

Chedburgh Marquis Community Hub Limited (CMCH)

BUSINESS PLAN



September 2018



Chedburgh Marquis Community Hub Limited is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 Financial Conduct Authority Registration No: 7782

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EXECUTIVE SUMMARY

This document presents the **Chedburgh Marquis Community Hub Limited (CMCH)** business plan to purchase, renovate, re open and develop services for the Marquis Cornwallis in Chedburgh, as a community owned pub.

After several moves by the owner, Kenya Trading Ltd, to close the Marquis and have it designated for other uses the Parish Council nominated the pub together with the carpark and associated land (green field opposite) for registration on 30th September 2017 as an Asset of community Value. West Suffolk Bury St Edmunds Borough Council registered the whole of it as an Asset of Community Value under the Localism Act 2011 on 23rd November 2017. This meant that the Marquis could not be sold without the community first having the right to consider making a bid. In October 2016 the Marquis was closed by the owner and in November 2017 it was put on the market for sale.

The initial period to express an intention to bid ran out on Christmas Day 2017, and the Parish Council arranged for a public meeting on the 18th December. As a result of the meeting the Parish Council notified the Borough Council that a Community Group would like to make a bid.

The First meeting of the Community Group was held on the 8th January 2018 with the result that a Steering Group was formed with a remit to:

- Firstly, explore making a bid to purchase the Marquis pub and associated land including the car park, and gather information and advice from professional bodies and companies
- Secondly, having completed the first stage and if considered appropriate, make a bid on behalf of the community

The Steering Group held a further well attended meeting on 5th February 2018, when the group explained the story so far, what the Steering Group had been doing, looked at various case studies, gave some feedback from the doorstep survey that had been conducted, and gauged the level of community support.

As well as the meetings the campaign received a large amount of publicity and support through local press, leaflet drops, road signage, facebook page and website.

Subsequently **CMCH** was incorporated as a Community Benefit Society on 13th June 2018 for the purposes of offering shares to the community, applying for grant and loan funding, negotiating to purchase the Marquis Cornwallis and, if successful, managing the estate for a tenant licensee.

CMCH was awarded a £2,500 bursary and received substantial help and guidance from The Plunkett Foundation which is a government funded organisation that helps rural communities to save local facilities like shops, pubs and village amenities. The Plunkett Foundation mission statement is “to inspire a movement of people who solve their challenges by running community owned co-operatives in rural communities and beyond.”

A pledge form campaign was launched at the public meeting in June to gauge the level of support for the community share offer and, to date, 119 people have returned pledge forms totalling £42,950.

Shares will cost £50 each and the minimum subscription will be 1 share. The maximum allowable individual subscription will be 2,000 shares.

To date, around 120 community pubs have been established in the UK; and as far as we know, all are operating successfully. Community owned pubs are run on a different business model to pubs owned by brewery and pub companies as they can be run on a low-cost basis, making them more financially viable. A financial five-year forecast is included (Appendix 4) that demonstrates the viability of the Marquis project.

Kenya Trading Ltd transferred the carpark and associated land on the east side of The Street (opposite the pub built premises) in May or June 2018 to a newly formed company, Durian Property UK Ltd which, from research and information received by **CMCH**, appears to be closely associated with Kenya Trading Ltd. Despite that transfer the entire property remains subject to its listing as an Asset of Community Value.

CMCH has arranged for a chartered surveyor to provide a valuation of the property based on three different scenarios: -

- Freehold with vacant possession of the public house and all associated land registered as an Asset of Community Value - £300,000
- Freehold with vacant possession of the public house and car park only - £275,000
- Freehold with vacant possession of the public house only with no car park facility - £250,000

The final price will be determined by the owner's willingness to accept a price on the basis that the Marquis will re-open and continue trading as a pub.

CMCH's intention is to finance the purchase and renovation of the Marquis initially through a community share offer for £100,000, loans/mortgage finance of up to £150,000 and grants of up to £100,000.

If **CMCH** is successful in raising the funds it will have £300,000 to make an offer to purchase the pub, and if successful to invest £50,000 to renovate and make repairs to the pub.

CMCH's objective is to have a friendly and welcoming village pub that serves local beers and reasonably priced pub food. **CMCH** also knows there is a need for the pub to provide more than the usual pub offering, and plans to include a meeting place, café and shop at the Marquis.

2 THE VISION

AIMS

The purchase of the Marquis pub would secure the use for the benefit of the local community and enable other important amenities to be provided.

CMCH securing the community purchase would have many benefits including:

- Providing a social venue for friends, family and neighbours
- Improving the sense of community
- Providing local employment opportunities
- Providing a meeting venue for local groups
- Providing additional community services
- Improving local property values

PHASE 1

CMCH aims to secure the future of the Marquis Pub for the benefit of Chedburgh and the wider community.

Our priorities will be to:

- Renovate the pub and start trading as soon as possible;
- Have a pub which is a thriving business at the heart of the village;
- Serve good quality food, beers, wines and spirits;
- Establish a range of social activities in the pub that will bring the community together.

PHASE 2

From various researches done by **CMCH**, the Marquis needs to provide more than the usual pub.

CMCH aims to include:

- A Café
- A Shop
- A Collection Point

Many members of the community have expressed interest in having a local shop facility within the pub to sell daily essentials, initially this could be provided by installing a small cold cabinet and shelving in the main pub.

The café could be run during the day initially in the main pub building, but at a later stage both the café and shop could be relocated to the outbuilding by the main pub providing a much more diverse offering.

3

ORGANISATION AND STRUCTURE

LEGAL STATUS

CMCH is registered as a Community Benefit Society with the Financial Conduct Authority (FCA) under the provisions of the Co-operative and Community Benefit Societies Act 2014. The registration number is 7782.

CMCH is governed by a set of Rules approved by the FCA. These Rules replicate the model rules drawn up by The Plunkett Foundation. A copy of the **CMCH** Rules can be downloaded from the CMCH website at www.savethemarquis.co.uk.

The CMCH registered office address is: -

The Old Post Cottage
Denston
Newmarket
Suffolk
CB8 8PW

MEMBERS

By statutory regulation the first members of **CMCH** were those who signed the FCA application for registration. Those members appointed the First Management Committee consisting of 9 directors and the Society Secretary most of whom had been members of the Community Interest Steering Group. This Committee will remain in office until the first Members' Annual Meeting.

All those that buy shares will become members of the Society. Membership (share purchase) is open at all times to any person who completes an application form and meets the conditions of **CMCH's** Rules which have been adopted by the Management Committee.

Any person who buys the minimum number of shares (1 x £50) becomes a member of **CMCH**. Each member is entitled to one vote at members' meetings of **CMCH**, regardless of how many shares a member holds. The views of members are paramount and the voting rights ensure that the community has an input on how the pub is managed. Also, it will enable the community to have communications with the tenant about the community's vision.

Membership is not restricted to the Chedburgh community and we encourage members from surrounding villages and counties. The community ownership is the biggest ongoing source of funding so it is essential for the success of the project to generate members from all over the UK/World.

MANAGEMENT COMMITTEE

The Management Committee is responsible for managing the affairs and business of **CMCH** in the exactly the same way as a board of directors is responsible for managing affairs of a limited company.

The responsibilities of the Management Committee include:

- Negotiating the purchase of the Marquis Pub;
- Raising the funds via community shares, loans and grants;
- Supervising the renovation of the Marquis Pub;
- Monitoring and managing **CMCH's** financial affairs for the benefit of the community;
- Appointing the Tenant of the pub;
- Overseeing the lease and managing the relationship between **CMCH** and the Tenant;
- Ensuring that **CMCH** complies with all applicable statutory regulations.

THE TENANT

CMCH will select and appoint a Tenant who will run the pub and pay rent to **CMCH**. The Management Committee will advise the successful Tenant on the Community's vision and aims for the Marquis to include:

- Providing local beers,
- Using local suppliers,
- Maintaining the character of a traditional village pub.

All of the above features have come out of the various researches conducted by **CMCH**.

However, beyond that the Tenant will be left to manage and operate the business as he/she sees fit. The Tenant will be responsible for running the pub business including all staff costs, health and safety compliance, operational trading and finances.

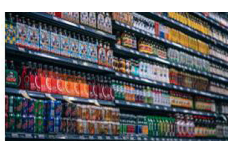
To attract the right Tenant, **CMCH** will offer a 5-year tenancy agreement, to run the Marquis selling food and drink at the premises and to pay an affordable but reasonable rent to **CMCH**. The rent will be set at a level that gives the Tenant the opportunity and incentive to run a successful pub business. **CMCH** has had professional support and advice on the appropriate rental.

The income generated from the rent will enable **CMCH** to:

- Maintain the building;
- Repay loans/mortgage;
- Set aside reserves for future maintenance and development of the premises;
- Pay interest to shareholders;
- Fund withdrawal of shares;
- Sponsor other community initiatives.

4 PRODUCTS, SERVICES AND ACTIVITIES

The **CMCH** aim and vision is to make the Marquis the hub of the community and make as many people as possible feel welcome. **CMCH** knows a successful venture will need to differentiate itself and offer services beyond that of a pub so we intend to include the following in the scheme: -



Mobile Post Office

CMCH would like The Post Office to operate a mobile post office for a limited number of hours on a chosen day.

Live Music Festivals

If **CMCH** is able to acquire the green field opposite the pub it would lend itself well for music festivals that would attract a diverse set of customers.

Village Beer Festivals

Again, if **CMCH** is able to acquire the green field opposite the pub, the Marquis could host beer festivals that would promote local brewers.

Local Art Exhibitions

CMCH could use the Marquis wall space as a gallery for local artists that would generate extra income and also fill empty spaces.

Amazon Drop-off

IT Contact Centre

Chedburgh village has a large percentage of older residents and **CMCH** would like to offer an IT Contact Centre where we could offer tuition for the digitally isolated.

CMCH would look at working with the 'Good Things Foundation' which is a Government sponsored support Charity that helps communities provide safe internet access.

Community Cinema

A big screen could be provided for showing key events such as World Cups, Olympics, Royal Weddings etc which will attract people from far and wide. **CMCH** would also show films in the afternoon, bringing the older generation together which isn't currently possible as nowhere locally offers this service.

Monthly Classic Car Meetings

This is always a popular event with other local pubs and we already have several keen classic car enthusiasts in the village with whom we could start. The village fete also attracts several classic cars so we could encourage these visitors to the Marquis.

5 MARKETING

CMCH has shown that it can mobilise support from the community via various means including setting up and running a website, generating flyers, press releases and producing presentations.

COMMUNITY SHARES

The marketing plan includes:

- Share Launch prospectus that will be posted to every household in Chedburgh and surrounding villages in the catchment area of the 'Benefice News';
- Share prospectus evening to include bar, food and bands;
- Regular monthly updates in the 'Benefice News' which goes out to Chedburgh and surrounding villages, totally nearly 1,000 households;
- PR campaigns to cover local and national news in print, radio and online;
- Advertorial campaigns using a Suffolk and North Essex newspaper group;
- Facebook campaigns using CMCH's growing audience;
- Email campaigns using CMCH's database;
- Roadside banners and posters put up locally for the launch;
- Consideration will be given to using a Crowdfunding campaign;
- Additional fund raising activities;
- Encouraging future user groups to take part in fund raising activities.

MARKETING THE MARQUIS

Whilst marketing the Marquis will primarily be the tenant's responsibility, the Management Committee will work with the Tenant to develop a marketing strategy to meet customer needs, provide quality products and great customer service. This will be at the heart of the pub's business ethic.

6 COMPETITORS ANALYSIS

As there is no other pub in the village there is no immediate direct competition to the Marquis. However, there are pubs in some of the neighbouring villages which are competitors for the market. They do however address market segments that are differentiated from the offering that **CMCH** intends for promoting the Marquis.

See appendix 3 for map

Chevington Greyhound

wide range of real ales and specialises in traditional Indian food.

The Beehive, Horringer

Small country pub and restaurant sourcing local ingredients and a local selection of beers.

Rede Plough

offers home cooked food, real ales within a 16th Century atmosphere

The Weeping Willow, Barrow

High end Gastropub with local and seasonal produce for their menu.

The Queen's Head, Hawkedon

wide range of available drinks, offering a seasonal local produce menu in a 15th Century Free House

Three Horseshoes, Barrow

Traditional village pub serving food and drink.

The White Horse, Wepstead

Gastropub, offering a range of drinks and menus in a 17th century farmhouse setting

Six Bells, Horringer

Family friendly pub serving food and a full range of drinks suitable for everyone.

The Greyhound, Wickhambrook

Family run freehouse and restaurant offering local produce and home cooking.

The Crown, Hartes

Serves food and drink in a relaxed friendly setting.

7

RESOURCES & COSTS

COMMUNITY SHARES

As a means of raising the required amount to make an offer, a community share offer will be issued by **CMCH**. Shares will cost £50 each and the minimum subscription will be for 1 share. The maximum allowable subscription will be for 2,000 shares. Owning a share automatically entitles the member to having a say in how the Community Society is managed.

Shares are open to everyone over the age of 18, however, the Management Committee of **CMCH** can, without giving reason, refuse membership.

Shares cannot increase in value so trading is solely between **CMCH** and the individual member. Shares can decrease in value if **CMCH** were to dissolve but this is mitigated by the majority of the investment being locked into the capital value of the building itself.

CMCH will be suspending the withdrawal of shares for the first 5 years of trading this will allow **CMCH** the opportunity to develop into a profitable business. **CMCH** will make exceptions for death of a member or bankruptcy.

GRANTS

Research has been carried out on potential sources of grant funding in order to determine the availability of sufficient funds. The outcome of that research has been a comprehensive analysis of the grant funding sources which are most applicable to The Society's funding needs.

LOANS / MORTGAGE

In the first instance **CMCH** will apply for a grant of £50,000 and loan of £50,000 from the Plunkett Foundation's "More Than A Pub: The Community Pub Business Support Programme".

CMCH will also apply for a long-term mortgage for £100,000.

FUNDRAISING

CMCH has a sub-committee group which is responsible for organising fundraising events with more pop-up pubs, quiz nights, sponsored walks etc. planned for the next 12 months. **CMCH** is also investigating the viability of a Crowdfunding page for anyone not wanting to buy a share but wishing to donate, however if anyone does donate this wouldn't entitle them to vote like investing in a share would.

8 REVENUE FORECASTING

TENANT

The **CMCH** business model is based upon appointing a tenant who will run the Marquis and will pay a rent to **CMCH**. The rent will be set at a level that gives the tenant the opportunity and incentive to run a successful business. **CMCH** has had professional support and advice on the appropriate rental rate. Appendix 4 shows that rent is set at £26,000 for the first three years with an increase in each of years 4 and 5.

SHARE INTEREST / CAPITAL WITHDRAWAL

Interest on Shares could be payable in Year 4 of trading and subsequent years. If paid, interest is set at 3% in Years 4 and 5. Share interest will not be payable until **CMCH** has reached sufficient profitability to meet its current liabilities and adequate reserves to meet its projected liabilities and ongoing development costs, and to safeguard its members.

CMCH will suspend the withdrawal of shares during the first 5 years of trading. That will allow **CMCH** the opportunity to develop into a profitable business. **CMCH** will make exceptions for death of a member or bankruptcy.

TENANT’S INCOME FORECAST

The summary below has been built using professional advice from an independent company that has several years’ experience of running pubs and helps community groups such as **CMCH**.

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	224,600	245,960	258,258	271,171	284,729
Expenses	159,500	164,475	175,849	184,641	193,873
Tenant’s Rent	26,000	26,000	26,000	27,950	30,046
Tenant’s Profit	£39,100	£52,485	£56,409	£58,580	£60,810

9 RISK ANALYSIS

Risk	Probability	Impact	Mitigation
Insufficient Community Share Funding	Medium	Medium	Extend timing of community shares Additional loan (s)
Insufficient Grant Funding	Low	Medium	Source alternative funding
Insufficient Overall Funding	Low	High	Abandon project and return community funding less expenses
Business Viability	Low	Medium	Sell the property
Tenant cannot be found	Low	Medium	Re-advertise Agency interim
Repairs and renovations are more than expected	Medium	Medium	Second community share Additional loan(s)
Customer or staff injuries	Low	High	Health & Safety Policies and Risk Assessments by Tenant Insurance

APPENDIX 1: QUESTIONNAIRE

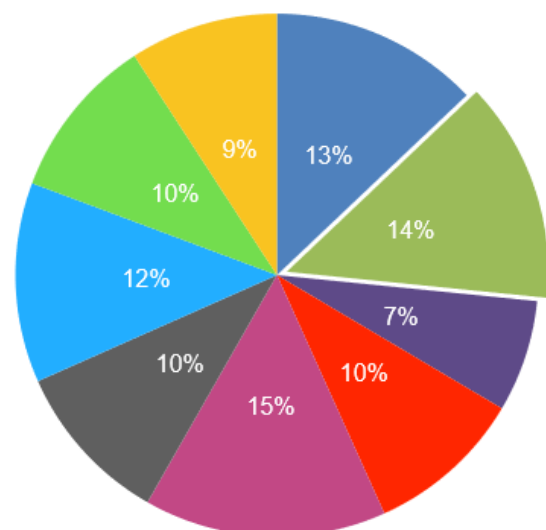
1 - Do you want your local Pub (Marquis Cornwallis) saved?

2 - Did you know that the Deadline is 13th May 2018 for the Community Group to make an offer?

3 - Did you use the Marquis Cornwallis and if not why?

4 - What would you like the pub to offer?
Please indicate below:

- | | |
|---|--|
| ■ Craft beers and wines | ■ TV Sports |
| ■ Food and type | ■ Events, beer festivals, BBQs etc |
| ■ Music | ■ Small shop |
| ■ Children friendly | ■ Amazon Drop-off |
| ■ Dog friendly | ■ Other |



APPENDIX 2: MANAGEMENT COMMITTEE MEMBERS

Richard Plowman (Chairman/Director)

has lived in the village for 30 years. Now retired he worked as a chartered town planner in local government, managing a development control service for a District Council. He started work abroad in Nigeria, then came back to the UK to work in Lancashire and the West Midlands before moving with his family to Suffolk in 1988.

Michael Caldwell (Company Secretary)

came to Chedburgh 31 years ago with his wife, Sharman, and raised twin boys who were born here. Michael is recently retired after a varied and peripatetic career as locum/consultant commercial property and company law solicitor that kept him away from home and the village much of the time.

Kev Lloyd (Business Liaison Manager)

has lived in the village for over 20 years with his wife and two children. Kev has worked in a managerial role for the public sector for nearly 30 years and believes in retaining rural local community amenities.

Ray Almond (Community Liaison Manager)

has lived in the village for over 60 years, next door to the pub for 42 years, and is a retired electrician. Ray has lots of stories and memories of how the pub used to be and is excited to tell them to new customers once the pub is up and running again.

Lucy Cardy (Assistant Treasurer)

has lived in Chedburgh since 2012 and has always lived in Suffolk. She works for the family business B Z Alexander Ltd, the chartered accountancy practice in Denston.

Mark Hill (General Manager)

works in Telecommunications as a Business Operations Director and moved to Chedburgh village in 2005 with his wife and two children. Mark is determined to help our village protect and reinstate its only pub and would love to see it become a community hub. He is also involved in a community project in Horringer building an eco-friendly Scout & Community Hall.

Emma Clark (Social Media & Marketing Manager)

has lived in the village for just over a year after growing up in Norfolk. She manages a UK glamping company alongside a digital marketing role. Emma's experience in these roles is vital to the campaign. She is keen to get the pub back for the community, and is doing it for the younger generation in the village!

Jean Dillon (Administrator)

is a full-time mum of three children, formerly a research scientist. She moved to Chedburgh 2 years ago and immediately felt welcomed into the community here. Jean joined the Chedburgh Community Choir and tries to help out with village life wherever she can, whether it's doing admin for the choir, selling raffle tickets for the fete, or joining a group of people working to save our local pub!

Stefan Bransby-Zachary FCA (Treasurer)

has been a chartered accountant since 1974 and has run his practice as senior partner under the name B Z Alexander Ltd since 1989 in Denston, which is a village near to Chedburgh. He has a wealth of experience in corporate and personal matters and is the senior treasurer of CMCH Ltd.

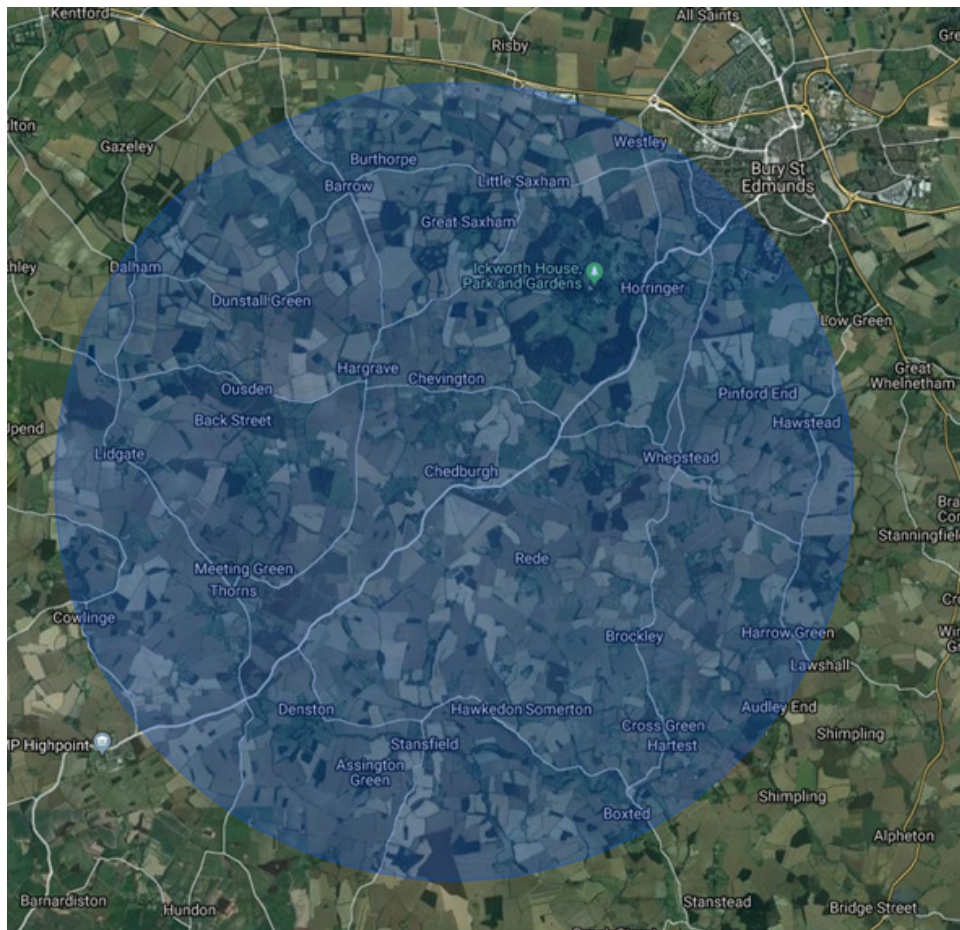
Hollie Pritchard (Grants Administrator)

has lived in Chedburgh for just under a year, having moved here with her young family, she is very keen to get the pub up and running to meeting fellow villagers. Hollie has worked in bid writing for over 6

APPENDIX 3: LOCATION OF THE MARQUIS

The map below shows a 5-mile radius set from the Marquis and the other pubs within that area.

[NB. Pub sites have yet to be marked]



APPENDIX 4: BUDGET & CASH FLOW PROJECTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5									
CAPITAL/ START UP														
Income														
Community Shares	100,000							Loan 1						
Grants	100,000							Annual Interest Rate	8.00%					
Loan 1	50,000							Years	5					
Loan 2	100,000							Payments Per Year	12					
Total	350,000							Amount	50000					
								Monthly fee	£1,014					
Expenses														
Purchase asset	300000							Loan 2						
Repairs and renovations	50000							Annual Interest Rate	3.00%					
Total	350000							Years	20					
								Payments Per Year	12					
REVENUE								Amount	100000					
Income								Monthly Fee	554.6					
Carry Forward	0	5179	10358	15537	22666									
Tenancy fee	26000	26000	26000	26000	26000			Dividend	Year 1	Year 2	Year 3	Year 4	Year 5	
								%	0	0	0%	0%	0%	
In Year Income	26000	26000	26000	27950	30046									
Total Available Funds	£26,000	£31,179	£36,358	£43,487	£52,712									
Expenses														
Loan 1 Repayments	12166	12166	12166	12166	12166									
Loan 2 Repayments	6655	6655	6655	6655	6655									
Legal and Compliance	1000	1000	1000	1000	1000									
Insurance	1000	1000	1000	1000	1000									
Total	£20,821	£20,821	£20,821	£20,821	£20,821									
Pre Tax in Year Income	£5,179	£10,358	£15,537	£22,666	£31,891									

APPENDIX 5: REFURBISHMENTS & REPAIRS – OPTIONS APPRAISAL

Project	Options	Preferred Option
Refurbishment of the bar and restaurant	<ol style="list-style-type: none"> 1. Refurbish to a minimum standard to run the pub 2. Refurbish to a high standard to run the pub 	Option 1 due to limited funds at present
Kitchen refurbishment	<ol style="list-style-type: none"> 1. Refurbish and fit out with second hand fittings 2. Refurbish and fit out with brand new fittings 	Option 1 due to limited funds at present
Upstairs Accommodation	<ol style="list-style-type: none"> 1. Do nothing 2. Refurbish to living standards for tenant 	Option 2 to make the package more attractive to tenant
Toilets	<ol style="list-style-type: none"> 1. Refurbish to a minimum standard to run the pub 2. Refurbish to a high standard to run the pub 	Option 1 as toilets need refitting before fit for use and due to limited funds
Shop	<ol style="list-style-type: none"> 1. Allocate space in the pub to run a shop 2. Refurbish barn and allocate space to shop 	Option 1 in the first instance until funds are available for barn refurbishment

APPENDIX 6: REFURBISHMENTS AND REPAIRS SCHEDULE AND FINANCIAL MATRIX

1	Project Area	Phase	Options	Rationale	Budget Figure	Comments
	Bar/Restaurant	1	Full refurbishment of bar and restaurant	Previous owner has stripped out bar, floors and ceiling	£25,500	Majority of the work to be carried out by tradesmen on a volunteered basis
2	Kitchen	1	Full refurbishment of kitchen	Previous owner has stripped out kitchen and all fittings	£9,000	Majority of the work to be carried out by tradesmen on a volunteered basis and fittings will be second hand
3	Upstairs Accommodation	1	Refurbish Tenant's accommodation	Upstairs accommodation hasn't been too badly stripped out and with redecoration, electrics and plumbing updated can be fit for use	£5,000	Majority of works to be carried out by volunteers and tradesmen on a volunteered basis
4	Toilets	1	Refurbish	Essential works to make fit for use	£5,000	Majority of works to be carried out by volunteers and tradesmen on a volunteered basis
5	Garden & external works	1	Landscape	No gardening or external works has been done for several years	£5,500	Majority of works to be carried out by volunteers
6	Shop / Café	2	1. Make space in pub to run both shop and café 2. Refurbish barn to house the shop / café	Allows for extra income without too much budget spent When reserves allow the shop/café can be re-located in barn, and free-up space in the pub	£10,000	Making space in pub will be first and then option 2 when funds become available