

West Fife Community Trading Limited

Registered under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society No. 8541

The Red Lion Community Business

Business Plan



<https://www.facebook.com/groups/285175265883341>

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The following appendices are available upon request by emailing the Secretary, Tim Collins, at tim_collins@btinternet.com :

Appendix I The Rules of West Fife Community Trading Ltd

Appendix II The Draft Lease Agreement

Appendix III Financial Projections

Appendix IV The Draft Deed of Covenant with CDT

Appendix V Draft Community Share Offer

Preamble

This document is intended to outline the plan that will unfold if *The Red Lion as a Community Business* is to flourish as the main business of West Fife Community Trading Limited (FCA registered 8541 a community benefit society)

The Red Lion is the only pub / restaurant in the village and the owners, wishing to retire, have offered the business for sale.

Culross is an ancient royal burgh situated on the North shore of the Forth estuary. Culross was a major port in the fifteenth century trading extensively with Europe. In the seventeenth century there were eleven 'ale houses' in Culross. The Red Lion was a 'Gothenburg Inn' for many years and is one of the few remaining today. The Red Lion was sold by Lord Elgin's forebears for the princely sum of £175 in the eighteenth century.

There is an extensive National Trust for Scotland (NTS) presence in the village and they own and let a number of restored properties. As a popular tourist destination, Culross hosts visitors from around the globe. The footfall, as recorded by NTS, is huge and constant throughout most of the year, bolstered by the recent successes of a number of films, including *Outlander*, in which Culross formed a backdrop. A former resident, Admiral Cochrane, is fondly remembered in the far East and South America where he performed heroic deeds; many come to see his former home, and the Chilean embassy gifted Culross a national flag which flies in the village square over a bust of the hero.

As the only licensed restaurant in Culross, the Red Lion benefits from this tourism, as well as local clientele from the whole of West Fife and beyond. The culture of a welcoming friendly environment is endemic in the village and embedded in the staff of the Red Lion.

Over the last few years the village has lost its Post Office, its butchers shop, the village shop, the other pub and has fought to keep the village primary school. The former premises of all of the foregoing are now residential, with the exception of the butchers where the internal tiles are 'listed' and it now functions as a small cafe. The community suffered the vagaries of a rogue developer during the last pub 'conversion' and have no wish to go through a similar experience again. The Red Lion is a much loved asset in the village and there is overwhelming support to keep it as a village amenity.

This project is in keeping with the aims of the Community Wealth Building initiative.

Executive summary

The Red Lion has operated profitably within the village for many years and for the last thirty or so years with the current owners.

It is the largest employer of young people in the area and has seen many of them moving on to successful careers in teaching, catering, secretarial and other sectors. This introduction to the world of work has propelled many a successful former employee on to a successful career. Most remember their time at the Red Lion with fondness and are extremely keen to see the Red Lion continue to help the youth of the area.

The restaurant, in its own right, is one of the main attractions in the village, attracting visitors from afar. As a former *Gothenburg Inn*¹ it is somehow appropriate that it may now potentially return to community ownership.

Customer and community need

The historic village, which has a large NTS presence, is frequently used as a film set when historic settings are called for, and the crew and cast of the many film units use the restaurant on these occasions. The need for the restaurant is clearly demonstrated by the visitor numbers and it is highly rated on Tripadvisor and other similar sites.

The premises are also the focus of many community activities such as pub quizzes, raffles, seniors Christmas functions and many more. The current owners have supported many community initiatives over the years and have sponsored many community events including the village fete, the seniors group, the gala committee, the festival committee, the pier restoration group and so on.

In effect, the Red Lion is a much valued community hub and many village voluntary groups have spawned from within its walls. The responses to the community survey clearly and overwhelmingly demonstrate a wide appreciation of the community benefits accruing from the Red Lion.

This project may be unique in that the customer need is evident in the trading figures and does not rely on speculative customer numbers and spend per head.

¹ The Gothenburg Inns were prevalent in the fifteenth and sixteenth centuries as community centres and places of hospitality and meeting places.

Proposed community benefits

Once in community ownership, and in order to increase community benefits, it is proposed to try to add some features and activities, depending on the will of the community, as follows:-

- **Village Mart** - The village fete and farmers market has fallen foul of the covid regulations and has been replaced, to some degree, by a small 'village mart' where local crafts people and local traders gather on the village green. This is not sustainable in the long term as it interferes with the public use of that space. It is proposed to make the large car park at the Red Lion available one morning a week, and more if demand is there, to local crafts people who have lost out since the demise of the fete. Possibly the farmers market may wish to run on another morning maybe once a week, which would allow local producers and businesses to showcase and trade at a promoted event, as they too have missed out since the demise of the fete.
- **Village Shop** - The community lost the village shop some time ago and there may be a will to establish some form of retail premises, a souvenir shop, small domestic supplies, local artisan goods, visiting traders and so on.
- **Meeting Space** - For such a small community there are many voluntary action groups in the area and meeting rooms are a problem if the local community owned hall is fully booked for community activities, as is often the case. A room on the upper floor could be made available for groups to book and hold meetings free of charge. There are walking groups, bird watching groups, camera groups, and many other groups who currently meet in their own homes, who could make use of the space.
- **Exhibition Space** - There is a local heritage group who have long wanted a space to exhibit local artefacts and tell the local story in pictures and other media. A separate room could be made available to this group on the upper floor.
- **Book Exchange** - There are a large number of avid readers who swap books and share reference works. Most used to attend our seniors coffee mornings but again, that fell foul of the covid regulations. A room with bookshelves and comfortable seating (they are mostly elderly) could be made available for this group to meet and exchange or pick up books.
- **Office Base** - In addition, a room could be used as the office for both the tenant and WFCTL.

All of the space on the upper floor can be put to good community use and increase the community engagement. As the tenanted business on the ground floor pays all the costs of heating, lighting, repairs and maintenance, all of these facilities will be free to the community.

All this in addition to the potential for local funding from the BenCom surplus and the retention of the Red Lion as an attraction that brings visitors to the community and enhances the visitor experience.

Competition

The nearest licensed restaurant to the West is located in Kincardine, some 5 miles away, and to the East in Limekilns, again some 5 miles distant. The venue in the West has a catchment area extending into central region, and has an entirely different customer appeal and offering. The venue to the East also has a different model and caters mainly for lunchtime trade, which is suffering due to the current pandemic.

The Red Lion has an offering and reputation for excellent 'pub grub', served by friendly, helpful staff in a traditional pub atmosphere. Scoring consistently at the highest level on feedback websites like Tripadvisor.

Hosting private functions in addition to everyday hospitality, the Red Lion has adapted to the current pandemic by rapidly modifying the offering and hours of business. The staff and customers demonstrate a high level of brand loyalty, as evidenced by the positive feedback from our online survey and Tripadvisor. The Red Lion social media and web pages clearly show the warmth and friendly nature of the venue.

There is, in effect, no similar offering in the area to provide effective competition.

Background and work done to date

The owners, having run the business for the best part of thirty years, have reached retirement age and put the business up for sale. The serious interest has been from developers, who intended to build in the extensive car park and convert the building to domestic dwelling. Having experienced this scenario with the closure of the only other licensed premises in the village some years ago, there was understandable concern within the community.

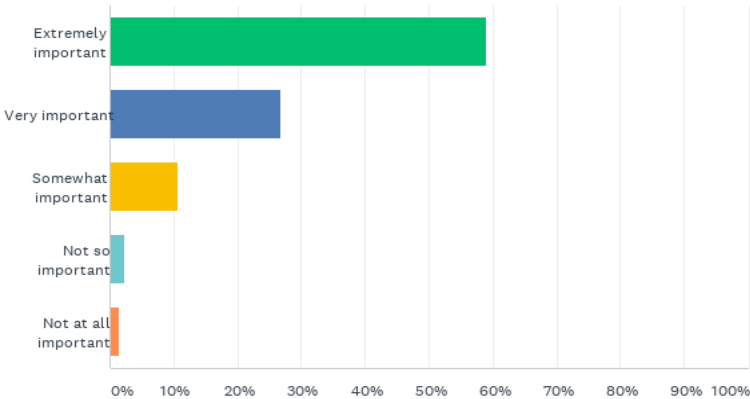
There was also some interest from 'PubCos' (pub chain companies), who would either close the business and sell to a developer, or drastically alter the culture and the premises of the business to the extent that it will no longer be a much loved asset, and probably fail in the longer term, and then be sold to a developer. Without the community will to buy, the scenarios are all bleak and not good for the village.

Culross Development Trust (SCIO) agreed that a feasibility study should be carried out to determine the future of the Red Lion. The study undertook an online survey to test the community will and willingness to engage in any future action.²

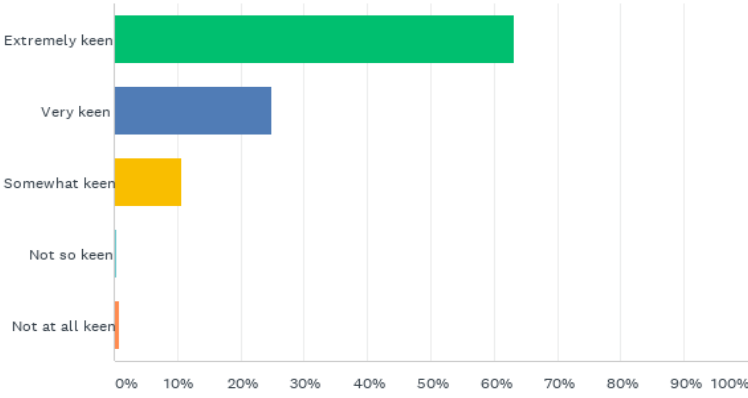
This survey clearly demonstrated a will to save the Red Lion from development, or purchase by a large pub company, when the character and ethic of the business would drastically change to the detriment of the village and the staff, both current and future.

² The full Survey Monkey results are available upon request; to see a copy, please email tim_collins@btinternet.com

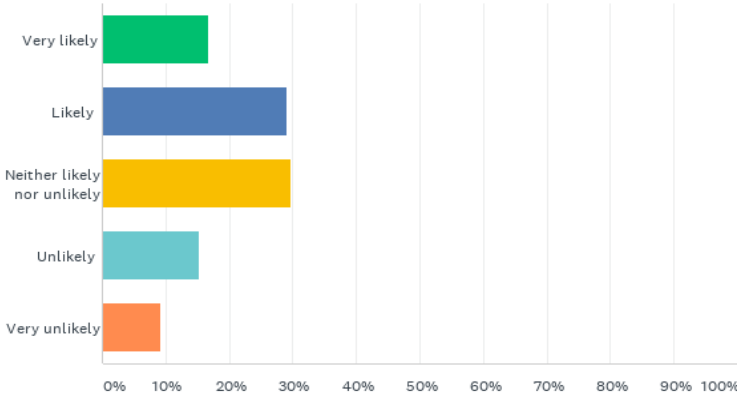
Q5 How important do you think the Red Lion is to the local community?



Q6 How keen are you to see the Red Lion preserved?



Q7 How Likely is it that you would invest in a community share offering?



CDT joined the *PLUNKETT Foundation* and looked at possible funding sources, should a community buy out become the preferred outcome.



PLUNKETT referred us to *CO OP* who, as part of *Scottish Enterprise*, were better able to offer some initial help by funding a consultant to assist in preparing the way forward.

From conversations with the CDT then examiner, it was clear that the regulator would not allow CDT as a charity to own and run the business. This was later clarified by our appointed consultant who explained that the financial aspects of the Red Lion would form a disproportionately large portion of CDT activities. It was evident that the way forward would be to establish a community benefit society to explore the prospect of a community asset transfer of the Red Lion.

CDT agreed at a formal meeting to act as the “anchor shareholder” in the proposed Community Benefit Society. To further the establishment of the Society, expertise from within the community was sought to form a founding board. Rules were drawn up for the Society from a hybrid model, and a founding board was established at a formal meeting. The name of the Society was decided as *West Fife Community Trading Limited* and a decision was taken to register with *The Financial Conduct Authority (FCA)*; this application has been successful and WFCTL is now registered with the FCA (No. 8541). There are strict financial controls placed on the Society by this registration.

Simultaneously, the local authority (Fife Council) was approached for possible support in the manner of material, expertise and / or finance. The rules of the Society are consistent with the community wealth building objectives of both the local authority and the Scottish national government.

WFCTL is currently seeking support from The Scottish Land Fund and has gained community shares approval; an online fundraiser has raised enough to ensure a well publicised share offer launch and settle all the initial professional fees to date.

A bank account has been set up with the ***Bank of Scotland***.

Proposed scheme and project risks

Community support and expertise

The proposition to take the Red Lion into community ownership has been well received and endorsed by the community (ref. the survey results). Those who offered to help with their expertise offered a broad spectrum of skills. The current staff have been consulted and are being kept apprised of developments as they happen via a *Facebook* page³.

<https://www.facebook.com/groups/285175265883341>

Although Culross is a relatively small community, the business serves a wide area in and around West Fife. Those who have assured time can be available to help, have engaged and will be given as much information and guidance as needed on good governance, directors' responsibilities, legal requirements and so on. In the first year after formation The Society will invite those with particular skills to become members and / or directors, in order to broaden the board skill set and accessible expertise. It is anticipated that the community share offering will increase membership numbers considerably, both 'contributor and community' members.

The Red Lion is located in the heart of the village of Culross, was historically a former *Gothenburg Inn*, and forms a major part of the area's heritage. This scheme does not propose to purchase the business, its liabilities or debtors. It does propose to purchase the heritable assets and separately, the fixtures and fittings, sufficient to operate the pub / restaurant business.

The Red Lion operates as a licensed pub / restaurant, offering good quality 'pub grub' in a friendly welcoming environment. By its very nature the restaurant business is a little seasonal and historically turnover reduces by around 40% over the winter period, with the exception of the festive season when turnover increases markedly. Social events, celebrations and the like begin in early December and continue to mid January.

The current restrictions on the business, due to the pandemic, have somewhat altered the timescales for our project and we are proceeding cautiously. The attendant publicity, promotional events and marketing materials developed for the project will ensure a wide awareness not only within the community, but throughout the central belt and beyond. This will add considerably to the current customer base and will give an early boost to the turnover.

The premises are in excellent decorative order inside and out and the equipment, fixtures and fittings are in good order. There will be very little requirement, barring unexpected events, for capital spend at take over. Although, if sufficient funding is available to adapt the premises, the revenue streams may be increased by some refurbishment to the upper floor.

Pub Tenancy

A local group has emerged who want to take on a lease to operate the Red Lion and the community feeling is that they should be given every encouragement and help as

they will be a start up business. The leading people in this bid are either current or past employees and consequently, understand the culture of the Red Lion and its operating methodology. The proposal is to offer this group a ten year lease with first rent review in year three and annually thereafter.

A named individual will be appointed to liaise with the tenant. The intention is that this member will hold a licence and cover the contingency that we lose the tenant for any reason.

A draft lease has been drawn up for approval by the board and in order to help this group plan their business. The lease, whilst not designed to restrict the profitability of the enterprise, will place some obligations on the tenant. The continued recruitment of young people and their training, the regular review meeting with the landlord / tenant including the financial performance, problems, issues etc. are lease conditions. The food and hospitality offering, having proved successful over the years, cannot be cast in stone but any significant changes will be discussed with the tenant at the regular meetings to ensure effective timeous action should changes not perform as expected. The current successful pitch is of good quality pub food in a friendly welcoming atmosphere, priced to attract casual diners who enjoy the pub culture. Every assistance will be given to the tenant to ensure a thriving business emerges and continues into the future.

Use of upper flat

Options for the upper floor three bedroom flat are still open for innovation. The community uses listed earlier are the favoured use at this time. This may have to be offered as part of the tenancy agreement, if the local group fail to materialise, or may be converted to an ancillary dining area, converted to 4 or 5 en suite letting rooms or some other, as yet undecided, use depending on available finance and best return for investment, in the absence of community demand. The tenant will have significant input in this decision.

Marketing and promotion

The Society will take ownership of the existing website and other online promotional material and liaise with the tenant on content. The tenant will produce such material as they see fit for the promotion of their business but will liaise closely with the Society on content. The business will be promoted by website, social media pages, paper advertising in local publications, leaflets placed in other visitor attractions and by word of mouth. Other marketing and promotional materials will be bought in to aid the project, for example, sweatshirts, pens, bottle openers, beer mats, baseball caps, aprons etc., all with a Red Lion community pub logo.

Operating model

Covid notwithstanding:-

The restaurant is used by, and expected to continue to be used by, the local community, visitors on day trips, longer stay visitors, celebration events, group hospitality for area groups, visiting professionals, corporate entertainment and so on.

Opening hours are determined by the local authority licensing board which currently stands at 12:00 to 23:00 seven days a week. (COVID regulations notwithstanding)

The ten year lease allows the tenant to invest in their business with confidence. With the first rent review in year three, the tenant and the Society board will have a clear indication of the profitability of the arrangement, and will set a more realistic rent such that the Society will be more able to build the reserve required to meet the accounting need. The Society will meet regularly, and at least once a month, with the tenant to review the status of the business and to agree any changes that either party may wish to implement. The rental agreement stipulates the responsibilities and limitations of each party.

A draft rental agreement is available to see as APPENDIX II (by email request).

The rules allow for shareholders to withdraw after year three at the discretion of the board, and only with board approval prior to year three.

The rules are available to see as APPENDIX I (by email request)

Scheme risks

The risks associated with the project include but are not limited to:-

- The current pandemic altering for the foreseeable future the business model
- A lack of investors
- A shortfall in grant funding
- Failure to sign a suitable tenant
- Adverse decisions by the tenant (e.g. to quit unexpectedly)
- Any uninsured and costly event
- Failure of the tenant to maintain hygiene and other certification

All of the above may be mitigated by the contingencies listed later in this document. A close monitoring of all the stages of the project, so that corrective measures can be quickly implemented, should ensure a resilient business will operate.

The availability of willing and able volunteers, with the skills to continue to operate the business in the event of a major player not being able to continue, will add considerably to the resilience.

The regular tenant / landlord meetings should ensure that all required certification and licenses are constantly in place and the business is operating in compliance.

A comprehensive affordable insurance policy will minimise the uninsured risk.

Other Risks

- The tenant may give notice unexpectedly
 - *The notice period in the lease is sufficient to allow a replacement tenant or an interim licensee to be appointed*
- The tenant's business becomes insolvent
 - *The board will have in place a licensed individual who will be immediately available to maintain continuity. The community will draw on the many diverse skills to operate the business in the short term*
- An expensive repair becomes necessary
 - *The reserve fund will be drawn down to maintain the integrity of the asset*
- Unforeseen events impacting on the ability of the tenant to conduct businesses
 - *The society will ensure that sufficient insurance is in place at all times*

Staffing and finance

It is anticipated that the tenant will retain the existing staff but this is not a condition of the lease agreement. The current staff are local and have been well trained and represent the business ethic of a friendly welcoming venue for all.

The nature of the business means that the younger staff members move on to careers when they have developed the self confidence and qualifications they require for their chosen paths. The Society sees this as one of the main functions of the business.

Staffing levels will be for the tenant to decide, being mindful of the lease terms. Currently, the existing staff comprise four full time and some fifteen part time, mostly young people in the early stages of entering the world of work. The restaurant caters for some sixty covers (pre COVID) both inside and out, and is open seven days a week. The kitchen has three staff during busy times, the bar is manned by one staff member supplemented by the waiting staff when busy, who also take the payments at the bar (this differs during COVID restrictions). The table service is by three staff members who can call assistance from off duty staff if they become very busy.

Whilst there is not a high turnover of staff, it is nonetheless a necessity that new staff be inducted into the business ethic and methodology. It is envisaged that the senior, longer serving staff, will train new staff members.

The staff will be the sole responsibility of the tenant, lease conditions notwithstanding. Volunteers have offered to fill gaps at busy times and those with the skills may be asked to help assess and train new staff members. It is proposed that one board member will become licenced so that there is cover in the event of an unforeseen event preventing the tenant from carrying on the business. The tenant will be given every possible assistance to ensure a successful transition to community ownership.

The staffing information is included here to emphasise the business ethic that the Society would like to see continue in the community owned business. Whatever activity is decided for the upper floor, it may require staff, and the business plan for that area will define the type and quantity of staff required.

Wages, tax returns, etc., will be for the tenant and by a qualified professional. Consumables ordering and financial reporting to the board will be by the tenant who should be the licensee who is responsible for the efficient and compliant running of the business.

WFCTL will have no employees, and tasks will be completed by volunteers. The Society accounts will be produced by a suitably qualified individual and compliant with requirements of *The Financial Conduct Authority*.

Capital spending going forward will be for the board together with the tenant.

WFCTL will hold the license for the premises, while the tenant will be responsible for providing the personal licensee (notwithstanding the contingency provision above). WFCTL will insure the property, public liability and major assets, while the tenant will be responsible for their own business and other insurance.

Profitability objectives

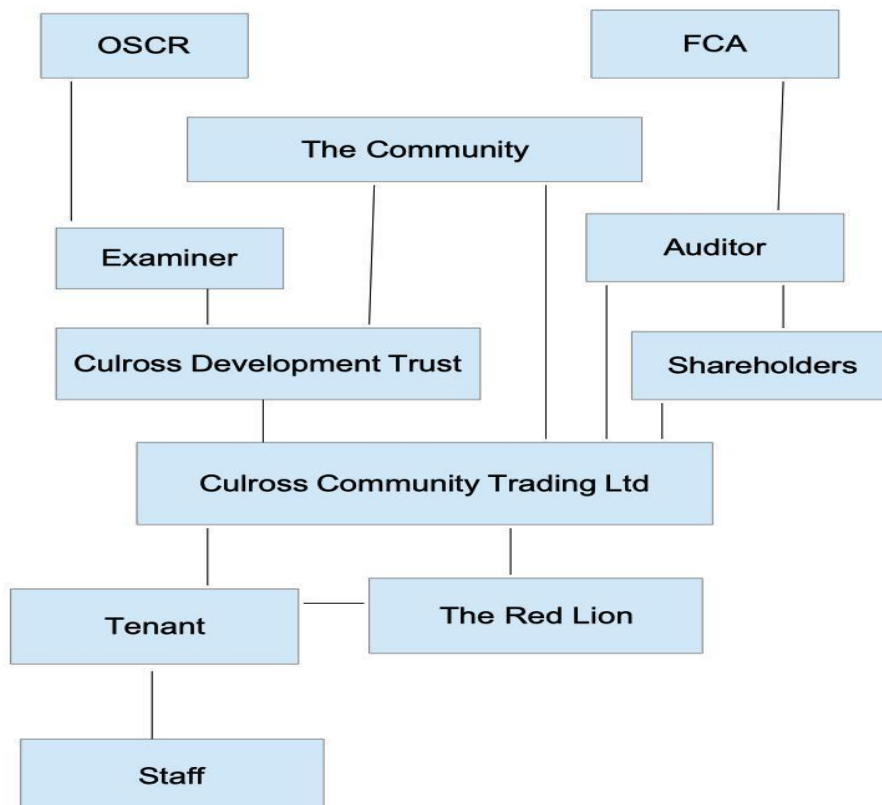
Although, historically, the Red Lion business made a healthy return, it is difficult to determine, post covid, what the returns will be. Initial post covid trading indicates that returns may be down somewhat due to the restrictions imposed.

It should be noted at this time that WFCTL as the landlord, with the community interests at heart, will reserve a good deal of flexibility with the tenant in order to ensure the tenant has the best possible opportunity to build a successful business and thus further the interests of WFCTL. The lease agreement will fix the rent until year three and be of sufficient length to allow the tenant to invest in their business with confidence.

It is envisaged that initially the Society profits, after any repayments, will be used to build a reserve fund in keeping with the contingency of shareholder withdrawal after three years. The reserve fund that will be built over a number of years will amount to a value sufficient to cover share 'withdrawals' (allowed after year 3). A Maintenance Repair reserve fund will accrue over time to cover any costly building repairs, decoration, tenant default or similar expense. The maintenance and repair of the asset will always take priority over other demands on funds.

Thereafter, profits will be transferred to Culross Development Trust (SCIO) (CDT) as the "anchor shareholder" who will oversee the dispersal to the various constituted community volunteer groups in the community. The CDT trustee(s) will report to the WFCTL board on the distribution of funds and the community benefits derived as a result.

A deed of covenant has been drafted between CDT and WFCTL (see APPENDIX IV).



Financial data (assumes tenant appointed)

Financial projections are available to see as APPENDIX III (by email request).

Set up costs and funding for set up

Initial set up costs, after the main purchase of the heritable property, will include, but are not limited to:-

All the costs associated with establishing a community benefit society, fixtures and fittings, professional fees, advertising, printing, marketing materials, documenting procedures, license fees, covid protection provisions, initial staff inductions and the like.

It is envisaged that 90 – 95% of the funding for the heritable property³ will be available from the *Scottish Land Fund*, that funding for the fixtures and fittings together with the working capital and balance of 10% of the heritable property, will be partly from grant funding⁴, partly from a community share offer and from other interested donors.

The fixtures and fittings includes all the kitchen equipment, crockery, cutlery, glasses, condiments, table settings, bar fittings, cellar equipment, existing stock, tables, chairs, outside furniture, freezers, refrigerators, PPE, till, office desk, computer with software licence, card reader, bar artwork, bar and dining room ornaments and so on. All the foregoing will lead to a customer impression of a seamless transition from private to community ownership. In addition to the potential increase in business from 'friends' of the venture, this seamless transition should ensure continuity of the existing customer base. Whilst also providing the tenant with the means to run a business from day one.

The intention is to provide the local start up tenant with as much resource as possible to ensure maximum local participation. The consumable elements listed above will have a value that the tenant may eventually reimburse to the society.

The initial Community Share offer will be to the public at large and will be linked to an invitation to become a member of the society. (see the rules)

The governing board of the society will be elected from the community members at the first AGM. It is a condition of becoming a director that shares be owned. (See the rules of the society)

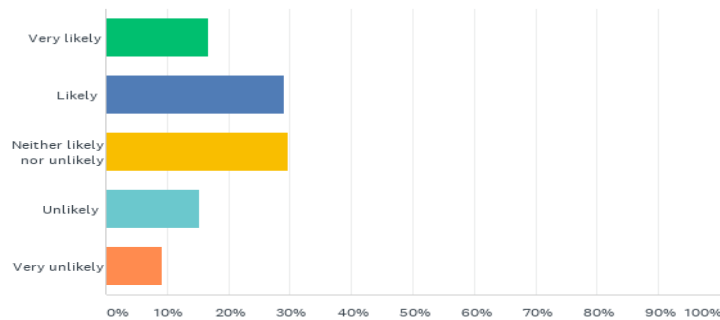
³ There is no current valuation and the figure is based on the rateable value at this point

⁴ Other potential funders include:

- Just Giving website
- Culross Facebook 'Followers'
- Local authority
- Breweries
- Suppliers

The community survey asked if the respondents would invest and the responses were encouraging:

Q7 How Likely is it that you would invest in a community share offering?



Marketing, advertising and promotions

In addition to local support, the large global, online following of the venue and the community will be invited to buy in, and the offer will be promoted via the many local social media forums which have world wide following. Efforts will be made to gain some advantageous publicity through the broadcast media and local press. This proved very successful in the recent fund raising effort when over 300 people donated over a five day period to exceed the target figure by a margin. If pandemic restrictions allow, space will be taken at local promotional events to showcase the venture. Some 'paid for' promotions may be included, if the expanded board and our marketing team think it would be of value. During the current nationwide crises we intend to remain as flexible as possible during the launch, and a series of regular meetings will monitor effectiveness of every marketing device and recommend any changes that would better serve the launch.

Whilst the major part (90-95%) of the cost of the heritable property (based on the last rateable value around £750,000 - £800,000) is anticipated to be available from the Scottish Land Fund, the balance of this cost has to be met from the community share offer. A professional valuation will be commissioned prior to any offer to buy. The figures used in this document reflect the best guess at this stage.

The cost of fixtures and fittings will also need to be met from the share offer revenue. So the share offer will have a target of £200,000 - £250,000; from other community experience this would appear not to be unrealistic.

The share offer will be advertised using local radio, newspapers, local businesses and visitor attractions, social media and email. Possible competitions, quizzes and the like with promotional prizes. Measures to attract investors will include but not be limited to:-

- investors may have an additional benefit of a week night when favourable discounts will be available to members. This will increase business on quieter days, thus increasing profitability and hence community benefit. This would have prior agreement from any tenant.
- interest will be payable after year three at a rate moderately ahead of the Bank of England base rate (base rate + 0.1%) in accordance with the rules of the society.
- attracting investors and promoting a good solid image will be crucial to the success of an offer. Promotional material may include logo embossed sweatshirts, pens, bottle openers, coasters, caps, cards and other marketing materials. We have marketing expertise in the community who have helped in this and will be invited by the founders to become member directors.
- investors may benefit from the tax status of their investment (SITR). The founders are currently determining whether the society meets the criteria for tax relief under the Social Investment Tax Relief (SITR) scheme, which considers investments into a Community Benefit Society. Currently the board is referring people to the government website concerned with SITR.

The community has a wide pool of expertise in a variety of areas. The entire community is being kept up to date with progress via social media and village newsletters. Emails and online comments are from a diverse set of the engaged and are always encouraging; there are many offers of help in terms of time, finance and expertise.

The founders will, in time, engage with a diverse skill set appropriate to the job in hand. During the progress of the project this diversity of skills within the community will prove beneficial to the success of the entire project. Involving the wider community in the project ensures that the wide geographical spread of this community will prove an asset in the longer term and will, in time, add to and enhance the skills set available on the board if they can be persuaded to stand.

Other schemes considered – and why rejected

The scheme has two facets: the existing pub / restaurant; the use of the upper floor
The scheme proposes to operate the pub / restaurant as is.

The option to do nothing is rejected as not the will of the community, as evidenced by the community survey.

The business has clearly operated profitably over an extended period, and can reasonably be expected to continue providing the existing culture, with quality being maintained. Consequently options focus around the variety of uses for the upper floor, the former owners accommodation, and innovative uses for the car park area.

Option1

To convert the upper floor to letting rooms has an initial set up cost that would be very difficult to fund. Although this would be the most beneficial for the area, which is sadly lacking in hotel capacity. Should the prospective local industrial development⁵ come to fruition, the need for accommodation would ensure occupancy well above average. Tourism tends to be day trippers or walkers and cyclists, who have no, or very little, requirement for accommodation.

Option 2

To expand the dining capacity to the upper floor, whilst appearing attractive, would require an expensive kitchen expansion and additional staff with a long payback period.

Option 3

To provide a residence for a potential tenant / landlord has less initial cost but would not be needed if, as is hoped, a local licensee takes the reins.

Option 4

To use the space for community activities is restricted to the uses outlined elsewhere, as we have recently used a huge local effort and resource to improve our community owned hall - a former stable block gifted to the village in the 1960s and now in the keeping of CDT.

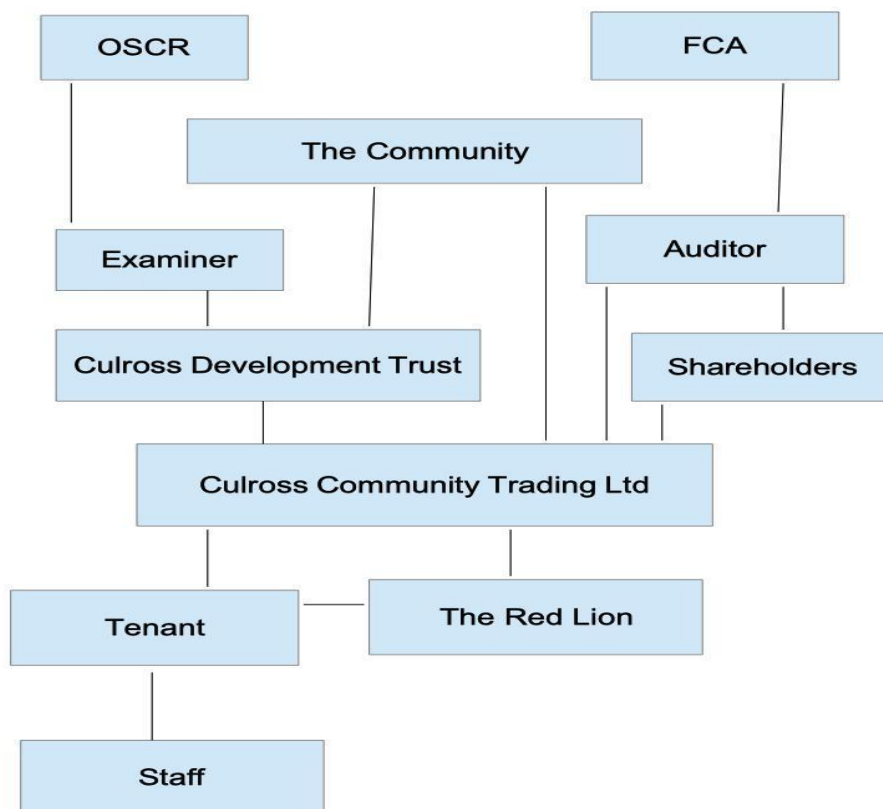
Proposed Organisational Model

The preferred organisational model has been determined as a Community Benefit Society and the model rules are available to see as APPENDIX I (by email request). The rules detail the management structure, lines of responsibility for directors, members and key stakeholders.

This model passes surplus funds to a local charitable organisation for dispersal to the community. In this case CDT (SCIO) who will have the anchor share.

It is envisaged that a local group, which includes existing staff or staff member(s) will be given the option to take out a tenancy, when the management team will take on the role of monitoring the business performance in relation to community benefit and maintenance of the assets.

The society website and social media will inform the members on issues and developments. This will also be the main means of recruiting expertise to the society.



Qualifications of the current project team

The current members of the founding board include:-
T Collins (Secretary) A Brown, D Chisholm, S Wood, M Brown

The current chef and licensee who has extensive expertise in the catering industry
A former senior civil servant with extensive engineering and maintenance skills
A former company director with personnel and organisational skills
A self employed marketing executive with design, publicity and marketing skills
A former company director with strategic and culture setting skills
A consultant with forensic financial skills
A trustee of Culross Development Trust (SCIO), the anchor shareholder, financial oversight

Discussions have taken place with all of the existing staff and all are excited and eager to help the project succeed.

The ongoing liaison between WFCTL and the tenant are laid out in the draft lease document (APPENDIX II) and include regular, at least monthly, full disclosure discussions on the business, progress, problems and so forth.

Board development

All those who confirmed their willingness to invest from the survey will be invited to become members of the society and some of those with skills and the time to help will be asked to join the board in the first year. The more people are engaged, the wider the reach of the group. Going forward, elections to the board will be in accordance with the rules of the society.

It is envisaged that as publicity and promotions allow the project to become more widely known, a pool of skills will emerge and regular information will ensure that this pool of skills is well engaged and invested in the success of the project.

Covid-19 measures and contingency arrangements

As the rules and restrictions vary with time, from complete shut down to limited public access, no attempt is made here to second guess the situation at take over.

However, it is apparent to the founders that certain measures will continue well into the future.

The tenant will ensure that:-

- Staff are provided with PPE as required
- Hand sanitising stations will be located around the premises
- Current Covid rules will be displayed in large font for customer information
- They are fully conversant and comply with the rules and changes

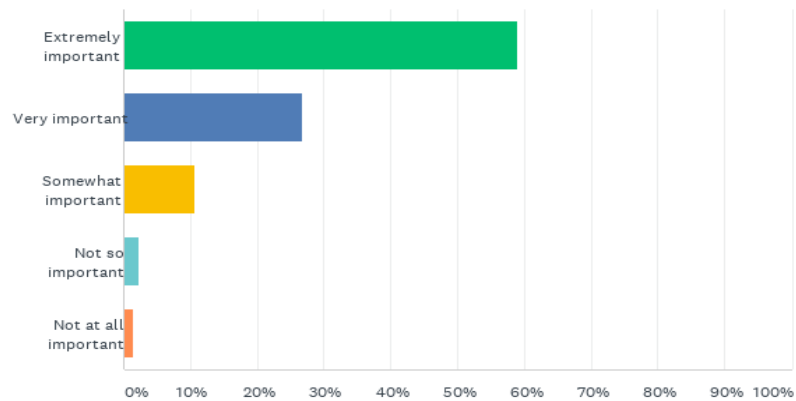
The society will:-

- Give the tenant every assistance in complying with any current Covid legislation
- Recommend measures to the tenant based on legislation
- Comply with any relevant Covid legislation

The Community Opinion

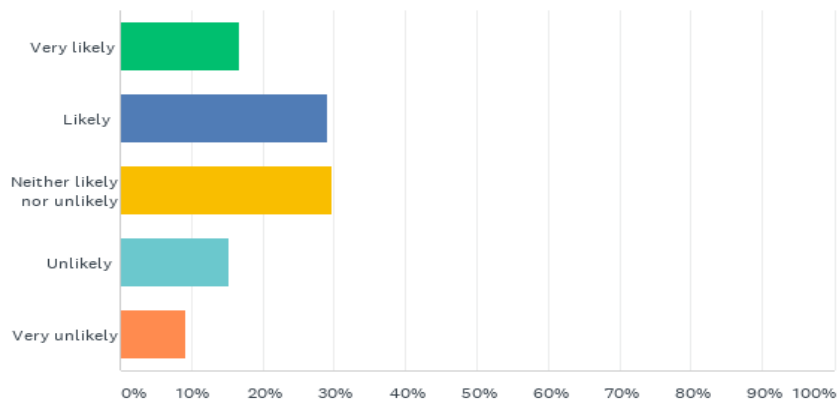
The full survey results are available to see by email request to tim_collins@btinternet.com.

Q5 How important do you think the Red Lion is to the local community?



It was also apparent that many are prepared to put their money behind a community buy out should that be possible.

Q7 How Likely is it that you would invest in a community share offering?



An overwhelming majority think the Red Lion is essential to the economy of the village.

Independent review

By D Hollings