

The Case IS ALTERED

Bentley Community Pub Ltd Business Plan January 2017



Table of Contents

Executive Summary3

Company Summary.....5

Marketing Strategy6

Monetary and Social Returns6

How The Pub Works8

Project Costs 10

Appendix A—SWOT Analysis 11

Appendix B— Original Market Needs Survey 12

Cover pictures: Achieving the community purchase of the Case is Altered in 2014, Interior pictures following refit of bar and garden room dining area, Chairman David Westley receiving the Plunkett Foundation Award following the successful launch of the pub.

Executive Summary

1. **Background.** The Case is Altered closed as a pub in early 2013, the last of 3 pubs in Bentley. The village now has few amenities and is little more than a dormitory for Ipswich and Colchester. In January 2014 the village took ownership of the pub, with money raised through a Share Offer, and with short-term “angel” loans covering the VAT element. We have been operating as a wet-only pub since April 2014, and added a food offering in April 2015. In the summer of 2016, the separately-run village shop opened in the pub grounds.
2. **Vision.** The vision is to continue to run The Case is Altered as a community owned pub, providing a social hub for the village.
3. **Legal Structure.** Bentley Community Pub Ltd has been registered with the Financial Conduct Authority as an Industrial and Provident Society. The Society exists in order to carry on business for the benefit of the community. Assets owned by the Society are locked in the IPS, and will be used solely for community benefit.
4. **Market Research.** Market research has been undertaken into the pub’s potential, and local requirements for its services. Advice has been received from similar pub and shop businesses and from supporting bodies such as the Plunkett Foundation. We are using feedback (and sales figures) from the pub to inform our buying decisions, and to alter our opening hours and food offerings to more nearly meet local need.
5. **Community Engagement.** Community support for the project has been very evident, with volunteers coming forward to carry out initial emergency repairs to the pub, and then to continue to volunteer for both cleaning and bar rotas. The pub is very well supported, and we have continued to use social media, local media engagement and word of mouth to spread the message and encourage support.
6. **Monetary and Social Returns.** The motives for setting up these businesses are social cohesion and community development. Profits generated will be re-invested into the businesses, used for community benefit or may, within capped limits, be returned to shareholders in the form of dividends or interest on shares. The anticipated returns are more than financial; the principal benefits are the clearly evident social effects on the community. If the businesses fail, the net assets, such as the proceeds of the sale of the premises, must be retained for the benefit of the community or transferred to another asset-locked body for the benefit of the community.
7. **The Pub Project.** The long-term intent is to continue to employ a Chef, Front of House manager and supporting staff to run the pub alongside volunteers, serving a full range of beers, wines and spirits and restaurant and bar food. The pub’s current profitability is sufficient to cover wages and ongoing operational costs, plus a provision for shareholders’ returns, but not to cover exceptional costs such as major refurbishment. Future development of the business might include a micro-brewery, a modernised kitchen, kitchen gardens, and so on.
8. **The Shop Project.** Our ambition to open a village shop has been amply achieved by our friends in the Bentley Community Shop structure, which is entirely separate from the pub.

9. Finances.

We bought the pub for £211.5k, plus £8,500 for fixtures and fittings. The VAT bill was £40k. At the time of purchase, we had raised £230k from the share issue, and had received a loan of £5,666 from the SIB Group; by the time we had paid solicitors' bills, surveyors' fees, and had turned the lights on, we had of the order of £200 in the bank.

We have carried out the most urgent repairs on the pub's infrastructure, using both operating revenue and some grant monies, with items including;

- Refurbishment of the kitchen
- Rewiring of the entire pub
- Removing the concrete entrance pillars and extending the bar
- Creating a single-level surface for the pub, accommodating customers with mobility challenges
- Replacing the upstairs flat windows

We have now identified a number of repairs and improvements that will be required in the near future, or that we feel would benefit the business in the longer term, as follows:

<u>Priority</u>	<u>Project</u>	<u>Estimated cost</u>
1	Replace the bay windows in the front bar with new windows of a similar style, with wood frames and double-glazing.	£15,000
2	Resurface the car park with a new weatherproof surface.	£5,000
3	Repair the gutters and fascias on the original pub building.	£2,000
4	Extend the kitchen into the courtyard behind the current kitchen.	£50,000
		Total: £72,000

We believe that this phase of refurbishment is the last for the foreseeable future – but it is an essential and time-critical one. The fabric of the bay windows is completely rotten in several areas; apart from a safety and security hazard, the windows are an integral part of the pub's kerb appeal. Sensitive restoration is essential.

From inception this business has made modest profits, all of which we have ploughed back into the infrastructure to ensure the business has a solid foundation. Our view is that we will not be able to raise the cost of even the most essential items on the above list in any reasonable timescale. Whilst we will pursue grants, we anticipate that we will need to raise a significant portion of this money through a reinvigoration of the shares issue.

Several households have moved into the village since the initial offering, and people who may have been reluctant to invest in a business with unknown prospects can now observe our flourishing local. We hope to raise up to £72,000 through a share issue.

10. **Risks.** The following principal risks have been identified:

- a. **Inability to raise sufficient money to fund the necessary refurbishment.** Replacing the front bay windows is not an optional piece of work – as mentioned above, the fabric is rotten, and is beginning to pose safety and security hazards. If we were unable to replace the windows at all, the viability of the pub is put at risk. Similarly, an insensitive replacement must hit the look-and-feel, and so the profitability, of the business. This single ticket item is essential for the pub's ongoing profitability. Items such as the car park resurfacing are desirable but not business affecting in the same way. Modernising the kitchen would enable a much better working environment, and enable some streamlined processes in the kitchen, but is not an immediately essential item of expenditure with current food safety legislation.
- b. **Staff turnover.** We have learnt the hard way that replacing staff is extremely expensive – although we currently have the expertise to recruit in-house, the cost of an agency chef or Front of House manager is very high, of the order of £1000 per week. The business cannot sustain an extended run, or multiple hits, of this nature.
- c. **Insufficient Volunteers.** It can be difficult to fill bar shift rotas, and some volunteers are reluctant to handle food and support Front of House. The obvious solution is to hire bar or wait staff, but then this risks losing what has become a Unique Selling Point for the pub, the gloriously eclectic mix of friends and neighbours who may be working in the pub. Also, the presence of paid casual staff may be a disincentive for volunteers to sign up for shifts. This is a conundrum we are actively considering – whilst trying to recruit more volunteers. There are around 40 volunteers currently running the pub. (Bentley has approximately 300 households, with an ageing demographic; 40 volunteers may be an upper limit.)

Company Summary

Bentley Community Pub Ltd is registered as an Industrial and Provident Society with the Financial Conduct Authority (Registration no. 32163R). The Society exists in order to carry on business for the benefit of the community. Assets owned by the Society are locked in the IPS, and will be used solely for community benefit. Both the pub and the shop are covered by the Bentley Community Pub IPS Rules, available on request.

The membership of the Society is made up of its shareholders, with one vote per shareholding, regardless of size.

The present management committee is made up of 8 Bentley residents.

The committee will:

- Be selected by members' votes at the AGM each year, and stand for a fixed 3-year term.
- Co-opt new members and temporary expertise as required, within the Rules.
- Provide to all members an annual report of activities and finances, with an annual return will be sent to the FCA.
- Provide monitoring information as required by any grant bodies.

Marketing Strategy

The process of community engagement commenced in June 2013, several months after the pub closed, and around 18 months after the pub was put up for sale. We have continued to build the pub's following in several areas ever since.

We have a loyal Facebook and Twitter following, have set up a website (www.thecasepubbentley.co.uk) and we are developing a growing mailing list. We regularly post updates on the village website and publish reports in the village magazine and those in surrounding villages and will continue to use these to promote the pub as a going concern.

We have organised photo opportunities at the pub for the local press and this has resulted in articles in the local papers. We continue to update local press as the project develops and plan to approach local radio, newspapers and TV stations with our ongoing success story, as opportunities develop.

We have had an excellent response on TripAdvisor, with several 5* reviews, and have moved steadily up the rankings to regularly score in the top 10% of restaurants in the Ipswich area.

We run targeted marketing campaigns for special events, such as pop-up restaurants, quiz nights, theme nights, music nights, and the like.

As we have hoped, the pub is becoming the heart of the community again, with regular support from villagers and people from further afield. We regularly host the Crib club, the PTA, a local knitting club, and walkers' and runners' groups. Our garden backs onto the village playing area, and on sunny evenings the garden is often filled with families.

For the reinvigoration of the shares offer, we intend to have the documentation in the pub, to target selected households in the village, and to remind the public of the offer through the In Touch and Bugle newspapers, plus our own newsletters, website, and Facebook sites.

Monetary and Social Returns

Share Offer

The share offer is designed to give investors the opportunity to contribute financially, on a long term basis, to the business of Bentley Community Pub Ltd. We expect most shareholders to come from the local community but welcome contributors from further afield.

The amount we have agreed with the Inland Revenue as a ceiling from share purchases attracting EIS is £350,000. We have to date sold £257,750 and therefore have a further £92,250 available.

Profitability objectives

The Society is committed to re-investing profits for the benefit of the community. The Members determine what proportion of profits are to be re-invested in the Society, and the level of interest that is to be paid to shareholders (this is capped at 3% above the Bank of England Base Rate per annum).

We have assumed that no interest is paid in the first two years, and that no more than 50% of net profit is paid as interest in any year.

We are registered with the EIS scheme, which allows investors to reduce their tax liability by 30% of their investment, provided the shares are held for 3 years. The scheme repays 30% of the investment to the shareholder as a tax rebate, claimable either in the year of share purchase or the previous year. If we fall outside the rules at any time during the first 3 years of trading (i.e. to 2018), HMRC may reclaim any tax rebate paid to individuals.

Should the Society fail, after paying off its loans and creditors, and repaying all share capital, any remaining assets must be transferred to a community enterprise that satisfies the same community benefit criteria as the rules governing the Bentley Community Pub. The membership chooses the recipient – the shop is an obvious candidate.

Social Return

Early in the 20th century Bentley was served by three public houses; the Tankard Inn, which closed in 1928; the Railway Tavern, which closed in the mid-1900s, and the Case is Altered that closed in March 2013.

A similar decline in shopping facilities within the village has taken place, with the loss of first the bakery, then the village Happy Shopper, some 10 years ago.

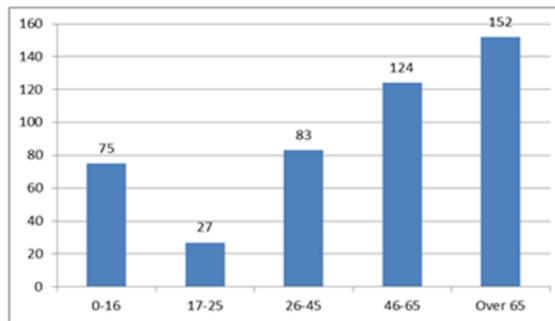
Population figures from Babergh District Council give the following population breakdown, for 1 and 3 miles’ radius of Bentley:

		Population				
		Total	Under 18	18+	18-64	65+
Total	Within 1 mile	776	139	637	428	209
Total	Within 3 miles	9605	1947	7658	5406	2252

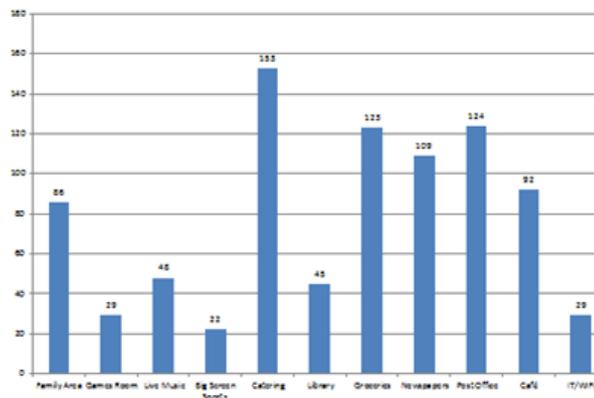
This has interesting implications, with the immediate village demographics leaning more towards a retired population, but a more balanced over-18 population available on our doorstep.

The demographics of the village are clearly indicated by the responses to our market needs survey, with the largest group of people being retired, but with a significant number of children now in the village. Similarly, the services required by the villagers reflect the need for good, local services. Although most villagers own a car, many people rely on the infrequent bus service to Ipswich or Colchester, making the simplest trip for daily necessities a major challenge.

Question 10: Age Ranges



6. What services would you most like to see?



With a community-owned and run pub in operation, the whole community benefits by feeling part of the project that saved their 'local' and takes an active interest in the future prosperity of the pub, increasing village cohesion. Around 40 villagers – around 1/5th of the households – volunteered to help run the pub or the shop on the initial questionnaire; that number have now come forward, and the cleaning and bar rotas are self-policing.

We anticipate that this community enterprise will continue to;

- Offer an opportunity for people to volunteer, to feel that they are directly helping the community in a very tangible way
- Spark a 'can-do' attitude for other social enterprises in the village, providing increasing numbers of people willing to serve on such bodies as, for example, the Parish Council

Maintain a positive impact on property valuations

We will measure the social success of our venture in terms of the number of villagers supporting the pub, either as customers, or as volunteers. So far, the reality has exceeded our every hope.

Villagers who are shareholders have a direct say in the future of the society, through Members' meetings and representation on the Committee.

We also actively encourage other communities to follow our example, and are delighted to offer support to similar groups.

How the pub works

We bought and reopened the Case is Altered pub in the village of Bentley, Suffolk in January 2014. This was owned by Punch Taverns PLC, and closed as an operating business early in 2013, leaving the premises vacant for a year, until we completed the purchase. We have carried out some repairs, but there is more work to be done!

We have a clear picture of the kind of pub we are working towards:

- A cosy, inviting place, with a wood burner back in a prominent position! Wooden furniture and a variety of seating will complement the classic country colours on the walls. It must be both family and dog friendly. Draft beer - at least three bitters – and a comfortable area for smokers, and modern, attractive loos.
- We want to serve classic, simple pub food, prepared with care, from fresh, local ingredients. It won't be a long menu; quality comes first. We also want to mix it up a bit with theme nights, seasonal specials, and a regular change of menu. A regular Sunday lunch is essential.
- We will also do lunchtime snacks, and you will be able to get a decent mug of tea or pot of coffee as well as a beer!
- Sourcing the beer locally is important to us too. There is a wealth of local brewers in East Anglia.
- We want to make this a place for all the villagers, and are thinking about promotions such as loyalty schemes, OAP lunches, and meal deals. We want the Case to be part of village events such as the Bentley Family Fun Day, and to support local good causes.
- We'd like to liven the place up occasionally, perhaps with varied music events, or by holding quizzes and the like.
- We will listen to our customers! They are, after all, our owners...

Market Summary

Our primary target market is the local community, from Bentley and the surrounding villages, as well as the towns of Manningtree, Colchester, Ipswich and Hadleigh, all within a 20-30 minute drive of the pub. The nearest restaurant is in Manningtree, a 15 minute drive or a complicated bus journey away.

Bentley has a well-known circular walk, for which the pub is a convenient starting-point. It is close to other short and long-distance footpaths, and is a popular stop for hikers and walking groups. There is no nearby café catering to this trade.

The pub's position is also good for cycling clubs and individuals, as it is on the Suffolk B cycling route.

Horse-riding is a popular pastime, with the local hunts occasionally passing through the village; welcoming this community might be beneficial.

There has been a strong seasonal trend to trade, with the summer months, and Friday and Saturday evenings, being much busier. We are countering some of this imbalance with events such as regular music evenings during the earlier part of the week, and offering food "specials" on non-event nights.

Operational structure

We have two key paid staff; the Chef, and the Front of House manager.

The Chef has responsibility for all kitchen matters – producing the right food offering at the right price point and profitability margin, and of course maintaining our 5* food hygiene rating.

The Front of House manager is responsible for the ambiance in the pub – working with volunteers and wait staff to ensure that customers have the best possible experience.

We are so lucky to have such a wonderful team of volunteers! They absolutely make the pub. Our cellarman does an amazing job; the gardens always look stellar; the bar volunteers are absolutely the face of the pub.

We have built a community, and a business, to be proud of!

Project costs**Set-up costs**

The following are the actual one-off set-up costs associated with the purchase of the pub;

Purchase (£211,500 + £8,500 fixtures and fittings)	220,000
VAT on purchase	40,000
Building Survey & valuation (estimate from surveyor)	1,200
Repairs & cleaning undertaken to date	6,700
Assessment by industry accountant/solicitor as to "competent person" freehold business potential	1,500
Solicitor's fees for purchase	1,400
Costs associated with IPS & share issue (registration & printing)	1,500
Float for initial drinks purchases	4,000
Utilities & fire alarm inspection costs	1,200
Inside furniture & carpeting	1,750
Outside furniture	1,450
Total	280,700

We raised the set-up costs in the following ways:

From share issue	£230,000
Grants (Pre-Feasibility; awarded, SIB group)	£5,666
Angel loans (VAT) & donations	£45,200
Total	£280,866

Appendix A - Strengths, Weaknesses, Opportunities, Threats analysis

Strengths

- The whole community is involved
- The committee is a part of the community – everyone knows everyone
- The range and depth of skills and enthusiasm on the committee and helpers.
- Profits (apart from a small interest payment, if feasible) are invested back into the business or the community. We can continue to build on success!
- We do not intend to fail. But if the pub does go under, we will own the freehold – and were it to get planning permission for a change of use, the value would rise considerably. This makes the proposition more attractive to investors with no stake in the community, as although profits will be fed back into community projects, their capital investment will be safe.
- The IPS business model requires that all dividends are voted on by all members – at one vote per share holding, of whatever size – so it's a fair way of working.
- We have had tremendous support from other communities who have done similar things, and from the Plunkett Foundation.

Opportunities

- Only pub easily accessible without a car
- Walking and cycling clubs pass the Case
- A great boost to the community, in terms of can-do spirit.
- Owning the freehold means that we control the community asset. We are not a tied house.
- We can act very locally! Our suppliers are as local as we can get.
- We can be very responsive to community needs, both in terms of what we sell, and in terms of how we want the pub, shop and café to feel (e.g. traditional vs modern).
- We understand our demographics very well.

Weaknesses

- No-one on the committee has done anything exactly like this before! Mitigation; learn from people who have, e.g. Plunkett mentoring scheme. Do tons of research, and use all the amazing skills in the village.
- The committee are almost all working people doing this in their spare time. Illness or job needs might take people away for some time. Mitigation; we have set up the main and sub committees so that critical posts can be covered.

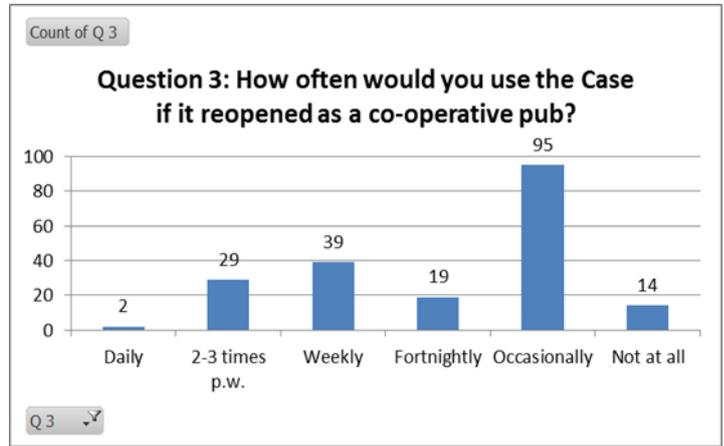
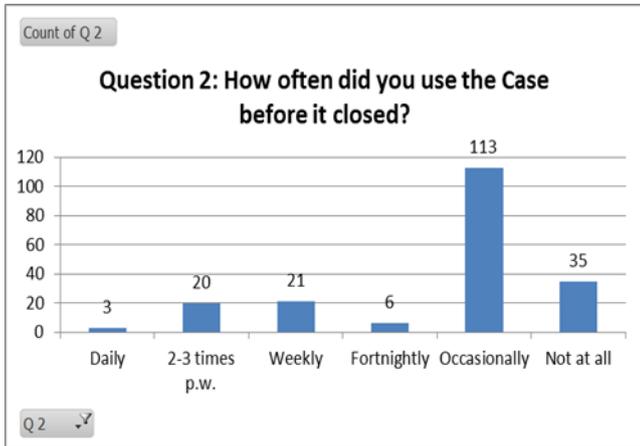
Threats

- The committee is a part of the community – everyone knows everyone; risk of treading on well-stubbed toes. Mitigation; tread as carefully as possible!
- We must have the right people to run the pub, who can work with the committee and share our vision. Keeping the right people remains the biggest risk to the successful, and profitable, operation of the pub.

Appendix B – Original Market Needs Survey

Customer Need

A survey conducted by the Bentley Community Pub Society before opening indicated that, should the Case is Altered reopen under community ownership, a moderate increase in pub usage could be expected. Reasons cited in the survey for not using the pub in the past included ‘poor service and welcome’, ‘poor quality food’, ‘children not well catered for’ and ‘price’. The survey identified needs including a children’s play area, entertainment events, activities for young people and senior citizen meals, as well as a café. Conclusions from the survey included, ‘there is demand for the pub to continue serving meals’ and, that ‘we need to find the right people to run the pub day-to-day, to foster a good welcome and congenial atmosphere’.



Question 8: What catering would you like to see the pub offer?

