Groupon
2010	Oct-2013	Tony Bale & Julia Dent	3 years	Quiz Nights once a month, Cuisine Nights every few months or so, Wine tasting evenings. Open mic nights, I believe Steve Redshaw was responsible. I organised a couple of treasure hunts from the Bluebell, involved about 10 cars with most people coming back for Sunday lunch.
2009		Closed	1 year	
2005	2008	Gabby & Ashley	3 years	Ashley wanted to run the Bluebell as a Sports bar. Had dart teams in both the summer and winter leagues. I do remember an evening of darts with the late Eric Bristow. Regular pub game nights. TV in the side room mainly to watch football.
2005	2005	Kate & Mark	6 months	Kate and Mark were successful with the Railway in Haslemere before taking over the Bluebell. Responsible for adding the en suite bathrooms for the B&B. Went on to run the Anchor Bleu at Bosham. No real activities just good food.
2002	2005	Andy	3 years	Not sure what Andy did we didn't use the Bluebell that much

Appendix C - Market Appraisal Valuation Summary by MJD HUGHES Ltd

The Blue Bell Inn

Cocking
West Sussex
GU29 0HN

Report Date 27th November 2018

DESCRIPTION

The Blue Bell Inn is a brick built Public House located in Cocking, West Sussex a village about 3 miles or so to the south of Midhurst and 10 miles to the north of Chichester. We are advised that the village has a population of about 450. Cocking is made up of privately-owned residential property together with an eleventh century church, village shop with post office, tea room, and Village Hall on the outskirts of the village.

The Blue Bell Inn public house is currently owned by Wand Estates having been purchased from a development company in early summer 2018. The pub has been closed for approximately 18 months. Until the closure the pub had been operated by tenants.

The Blue Bell Inn is a detached property with outbuildings, parking and grounds. The main building is constructed of brick under a multi-pitched roof with tile covering. We are advised the property is not listed and is in the South Downs National Park. The property has not been registered as an asset of community value (ACV). A garden is located to the rear of the property with a car park to the front and either side of the main building.

VALUATION

IMPORTANT NOTE: Please find below a report with comments and recommendations for the above property. The information provided is for the sole use of the party to whom it is addressed. MJD HUGHES Ltd or the author of this report take no responsibility for any assumptions and decisions made from the use of this report or the information contained within it. Market Appraisal Values are summarised here for convenience but they should be read together with the full report to establish the observations and assumptions upon which they are based.

	VALUATION
Market Value as a Fully Equipped Operational Entity having regard to Trading Potential ("Market Value Trading,")	£650,000
Market Value as a Fully Equipped Operational Entity having regard to Trading Potential - but subject to Special Assumptions ("Market Value - Trading - in Default")	£530,000
Market Value of the Empty Property having regard to Trading Potential and subject to Special Assumptions ("Market Value - Closed - in Default")	£410,000
Reinstatement Insurance Value	£740,000

Note: To maintain brevity in the main report, standard clauses concerning assumptions, recommendations, limitations and statements are included in Appendix A. Where relevant, a reference is included in the main report.

Appendix D – Marketing Plan

Introduction

The marketing plan for The Blue Bell Hub is based on four 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)
4. To engage with the community to gain their support/use (building community involvement)

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

1. Local people, including families, young people, and older people – from Cocking and the wider area including Bepton, Singleton, West and East Dean, Heyshott, Graffham and Midhurst;
2. Day visitors to the area, particularly walkers, cyclists, racing enthusiasts' horse and motor, shooters, polo enthusiasts and **All** those who pass by our door on the busy A286.

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 Hub management team and the Tenant as the business grows and develops. **It's important to remember that the Community needs to be very active in supporting the tenant with initiatives and events both in attendance and in their running.**

Increasing the number of customers

Our 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 we are aiming at:

- Good quality, fair value food, locally sourced
- Excellent beers and lagers (Keep in view it will be a free house)
- Good range of wines and other drinks at fair value
- Shop with convenience foods and local produce
- Post Office
- Bed and breakfast
- Warm welcoming atmosphere

- Comfortable clean surroundings internally (e.g. pub and café) and externally (a good safe garden area)
- Attractive outside access from car park to front door
- Good basic services including a defibrillator, notice board and public toilets
- Sensible practical reasonable policies e.g. dogs, children and behaviour which enhance the experience for the widest audience.
- Reinvest trading surplus to improve infrastructure and customer experience

Reaching our target markets

The first part of the marketing strategy relies on raising awareness of the new Community Hub and how people can be involved in the project both physically and financially. This will be done through an extensive outward facing marketing campaign incorporating, build up coverage of volunteer work on the Blue Bell, to invites to the grand opening by using all forms of communications and media including:

Door-step briefing and meetings

The village will be divided into sectors and members of the committee and their ‘ambassadors’ will set about the task of briefing those who have as yet not been briefed. This will be an ongoing exercise during the initial 6 months of the campaign to ensure the community feels engaged. This will be supported by regular village meetings.

Leaflets and posters

Each stage of the process will be supported by print items that explain the status. These will be distributed by hand and via key drop off points. Posters will also be placed around the village and key sites. The Parish Council will also be encouraged to update the community via its circulars and meetings. Developing in conjunction with the SDNP a series of walks or bike rides as leaflets or booklet, which take in the South Downs Way (as well as potentially other local facilities) could help attract this user segment.

Website

An interactive site will be created that will cover the business aspects for the project. It will contain information on the plans for the Blue Bell and be the main source of the shareholding offer, business plan, minutes of meeting, registration of interest etc. A separate public web site will be created for the Blue Bell at its launch in the summer of 2019.

Print media

Articles in the run up to the launch of the new facility will be placed in local print media, for example, the Midhurst and Petworth Observer and the Chichester Observer (Sussex Newspaper Group), Chichester Post, West Sussex Times plus others to ensure good coverage across the area covering Haslemere, Petworth, Petersfield

and Chichester. 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 our belief that this is the first project of its kind within this area of the South Downs National Park. 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, cyclists, two key target markets who are likely to be interested in using the facilities plus horse and motor racing enthusiast and shooting media. We also plan to engage with the Weald and Downland Museum and West Dean College and keep local parish and village magazines and newsletters informed of our progress and activities.

TV and Radio

We have a very active and supportive radio and TV fraternity. Spirit FM, BBC local radio, Radio Sussex, BBC TV South. We aim to keep them involved by creating activity that will be newsworthy such as Goodwood horse and motor events, including members days, feature our renowned resident sculptor Philip Jackson etc. We plan to maximise our unique locale - the South Downs Way, SDNP. Centurion Way Railway Path.

Online media

Online media such as the Sussex Express and others will be targeted with news and updates

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 (on our own, and other's websites) will be used, along with twitter feed, Facebook group, specific marketing to special interest groups such as cyclists, walkers etc, and marketing emails directly to those who have expressed an interest in being kept informed about the project.

Sponsorship

When funds allow the sponsorship of the village football team through the provision of kit and equipment.

Local businesses, groups, and clubs

We 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 village hall, which is located on the outskirts of the village, offers an important meeting place to engage people and create mutually beneficial activities. It will also be important to work alongside local businesses, particularly the local Cowdray Estate, farmers, the local timber yard and Moonlight

Cottage B&B and Chicken Shed Café and one way of achieving this is to work together with cross recommendations and may be to offer discounts/promotions as an incentive.

Increasing the frequency of visits

Creating a welcoming and attractive atmosphere

We will encourage locals to feel it is their pub. It should be an important part of the community. Having attracted customers initially through the door, our main marketing tool will be to create a great impression and build a positive reputation to encourage repeat visits. To do this we will offer favourable terms and conditions to staff and ongoing training to enable them to provide a great customer experience. We will invest in the fabric of the building on an ongoing basis to provide the kind of environment that our customers will expect. We will serve customers promptly, with a friendly manner and any complaints will be dealt with to reach a satisfactory outcome for the customer.

A regularly changing food menu and drinks 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 competitions, quizzes, music nights, traditional board games) as well as larger one-off events such as seasonal markets, film showings, theatre performances, speciality food evenings and beer festivals. The events will complement other local events to benefit from the promotions and marketing carried out for those events.

Promotions / Loyalty Cards

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

Loyalty cards offering discounts or freebies may also be offered to entice users to return on a regular basis especially with on line campaigns eg cyclists and ramblers.

TripAdvisor and other online travel forums

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

Increasing the value of each visit

Increasing the facilities available under one roof

Previously, The Blue Bell functioned only as a pub business and bed and breakfast. This limited the revenue generation opportunities, as well as the audience likely to enter the building. By co-locating a shop and post office, we aim to attract a wider audience to the facility, increasing the value of revenue generated from each visitor. Using the facilities of the pub we are also able to offer café service throughout the day thereby further enhancing the service on offer to the local and passing trade. The addition of parking now being available to the current shop and post office will also encourage more lingering trade.

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 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 and charging facilities 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.

To engage with the community to gain their support

A number of initiatives will be planned to involve the local community during the very early stages of the project. For this exercise to succeed the community must be made aware that success will only come if its services are used by all. During the initial 'clearance' of the site villagers will be invited to come and help. This will also include the garden that is in need of serious attention. A 'skills request' will be put out to the village to see what areas of the rebuild could be carried out by local trades plus local businesses will be approached for materials. The plan is that through involvement will come commitment to the project. It is planned that the shareholding scheme will remain open so that new members to the community can participate. Other initiatives include a photographic competition, self-make tile workshops for interior decoration, video making for promotion use etc.