

The Case IS ALTERED



Bentley Community Pub Ltd

BUSINESS PLAN

Issue #1

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THE CASE IS ALTERED PUBLIC HOUSE, BENTLEY

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Executive Summary

1. Background

The Case is Altered closed as a Pub in early 2013, the last of three Pubs once open in Bentley. The village now has few amenities and is little more than a dormitory for Ipswich and Colchester. The Pub building is for sale and there is an opportunity to relaunch it as a community enterprise as the first step in a longer-term process of reinvigoration and drawing the village together as a community.

2. Vision

The vision is to buy and run The Case is Altered as a community owned Pub and, as soon as practical, to create a community owned and run village shop within the grounds.

3. Legal Structure

Bentley Community Pub Ltd has been registered with the Financial Conduct Authority (FCA) as an Industrial and Provident Society (IPS). 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 both the Pub and the shop as potential businesses. Advice has been received from similar Pub and shop businesses and from supporting bodies such as the Plunkett Foundation.

5. Community Engagement

A campaign has been launched to build and consolidate community support for the project. Public meetings, questionnaires and flyers to every household in the community, local media engagement and social media have all been used 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 will be more than financial; the principal benefits will be the 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 intent is to employ a manager and supporting staff to run the Pub, serving a full range of beers, wines and spirits and restaurant and bar food. The pub will become a social centre for the village providing a meeting place for all.

8. The Shop Project

Phase two of the overall project is to open a village shop once the Pub is established. Market research shows that there is demand for a traditional village convenience store. This would be modelled on farm shops in the area and, in addition to the everyday basics, would sell local produce.

9. Finances

a) Pub

The vacant Pub building is on the market for £240,000 + VAT. A further £72,000 will be needed to complete the purchase and refurbishment with stock costs and initial staff wages extra to this. The bulk of this money will be raised from a share issue incentivised by the Enterprise Investment Scheme (EIS) tax relief. The remainder will come from grants and any shortfall made up through a mortgage loan. Modelling of the cash flow suggests that the business will break even in the first year and generate a modest profit thereafter.

b) Shop

It is not anticipated that the Pub will make sufficient profit to finance the £34,000 set-up costs of the shop. Funds for the shop will therefore be sought from grant providers with the possibility of a second share issue or further mortgage loan. Comparison with other similar shops shows that a turnover of around £70,000 would be achievable, generating a 10% net profit providing the shop is staffed and run entirely by volunteers.

c) Risks

Three principal risks have been identified:

- 1. Pub Manager** The individual or couple appointed to manage the business will be crucial. Poor business skills, lack of experience of the Pub trade or personal friction with the management board could jeopardise the whole project. This will be addressed through a rigorous selection process with the necessary skills already present on the management board.
- 2. Insufficient funds from the Share Issue** The business and the Share Issue will be structured to take advantage of the EIS. Any shortfall will have to be made up through commercial borrowing but this would reduce the potential profit.
- 3. Insufficient Volunteers to run the shop** The shop will not be viable, at least in the short term, unless it can be run by volunteer staff. If there are insufficient volunteers then the shop will not open.

Our Vision

Putting The Case is Altered at the heart of our Community

We want to ensure the long-term survival of The Case by making it the focal point for the village and creating a facility where the whole community can come together. A place to meet, shop, drink, eat, play or simply come for a chat, where everyone of any age is welcome and feels part of what is going on.

Objectives

The immediate objective is to buy the Pub and its grounds, which will require £240,000 +VAT. The building needs repair work, although at this stage we do not believe this to be extensive. In total, we need £350,000 to reopen the Pub, and to hold a contingency fund. We will raise as much of the capital as possible through a share issue, and the residue through a mortgage. We are also exploring grant options, but recognise that this is a difficult route in the current climate.

Once we own the building and the land, subsequent objectives are:

- To run a thriving Pub business with a friendly, welcoming, community focus, encouraging wide community involvement and ownership. The Pub will need to be profitable enough to service any costs and debts, and also provide interest payments to investors. We intend to refit the Pub ready for an Easter opening with all facilities in place, although we may be able to have a "soft" opening, with drinks only and with restricted opening hours, earlier than that.
- To construct a farm shop style building in the grounds and open a community shop, staffed by volunteers; again, this must be profitable enough to cover its costs. The timetable for this is less certain, because we will focus on the Pub first; but we aim to have it open within six months of buying the Pub.

Once financial stability is secure we plan to re-invest excess profits into developing other community-based facilities.

Decision Outcomes

We believe that a model of employing an experienced, incentivised manager for the Pub is the most sensible option; such a manager – backed by the village’s enthusiastic support – is the best route for the village to get exactly the Pub we want. Finding a compatible manager, and getting them involved as early as possible, is a key step in the success of the venture. We expect the manager to make day-to-day operational decisions, backed by a liaison sub-committee.

We intend to open a shop in the Pub grounds, subject to planning permission, by erecting a timber-framed building with timber cladding. There are possible planning permission concerns around the fabric of the building, which we are discussing with Babergh District Council. The start-up funding for this needs to be largely grant-led; this is an easier task than grant-funding the Pub. Any residue of funding will again be via a secured loan. In order to keep costs down, we need to staff the shop with volunteers. Finding enough people to run a rota is a key dependency, as is the availability of committee resource.

Initially, we hope to satisfy the need for a café by serving teas and coffees through the Pub.

Major Risks

The key risk is the recruitment of the right management couple to run the Pub. We have several people on the management board who are experienced interviewers, and one who has been a Pub Manager himself. We have researched the best routes to advertise for people. We will employ the successful candidates as soon as we can afford to, so that they have a chance to help shape the Pub. However, the ability to let people go if they turn out to be a less than optimal choice for the Pub was a major factor in our decision to go with a managed, rather than a tenant, model.

Another major risk is a shortfall in funds from the Share Offer, and its potential effect on our financial planning. We have gone to considerable lengths to assure ourselves (and our investors) that the venture is viable, with the positive Business Appraisal and Valuation Report being the strongest argument we have. We have deliberately chosen a reasonable lower investment limit, to encourage prospective investors; and the 30% tax incentive offered by the EIS scheme is attractive. We are exploring loan options to cover any residue of capital, but the amount of any loan and the interest charged will obviously have an effect on our profitability.

We cannot afford to pay a shop manager; the shop is only viable (at least in the short to medium term) if it is staffed and managed entirely by volunteers. Whilst this is a common template, with shops in several of the local villages achieving this perfectly satisfactorily, we are not yet in a position to ask people to sign up to a rota, so finding sufficient numbers and quality of volunteers remains a risk. If the village is unwilling to support the shop, we will defer this part of the plan.

Company Summary

Bentley Community Pub Ltd is registered as an Industrial and Provident Society with the Financial Conduct Authority (Registration N° 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 seven Bentley residents whose personal profiles are in Appendix 1.

The committee will:

- Stand down en bloc at the first AGM, as obliged under the constitution, when individuals may offer themselves for re-election.
- Be selected by members' votes at the AGM each year.
- Provide an annual report of activities and finances to all members, and an annual return to the FCA.
- Provide monitoring information as required by any grant bodies.

Work Completed to Date

Following the closure of the Pub in March 2013, a small group of villagers got together over the course of late spring and early summer to establish the viability of a community purchase of the Pub. They realised that the only way to safeguard its future was to own and run it as a community asset.

They took advice from the Plunkett Foundation, from Babergh District Council, and other bodies. They also carried out a survey of all the households in Bentley, to establish need and appetite for such a venture, and held a Public meeting to announce the results of the survey on 1st July.

With the market for the venture clearly established, and with a small grant from the Bentley Parish Council, the working party held a second meeting to establish a formal committee and sub-committees to start detailed work on the project, electing volunteers to take on specific roles.

Initial research concentrated on the operating parameters of the Pub, as the highest risk. The committee includes an experienced Pub manager, and we have been able to track down some previous tenants and managers of the Case is Altered to get their view. We are indebted to Pubs including the Sorrell Horse at Shottisham, the Green Man at Toppesfield, the owner of two Pubs in Cambridge, and many more, for their generous help in informing our decisions on the kind of Pub that can thrive in the village. The owners of the café at the Place for Plants in East Bergholt have also been generous with their time and advice.

We have also had tremendous help and support from community shops, including the Stutton Community Shop, Great Ryburgh shop in Norfolk, and the forums on the Plunkett Foundation's website. We will send out a final questionnaire to villagers to get a better idea of stock lines required, closer to opening day.

We anticipate that some of the funding for the purchase of the Pub, and most of the funding for the shop, will come from grants. We have had a pre-feasibility grant from the SIB Group, to enable us to have a building survey and a business valuation survey done, as well as meeting other early costs.

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.

In the first few months, our campaign focused on consolidating and building community support for the project and membership of the co-operative. We have distributed questionnaires and flyers to every household in the village and followed that up with Public meetings.

We already 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 outside the Pub for the local press and this has resulted in articles in the local papers. We will continue to update local press as the project develops and plan to approach local radio, newspapers and TV stations with the story as we hit major milestones.

We have supported the Bentley Family Fun Day by running a 'pop-up' Pub at the event, and hope to repeat that at other events with the objective of encouraging engagement in the project and positioning the Pub at the heart of our community.

CAMRA are supporting us, with frequent mentions in their newsletters, as well as advice.

We plan to offer a loyalty scheme to generate regular customer support and repeat business once the Pub re-opens. We are also exploring the idea of marketing campaigns for special deals on food for regular groups or village societies, theme nights, music nights etc.

Monetary and Social Returns

Share Offer

The share offer will run from 19 October to 30 November 2013 and 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 target amount we wish to raise from this share offer is £350,000. This is the total amount required to buy (the current sale price is in the region of £240,000 plus VAT), refurbish and reopen the Pub, and to have a contingency fund.

The minimum amount to be raised is £230,000. Below this amount, the offer would be deemed to have failed and we would not make an offer for the Pub. At this point all subscriptions would be returned without loss.

Should we raise between £230,000 and £350,000, we would seek additional finance via loans of up to £120,000, assuming a current interest rate of 5%.

The maximum amount we are prepared to raise is £400,000. Any amount raised between £350,000 and £400,000 would be used to reduce the holding period for shares from the current five years to no less than three years, and/or to bring forward improvements to the Pub.

In the event of share subscriptions exceeding the £400,000 maximum, shares would be allocated on a first-come-first-served basis.

Profitability Objectives

The Society is committed to re-investing profits for the benefit of the community. The Membership determine what proportion of profits is 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 have registered with the EIS scheme, which allows investors to reduce their tax liability by 30% of their investment, provided the shares are held for three years. HMRC monitor the activities of the group over the course of three years, to ensure we are carrying out allowed activities. Following an application by Bentley Community Pub Ltd, HMRC has issued advance authorisation for our share issue to qualify for EIS status. Once we are trading, we will be assessed four months after opening to ensure that we are meeting the HMRC rules.

Assuming we are granted approval at this stage, taxpayers can then reclaim 30% of their share price against their tax liability, for either the current or previous year. Note that pre-approval is not a guarantee of approval – although it is a strong guideline. If we fall outside the rules at any time during the first three years of trading, HMRC may reclaim any tax rebate paid to individuals.

We may need to take out a commercial loan to buy the Pub, dependent on the success of the share issue; we expect to pay this off in preference to interest payments to shareholders.

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.

Social Returns

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 shop, some 10 years ago.

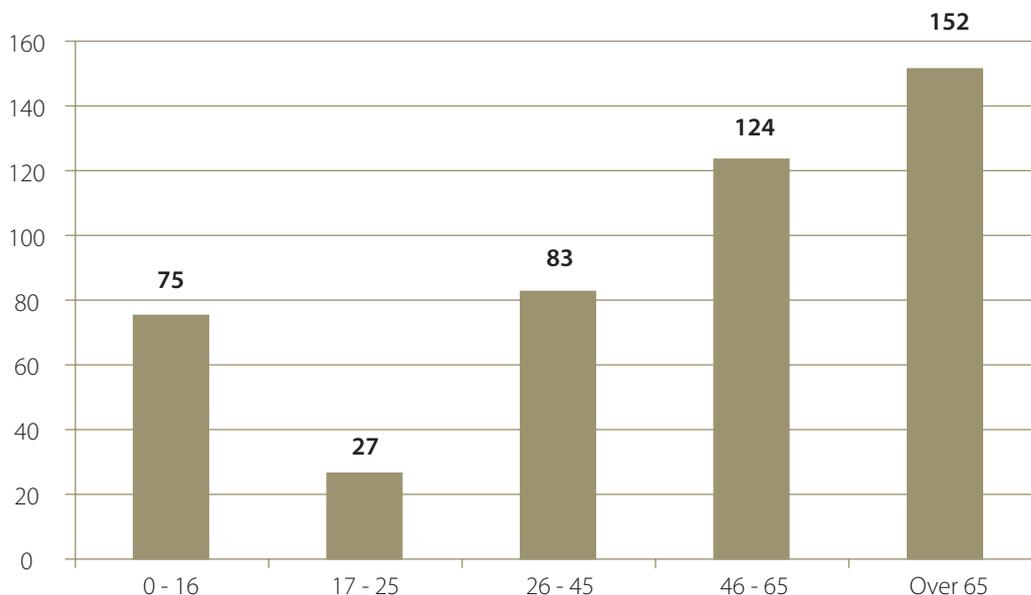
Population figures from Babergh District Council give the following population breakdown, for one and three miles' radius of Bentley:

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

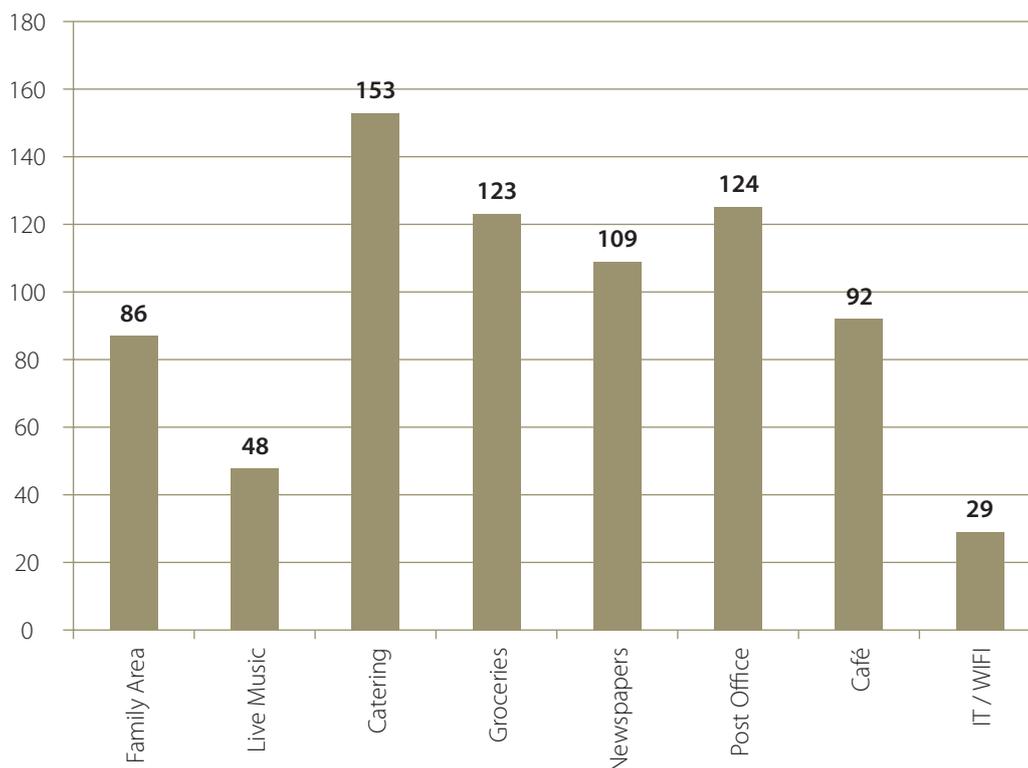
This has interesting implications for both the Pub and the shop, with the immediate village demographics leaning more towards a middle-aged and retired population, who will form a significant part of our customer base, but a more balanced over-18 population available on our doorstep.

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 Range



6. What services would you most like to see?



When the Bentley Community Pub Society successfully acquires The Case is Altered, the whole community should benefit by feeling part of the project that saved their 'local' and take an active interest in the future prosperity of the Pub, increasing village cohesion. Around 40 villagers – around a fifth of all households – volunteered to help run the Pub or the shop on the initial questionnaire.

Further investigation will be required to establish what commitment people would be able to make, and where they are prepared to help out.

We anticipate that this community enterprise will:

- Provide a meeting place for the community, both in terms of a traditional Pub but also where groups such as a mother-and-toddler group could meet and have a coffee during the day.
- Fulfil daily and 'emergency' shopping needs for the community, particularly for those without easy access to such services (not to mention giving our children an opportunity to learn how to handle pocket money).
- 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 and shop, either as customers, or as volunteers.

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

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

Proposed Scheme - Pub

We intend to buy and reopen The Case is Altered Pub in the village of Bentley, Suffolk. This is currently owned by Punch Taverns PLC, and is on the market for £240,000 plus VAT. It closed as an operating business early in 2013, and the premises have been vacant since then.

We aim to recruit a management couple to run the Pub, with one functioning as a bar manager, and the other as a kitchen manager. Further support staff will be required in the kitchen, serving, and as occasional cover. Finding the right management combination is absolutely key to the plan; they must be experienced and be willing to share and take part in the village's vision. We are prepared to pay a percentage of net profits to the right couple, to incentivise them to grow the business.

We expect to serve restaurant meals and bar snacks on six days per week, with a full range of beers, wines and spirits. We are exploring the potential of hosting a microbrewery, and intend both food and, where feasible, drink, to be as locally sourced as possible.

We have a clear picture of the kind of Pub we want:

- 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 we're talking to a microbrewer about making one of them truly local. On the practical side, we want 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. We will offer a children's menu that has real food on it, and a regular Sunday lunch.
- We will also do sandwiches, snacks, and cakes, and you will be able to get a decent mug of tea or pot of coffee during the day. We might even do a weekend bacon butty breakfast!
- 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 quiz nights etc.
- We will listen to our customers! A lot of them will, after all, be our shareholders!

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 start and finish 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.

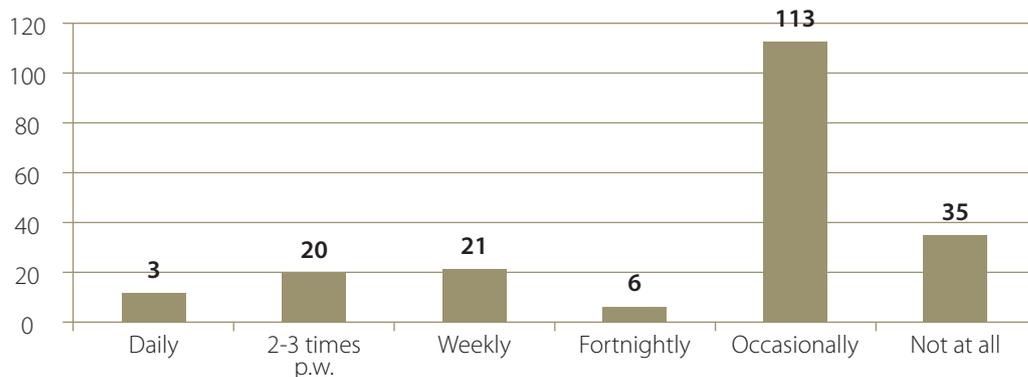
Horse riding is a popular local pastime, with the local hunts occasionally passing through the village; welcoming this community might be beneficial.

There has been a strong seasonal trend to trade, with the summer months, and Friday and Saturday evenings, being much busier. We believe that we can counter some of this imbalance with events such as music evenings and offering food "specials" on non-event nights. We also hope that our core customer base – the village community – will continue to support us over the winter.

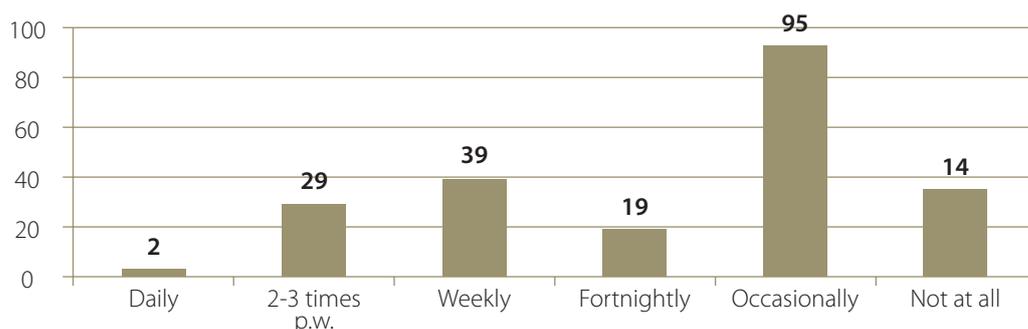
Customer Need

A recent survey conducted by the Bentley Community Pub Society 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'.

How often did you use the Case before it closed?

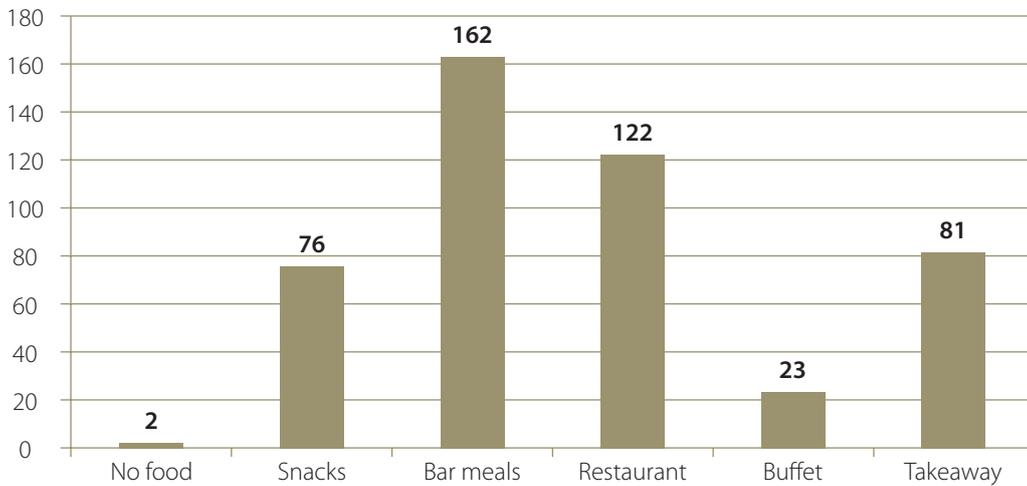


How often would you use the Case if it reopened as a co-operative pub?

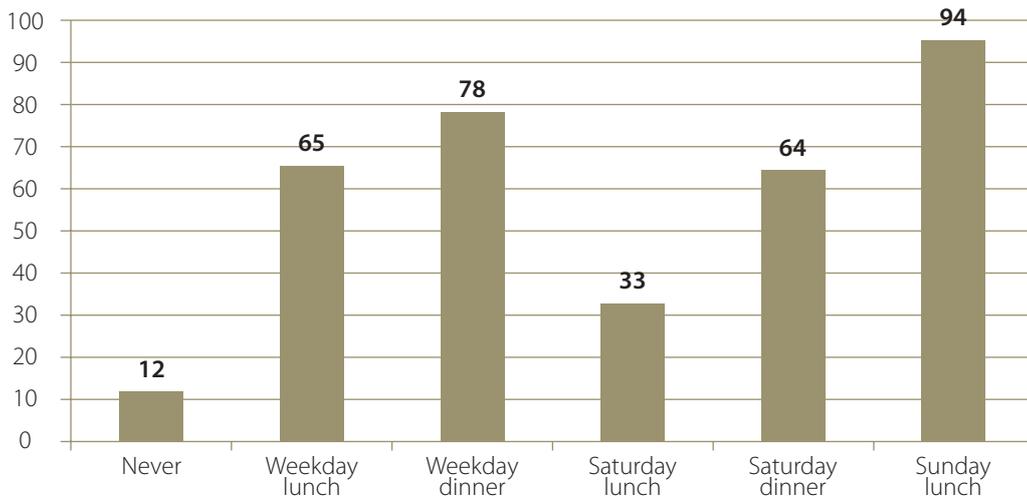


Catering was another strong demand from the survey, with many respondents wanting restaurant meals as well as bar snacks and takeaways available throughout the week.

What catering would you like to see the pub offer?



When would you most likely eat at the pub?



The community freehold nature of The Case is Altered will also benefit the community by way of more competitive product pricing and better product choice.

The Pub may also provide employment for local people and business opportunities for the suppliers of local produce. Other local organisations may benefit through joint ventures and links with the Pub.

According to Plunkett Foundation research, no community share model of Pub ownership has failed to date. We are very grateful for the on-going support and advice from the Plunkett Foundation itself, and from the many Pubs that have freely shared their expertise.

Competitors

Each of the local villages has one or more Pubs, which have been benefiting from the closure of The Case. There are two within reasonable cycling distance (which many of the villagers have been choosing to use). The Royal Oak in the East End is primarily a wet Pub, and so not a direct competitor for our planned food offering; however, the Wheatsheaf in Tattingstone would be a competitor, although at a different price point. We plan to entice the Bentley community back to the village with a warm, friendly local with good food – in walking distance; and hope to encourage some of the people in surrounding villages to give us a try as a 'local' too.

The Brook in Washbrook is potentially the nearest competitor in terms of menu and ambiance, serving a good, well-chosen menu in pleasant surroundings. However, we have advantages they do not, with a much bigger outside space and a more open interior. They are on the market themselves at the moment as a going concern, which may give us a window of opportunity to establish ourselves whilst their management changes.

Operational Decisions

We have explored three possible models of running The Case is Altered: as a managed Pub, as a tenanted Pub, and as a composite model - a managed Pub with an incentivised manager. Each of these has pros and cons. However, we feel that the last model is the best compromise, where we recruit an experienced management team and offer them a lower wage, with a percentage of the profits as an incentive. We feel that in this model, we can retain control of the "look and feel" of the Pub, but can benefit from the experience of the right team. In return, they will be able to grow their business with us, and retain a fair percentage of the profits.

We would like to source food, where practical, as locally as possible. There is a wealth of Suffolk beers on our doorstep; we could make a feature of "drink miles" – especially if we establish a good relationship with a microbrewer producing excellent beers.

Staffing decisions are of course dependent on the specific skill set of the management team we recruit. However, we have discussed the possibility of taking on a kitchen apprentice from one of the local catering institutes; this is generally a win-win for us and the youngster involved, as they gain experience and we have their time and enthusiasm for a modest wage.

Management Structure

The management team will be responsible for day-to-day management issues, and for the performance of staff. They will also order supplies as required, according to agreed guidelines set by the Pub sub-committee.

A Pub sub-committee will liaise closely with the management team, sorting out issues as they arise and owning responsibility for wages, NI, etc. as well as paying bills. We expect meetings of the sub-committee (including the manager) to take place at least monthly.

The main committee will work with the sub-committee to make strategic decisions, such as the theme of the Pub.

Project Costs – Pub

Set-up Costs

The following are one-off set-up costs associated with the purchase of the Pub:

Purchase (from Agent's details)	240000
VAT on purchase (20% on 90% of the value)	43200
Building survey & valuation (estimate from surveyor)	1200
Repairs (subject to survey)	15000
Refurbishment and clean (including 10k new kitchen (may not be necessary if Punch leave fittings)	20000
Inventory assessment (industry standard)	500
Assessment by industry accountant/solicitor as to "competent person" freehold potential (industry standard)	1500
Solicitor's fees for purchase (solicitor estimate)	2000
Costs associated with IPS & Share Issue (registration & printing)	1500
Stamp duty @1% of purchase price	2400
Float for initial tied purchases (source: other Pubs)	8000
Contingency fund (source; other Pubs)	20000
Total	355300

We intend to raise the set-up costs in the following ways:

From share issue	350000
Grants (Pre-Feasibility; awarded, SIB Group)	5666
Mortgage (residue)	-
Total	355666

Operating Costs:

INCOME	Year 1	Year 2	Year 3
Liquor Income (Net)	92100	95900	104600
GP% 50-55% Note 1			
Total Net Liquor	48715	52745	57540
Food Income (Net)	45450	60450	66495
GP% 55-60% Note 1			
Total Net Food	25988	36270	39897
Machine income	4605	4625	4625
Total Net Income	79308	93640	102062

INCOME Assumptions

- Case Is Altered acquired Week 3 of January 2014.
- Extended trading hours and food being served from week 3 of April 2014 (Easter).
- Year 2 & Year 3 trading follows a similar pattern to Year 1, with summer being busy.
- Total wet sales in Year 3 equate to a weekly total of 4 composite barrels.
- Note 1: Gross Profit percentages increase throughout Year 1 as waste management improves. They remain steady through Year 2, then increase through Year 3 to final levels. Final percentages are those achieved by the Sorrell Horse at Shottisham.

OUTGOINGS	Year 1	Year 2	Year 3
Utilities & Rates	10125	10429	10742
Insurance	1500	1545	1591
Management Salary (Couple)	19171	19746	20339
Staff Wages (15% of total net turnover)	19493	20077	20680
Computer costs	115	119	122
Telephone and fax	735	757	780
Post printing and stationary	670	690	710
Advertising and Publicity	1236	1273	1311
Licences	660	680	700
Hire of equipment	516	531	547
Repairs, renewals and maintenance	3000	3090	3183
Cleaning materials	2236	2303	2372
Staff training, recruitment and uniforms	528	544	560
Sundry expenses	600	618	637
Event costs	1200	1236	1273
Consumables	1800	1854	1910
Accountancy	1752	1805	1859
Book keeping	325	335	345
Depreciation of tangible fixed assets	2965	3054	3146
AGM meeting costs (fixed)	339	349	360
Bank charges	390	402	414
Credit card charges	1717	1769	1822
Total	71073	73206	75403
Net Profit/Loss	8235	20436	26661

OUTGOINGS Assumptions

- No loan charges shown; a loan repayment would swallow Year 1 profit but be supportable thereafter.
- No dividends shown; these would be supportable from Year 2 without a loan, and from Year 3 with one.
- Lower utilities in Year 1 due to closure and low-key opening in February.
- Incentivised Management Couple 20k per year from middle of April 2014 inc employers NI.
- Staff wages paid at 15% from May 2014 due to being staffed by volunteers from January to April.
- Repairs and renewals charges from May 2014 when kitchen opens. Earlier period from contingency fund.
- Costs broadly increased year-on-year by 3%.
- Costs are based where possible on actuals from previous managers, or quotes (e.g. insurance).
- Where actual figures are not available (e.g. event costs), costs are based on the accounts of the Sorrell Horse.
- VAT is reclaimable once we are trading, and will provide an on-going contingency fund as well as offset some of the mortgage.
- The management incentive is still to be defined.
- Income increases are achieved by modest increases in cover costs, plus on-going improvements in gross margin. Cover costs go from £10.50 in year 1, to £12 in year 3; food margins from 60% to 63%, and wet margins from 55% to 57%. In comparison, margins for the Sorrell Horse Pub at Shottisham are 66% and 60%. Bar income rises in proportion to food sales, in a wet:dry 60:40 ratio.
- Costs have been broadly increased by 3% across most items. An exception is the budget for repairs, renewals and maintenance; because we will fully refurbish the Pub before re-opening, this cost should be relatively low in Year 1, and will not rise to its normal value until Year 3.
- Note that we intend to follow the industry-standard practice of asking for a bond of £10,000 from the manager, returnable on end of contract.
- We will also continue to seek grants to improve the Pub, for example for the creation of a petanque court, for which there is a strong local league.

Proposed Scheme - Shop

The Pub grounds are large enough to happily host a small shop, and having the shop as a separate building gives us more flexibility in its staffing and opening hours. We are planning to purchase a timber building and site it at the side of the Pub, with access from the car park or through the Pub garden.

The physical separation of shop and Pub means that they will have distinct management and staffing structures. We are considering constituting them as separate bodies, to aid fund raising and governance; but because the shop will be sited on the Pub grounds, there will always be a need for close co-operation between the two bodies.

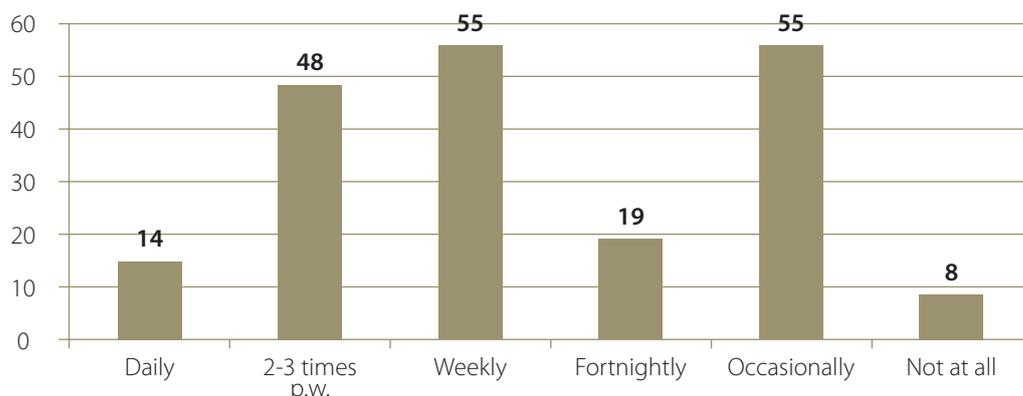
The shop will stock basics such as newspapers, milk, bread, etc, plus a range of locally-sourced goods. It will also hold snacks and drinks for passing trade such as cyclists and walkers.

Market Analysis

The village shop and post office, on the corner of Station Road and Grove Road in Bentley closed in 2004. For a short period of time, following the closure, a small shop and post office was opened by the then tenants of The Case is Altered in a side store of the Pub. This shop closed about a year later.

A recent survey showed that there would be significant use of the shopping facilities should The Case is Altered be reopened as a Pub with a shop.

If The Case reopened as a pub with a shop, how often would you use the shop?



Customer Need

The customers for the shop are the local villagers, plus casual passing traffic (in particular, walkers and cyclists).

There is a thriving farm shop (Rookery Farm) about 1.5 miles away in Tatingstone, a community village shop at Stutton, and a medium-sized Co-operative store at Capel St Mary, two miles away in the opposite direction. There is a large Tesco on the outskirts of Ipswich, approximately seven miles away. All of these shops require transport to reach them.

We have started to explore the possibility of hosting a microbrewery, off-site, but within the immediate local area, using our pub and shop as outlets.

We anticipate that siting the shop in the grounds of the Pub (particularly with tea/coffee available) may increase customers to both.

Competitors

Community needs are currently being met by travelling to neighbouring communities such as Capel St. Mary, or by the use of out-of-town supermarkets, online shopping or deliveries.

This out-of-village convenience factor will remain, of course. However, we believe that a village shop would provide “top-up” shopping for many villagers, as well as a convenient place to buy newspapers. In terms of a new market, it will also make it possible for youngsters waiting for the school bus to pop in for drinks and snacks, and for passing cyclists and walkers to do the same.

We may be able to encourage more use of the shop by means of a “shop and drop” facility; we are exploring what resources we would need to pick up elderly or disabled shoppers from around the village, take them to the shop, and collect them and their shopping, perhaps after they have had a tea or coffee.

Operational Decisions

We would like to open a shop as soon as is practically possible. This is dependent on a number of factors; the management committee resource available, raising grant capital to purchase the shop building, receiving planning permission for the site, and the availability of a rota list of volunteers to staff it. Without volunteers, there can be no shop.

However, we will be unable to make the decision to go ahead with the operational plan for the shop until we know what repair work is required on the Pub, as we may require scaffolding or access to drains across what will be the shop site.

Should we be unable to raise grant capital, the worst-case scenario is to postpone opening the shop as a separate unit until the Pub is producing sufficient profit to fund its start-up.

We intend to staff the shop entirely by volunteers, with a sub-committee responsible for management decisions.

Management Structure

Again, the full committee will make strategic decisions, such as approving investment decisions (refits, new fridges, etc).

A sub-committee with at least one shop volunteer will make decisions on day-to-day matters, such as stock lines to run. This body will also maintain and manage the training and procedure certification required to run the shop, and we anticipate will need to meet weekly, at least initially.

Ideally, volunteer rotas will be self-generating; however, there may well be a need for the sub-committee to at least broker a rota slot swap system.

Project Costs - Shop

The limitation of the shop's profitability is its size. By placing the shop to the side of the Pub, where a large, underused shed is currently located, we can make full use of the space without encroaching into either the car park or the garden. When we researched shops of this size, we found two local ones that were very similar, and have based our set-up costs and profit/loss calculations on them.

Analysing the returns of community shops on the Plunkett website, a gross margin of around the 25% mark is the norm, for small shops. One shop (Thorndon, comparable in size to Bentley) helpfully gave the distribution of spend per visit and number of visits per week, as well as most-bought items. Their shop hours are currently 10:00 am to 4:00pm, and only cash payments are accepted.

A major advantage of siting the shop in the Pub grounds is that the set-up and operational costs are kept to a minimum, as is the use of volunteers to staff the shop. A total of 40 people have volunteered to help run the shop and the Pub. We expect that only infrequent volunteers will be required for the Pub, so we hope that sufficient volunteers can be found to at least match Thorndon's opening hours of 10:00 am to 4:00pm.

Business Plan

Outgoings

The following are one-off set-up costs associated with the shop:

Purchase of timber framed building with timber cladding (Quote)	16700
Foundations and make good area (Quote)	1700
Install services (estimate)	500
Fit of shop (shelves, lighting, signage) (estimate)	2000
2x fridges, 1x freezer (purchase from new)	1200
EPOS till & printer (purchase from new)	1600
Phone line installation	100
Alarm (purchase from new)	400
Initial stock (estimate, based on Ryburgh figures)	10000
Total	34200

We intend to raise the set-up costs in the following ways:

Grants	20000
Mortgage (residue)	14230
Total	34230

The following are on-going operating costs:

OUTGOINGS	Year 1	Year 2	Year 3
Insurance (building & contents) (broker's estimate)	200	200	200
Debit card services (Ryburgh shop)	480	490	500
Bookkeeping (Ryburgh shop)	600	600	650
Admin, advertising, other ancillary costs	500	600	600
Mortgage @6%, maximum repayment rate	2000	2000	2000
Utilities (estimate)	3000	3200	3500
Total Operating Costs	6780	7090	7450

Income

INCOME	Year 1	Year 2	Year 3
Annual sales (based on Sproughton)	67000	70000	75000
Gross margin @25% (average across Plunkett shops)	16700	17500	18700
Less VAT @20%	(3300)	(3500)	(3700)
Total Income	13400	14000	15000
Total Profit/Loss	6620	6910	7550

Appendix 1 – Committee

David Westley - Chair

David was the driving force behind the original Save the Case campaign, and was unanimously elected as the Chair for the Bentley Community Pub Society. He has lived in Bentley for 9 years, and works as an IT Senior Solutions Analyst. He is active within the local community, as the scheme co-ordinator and a founding member of the Bentley, Capel & Tattingstone First Responders. In the past three years David has also organised the annual charity ferret racing days at the Case is Altered.

Liz Whitman – Secretary & Vice Chair

Liz works as a Marketing Consultant in the marine industry, having previously been Marketing Director of an international luxury yacht builder with a multi-million pound turnover for 15 years. Her experience includes working to tight deadlines within budget, event organisation and producing strategies to encourage long term relationships with customers. Liz moved to Bentley with her family 20 years ago and has a keen interest in the local community. She has been closely involved with a number of village organisations, serving as Treasurer of Bentley School PTA, Chairman of the Friends of St Mary's Church and produced and edited the Bentley Bugle for several years.

Peter Cross – Treasurer

Peter has a Forces background, followed by nearly 30 years in the Home Civil Service. Although he is beyond retirement age he still enjoys working part time, for as his wife Pat says he is only a nuisance if he is not kept busy. He makes no claim to being the most able person in the village for the Treasurer's role; he is just the one who blinked when they were looking for a volunteer at the Public meeting. He is busy learning lots of new things but would welcome any support more experienced people can offer him. He wants, like the rest of us, to be able to relax at the end of the day in a conducive environment with friends and neighbours in our local. He also recognises that the Pub could be the platform to later providing other additional facilities like the shop and perhaps also funding something for the growing number of children in our village.

Helen Crapnell – Marketing

Helen has a Ba Hons in Design Management and over 12 years' marketing experience in different sectors. She has previously worked for charities, councils, not for profit organisations, private businesses and a design agency. Helen specialises in digital marketing and social media marketing, CRM (customer relationship management), research, marketing and PR campaigns and media buying. She has lived in Bentley for just over a year with her young family, and not surprisingly is in charge of marketing! She is also co-ordinating the village's fundraising efforts for the campaign.

Nicky Moxey – Business Planning

Nicky works as a Business Improvement consultant, and has extensive governance, staff handling, and project management experience. 15 years ago she founded and continues to be a Director of a charity, which is of a comparable turnover to The Case, is Altered proposal, giving her strong experience in working with volunteers and managing by committee! Nicky heads The Case's Grants and Business Planning subcommittees. She is partial to real ale and smoky whisky, and wants to be able to walk to an agreeable source of these. She has lived in Bentley for 13 years with her family.

David Telling – Business Planning

David sits on both the main and the Business Planning Committees. When the Pub Liaison committee is formed, he will move across to this, having spent a large part of his working life as a Pub and trainer manager himself. He also has a Business Leadership Ba Hons, which included an investigation into the smoking ban and the impact this had on Public houses in Suffolk. He lives in Bentley with his young family. David is one of the faces behind the Annual Bentley Family Fun Day.

Gail Nye – Operations

Gail currently does the book-keeping for her husband's business, and has previously worked behind the bar at two Pubs, one of which is The Case is Altered. She lives in Bentley with her husband and two young sons, and is passionate about saving The Case is Altered as a place where the whole community can meet, shop, and socialise.

Appendix 2 - Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Strengths

- The whole community is involved (Evidence: attending meetings, helping with leaflet drops).
- The committee is a part of the community – everyone knows everyone else.
- The range and depth of skills and enthusiasm on the committee and helpers.
- A café and a shop offer services to a different section of the community, some of whom might want services other than the traditional Pub offerings.
- 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 proved to be unviable, 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.
- Several local traders have offered their services.
- We have had tremendous support from other communities who have done similar things, and from the Plunkett Foundation.

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 plenty of research! Find an experienced manager/couple who will work with us.
- 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.
- We may be biting off more than we can chew, trying to open a Pub AND a Shop at the same time. Mitigation: We are considering a phased approach, and what we can reasonably achieve at once.
- At this point in time, we don't know how much we will raise in shares – and so budgeting for a potential loan is necessary. Mitigation: Financial plan to cover all potential options until we can eliminate them.

Opportunities

- Nothing else around for children (pocket money purchases in the shop).
- Only Pub and shop easily accessible without a car.
- Walking and cycling clubs pass The Case.
- We hear from other villages that have done this successfully that it gives a great boost to the community, in terms of can-do spirit.
- Owning the freehold will mean that we control the community asset. We aren't going to be a tied house.
- We have already been approached by a micro brewer – we can act very locally!
- We can be very responsive to community needs, both in terms of what we sell, and in terms of how we want the Pub and Shop to feel.
- We understand our demographics very well.

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 do not know the structural condition of the building. Mitigation: A Schedule of Wants and Repairs has been commissioned from Beane Wass & Box.
- We do not know the scope of the business, or even whether it is viable. Mitigation: Commission a business valuation survey. We have appointed specialist firm Pinders to report on the potential profitability of the Pub.
- We must have the right people to run the Pub, who can work with the committee and share our vision. Mitigation: We want to recruit our managers before the Pub reopens, and involve them in the decision making process. Getting the right people remains the biggest risk to the successful and profitable operation of the Pub. However, this risk would exist under any business model. The Management model at least allows us to let go any manager who turns out not to be right for us, and try again.
- We will need to rely on volunteers in its entirety for the shop, but also volunteer help will be a vital support for the Pub. We don't know how strong the support will be for the village, or how long-term. Mitigation; do as much talking to people and village groups as we can; make people feel that it really is their resource, which relies on them. Once we get close to opening, make sure all volunteers feel trained and ready to go; and that they have supporting processes in place.



The
Case
IS ALTERED

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