

# Winterbourne Bassett Community Pub Limited

## Business Plan



January 2018

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# 1. Summary

We are seeking investors who wish to become members of a Community Benefit Society that plans to buy The White Horse public house in Winterbourne Bassett. We plan to run it as a traditional village pub, for the benefit of the residents of the village, and visitors to the area. We aim to put in place a Manager or Tenant who will run The White Horse as a profitable business that provides a service to the village and visitors to the area. It will retain the heart of our lovely village, provide a hub for social gathering, good food, drink and cultural activities, and help promote a cohesive and friendly community in the area. It is our intention that the property will support a range of additional community-led services.

If you make an investment you will become a member and shareholder of the Winterbourne Bassett Community Pub Limited (WBCP). You will be a co-owner of a beautifully situated traditional Wiltshire pub, and will always receive a friendly welcome in the pub that you part-own. You will have a say in how the Society is run and in who runs the company. Members will need to invest a minimum of £1000. Each shareholder will have an equal vote no matter how much you invest.

The initial Management Committee that have formed WBCP are accountable to the membership and will, in future, be elected by the shareholding Members. Members will receive regular minutes of meetings held with the Manager or Tenant, updates on business performance, and will be entitled to attend the Annual Members Meeting and other special members meetings that may be called.

We aim to raise £450,000, which will be used to purchase the building and get it ready to be reopened. WBCP will agree a contract with a Manager or Tenant, who will run the licensed business selling food and drink and pay rent to WBCP at a level that reflects the profitability of their business. The rental income will provide the revenue to maintain the building, provide a return to members, and provide a surplus to facilitate future development or the withdrawal of shares.

The finances are structured so as to first cover any loans on the property and then pay annual incomes to the shareholding Members. We firmly believe that the business will be profitable, but if it is not, WBCP would own a valuable asset that could be sold in order to return your original funds. This is a great opportunity to invest in a worthwhile community enterprise that will provide a valuable service to its members.

The intent is to provide an annual interest on shares, to be paid following the anniversary of the first full operating year. Interest each year will be subject to business performance. Shares cannot be withdrawn in the first three years.

Thereafter, shareholding Members must give 3 months' notice to withdraw shares. However, such withdrawals cannot force the society into an unsustainable operating

condition and will be at the discretion of the Management Committee. The Management Committee will work with best endeavours to satisfy requests in such cases.

This document outlines the Business Plan of this initiative. Full details of the share offer are contained in the WBCP Share Offer document which can be downloaded from our website at: <http://www.winterbournebassettcommunitypub.co.uk/>

**Investors should consider carefully any investment that they make and seek appropriate independent financial advice.**

Winterbourne Bassett Community Pub Limited (WBCP) is a community benefit society registered in the UK with the Financial Conduct Authority, registration number 7716.

## **1.1. Introduction**

Freehold pub values increased 10-fold from 1975 to their peak in 2007, according to Christie & Co. During much of this period large pub estates were built up by pub owning companies (PubCos) using cheap debt. However, in 2007 the market ground to a halt and in the last 5 years there has been a dramatic reversal with values down 29% overall (Christie & Co) on trading assets, and 36% on non-trading properties (Source: Fleurets). Values fell 20.1% in 2009 alone (Christie). Much of the fall is due to the PubCos who were hit by the credit crunch and have been selling assets off to pay down debt – a trend which is likely to continue. The decline has also been accentuated by competitive pressures on drink sales with supermarkets undercutting pubs. This has put a significant strain on the traditional pub tenancy model which has become increasingly uneconomic.

As a result of these pressures the nature of pub ownership is changing. There were 51,000 pubs in the UK in 2010. The large estates are now being broken up and properties are being closed or are passing into the hands of individuals or small groups. It has also become clear that the traditional pub owning model has become inflexible and increasingly uncompetitive.

The traditional model separates the pub owner from the pub operator. The pub owner has charged rents but has generally been slow to invest capital in the property. The pub operator has struggled with weak sales, high tied beer costs, an uneconomic rent and insufficient capital to invest in the asset. This is a vicious circle, which usually leads to declining sales.

Smaller, newer and better managed independent groups are now emerging to acquire and invest in pubs using a more integrated model. This new breed of company is showing that there are still significant advantages in running portfolios of pubs rather than single assets; buying efficiencies, marketing, and staff development in particular. They are also careful to avoid divorcing operations from ownership. They incentivise on-site management and encourage local individuality (avoiding overt group branding) - but at

the same time, offering strong head office support where needed.

In addition, communities are increasingly teaming up and buying these under-performing assets, operating them through tenancies for the benefit of the local community. Since 2009, according to new figures released in October 2012, fifteen thousand people have invested in over 100 community share issues, raising over £15 million. The leading community share offers include energy co-operatives, football clubs and local pubs.

The annual Plunkett Foundation Better Business Reports, highlight how community ownership is becoming increasingly popular in the UK. There are now around 250 co-operatively owned village shops in the UK, and the co-operative model has been successfully adopted by pubs, energy schemes, woodland projects, broadband initiatives, housing schemes and much more.

Co-operative ownership is a sustainable and ethical way of doing business, with 97% of co-operatively-owned village stores opened over the past 25 years still open and trading today.

The recent BBC Breakfast time show stated that there are today 51 community run pubs, and to date none have closed.

The White Horse is the only pub in Winterbourne Bassett. Since 1999 it has been owned by Wadworth Brewery under a tied tenancy. The pub was initially trading well, but, since the retirement of the long-standing previous tenants and the current tenant in recent years endeavouring to run the pub single handed, the challenges of achieving this have seen the business decline. The current tenant decided not to renew their lease, which was due to expire at the end of April 2018, and this led to Wadworth deciding to put the property up for sale in the summer of 2017. Wadworth closed the pub on 16<sup>th</sup> October 2017 following their acceptance of our offer to purchase the property.

The White Horse is an attractive 1913 building with three connecting public rooms on the ground floor, currently set out as a central main bar, snug eating area to the western side and an adjoined conservatory dining room on the eastern end. Additionally, there are store rooms, a cooled cellar and kitchen to the rear, and toilets for pub users. The kitchen today is small and with ageing equipment. We have identified this as an area for investment.

The upstairs accommodation comprises three bedrooms, a sitting room, bathroom and a kitchen, plus a small landing at the head of the stairs.

## 1.2. Background

This proposal is to form a Community Benefit Society – Winterbourne Bassett Community Pub Limited (WBCP) - to purchase and manage or re-tenant the White Horse public house in Winterbourne Bassett. The pub is currently owned by Wadworth Breweries and is being marketed with a guide price of £325,000 plus VAT.

The Society, supported by the Parish Council, intend to purchase the pub and run it as an asset that will benefit the community. There was a concern that the building and land might attract developers with a view to re-purposing it as housing. This concern was realised during the open day with 5 developers showing interest.

The goal of the Society is to ensure the pub remains as an asset for the community, to carry out some remodelling and refurbishment, improve the operation of the business and add a range of community services and activities.

To provide some time to complete the purchase the residents, in conjunction with the Parish Council, nominated the pub as an Asset of Community Value (ACV). This was successful, and the pub is now listed. The full moratorium period ends on February 18<sup>th</sup>, 2018, which means that the pub cannot be sold to a third party before that date. However, if Wadworth were to withdraw the pub from sale, and then remarket it after the end of the moratorium period, then they can sell to anyone. This makes it vital that we raise the funds and complete the sale before February 18<sup>th</sup> 2018.

WBCP is the preferred buyer and in August 2017 had an offer accepted by the pub owners (Wadworth) at the asking price. Following negotiations with Wadworth in early January, we agreed a revised offer of £288,000 plus VAT on 12<sup>th</sup> January 2018.

WBCP had a survey completed on the building which has shown a number of defects – loose tiles, damaged roof felt and inadequate insulation. Given the age of the building (circa 1913), the survey is deemed to be overall positive. A full copy of the surveyor's report was distributed to the community and is also available for viewing upon request.

A public meeting held on July 2017 was attended by about 35 interested people from the community, and subsequently 50 pledges have been received to invest a total of over £300,000 in the project. Most of these investors are local residents, but we have had some pledges from people who live further away and wish to support our enterprise.

The purpose of this business plan is to describe the project in more detail, and the separate share offer document outlines the terms and conditions under which the shares in WBCP will be made available.

## **1.3. What is being proposed?**

### **Our plan**

Our plan is to buy the freehold of The White Horse Public House in Winterbourne Bassett and run it as a traditional, tenanted or managed free house village pub. It will sell local ales from local brewers as well as some national brands, together with good quality food from local suppliers where possible. We have since learnt of a community Gin and Whisky Distillery and we will be reaching out to them to mutually support this enterprise.

It will also provide a venue for traditional pub sports and pastimes, local events and celebrations. WBCP will own the land and buildings and will agree a contract with a Manager or Tenant to run the licensed business. Terms will be set for the Manager or Tenant that make it an attractive proposition, but which will also ensure that WBCP receives a benefit through increased turn over or rent over time, as the business becomes more profitable, therefore allowing reinvestment as needed.

### **The Property**

On taking over the property we expect to undertake some redecorating and re-modelling of the bar and dining areas to improve the appearance of the customer facing areas. The kitchen will need re-configuration and some new equipment, and we also expect to replace tables and chairs in the bar and dining areas to provide a more contemporary atmosphere. The upstairs accommodation for the Tenant will also need complete redecoration. Initially, this would be all we would aim to do, with the pub probably being closed for a short period of time while these works take place. During this time, we will also commission the roof to be replaced as professional advice suggests repairing would not be good value for money.

Longer term, there is potential to increase the size of the kitchen, to handle the increased volume of covers that we plan to achieve, and to extend the dining room. There is potential to utilise the outbuildings for an additional business; it is planned to be a small volunteer-run village shop, and a microbrewery, but this will be for further evaluation in the medium term so as to not deflect energies from getting the pub business re-established and re-vitalised. An initial consultation survey identified significant support for a small village shop.

All the refurbishment work will be professionally undertaken, with input from qualified architects, designers and builders and is expected to be financed, if necessary, by a mortgage from traditional providers, a grant, or with a 'soft' loan (i.e. low interest, long term or a combination). Our initial intention is simply to get the pub operating profitably in its current configuration and then move forward as and when it is deemed appropriate.

## **1.4. Operating the White Horse**

### **Opening times**

The precise opening times of the pub will be a matter for the Manager or Tenant who will run the licensed business, but we will be looking for a licensee who will work towards opening the pub seven days a week. We are aware from the community feedback that consistency and reliability of opening times is a key issue for local residents and we will make it clear to the Manager or Tenants we appoint that opening times must be well advertised and adhered to.

### **Provision of food**

We also know from the feedback that it is essential that the pub provides good quality, affordable meals. Food will be available according to demand – but the aim is to build up food sales by generating a reputation for good quality food using local produce. We believe the aim should be that the quality of the food offering is at least above average for public houses in the local area.

Moving towards a position where food sales represent at least 50% of the income should be the aim of the Manager or Tenants - to achieve this they will need to offer food of good quality throughout the week.

### **Customers**

The pub will attract custom from villagers and visitors to the area. Once purchased as a community enterprise, the pub will quickly attract local users from its former customer base.

With local residents owning shares, we hope that they will be more committed to using the pub themselves and to bringing their friends and family with them. Building its reputation in the area as an attractive venue for drink, food and entertainment will take longer, but within a year this should be established. The level of interest from the surrounding villages has been high and with investments already pledged from here will ensure a wider reach for our community pub.

### **More than a Pub**

With help from the community, we will open from early morning offering teas, coffees, and local produce. This would allow local residents the opportunity to gain wider access and use the pub as a social hub. We plan to install fast Broadband once available in the village (from September 2018) to enable the pub to become a business hub for local home workers and passing business people. The pub may initially need volunteers to deliver this.

We carried out a survey in the village and identified a clear need for basic shop services including locally produced produce. The villages of Broad Hinton and Avebury have part

time Post Office offerings, so we would like to open a similar facility on the premises, or at least offer a parcel drop/collection service.

There is a plan to develop one of the outbuildings into a micro-brewery, therefore offering some casual employment in the village, this will in turn increase and improve the revenues to the pub and underpin its financial strength.

The village lacks any play facilities for children, we will install play equipment for children in the village and for customer use.

The village darts team are keen to be able to play home matches in their local pub and continue to be part of the local league. Since the pub has closed our team have only been able to play away matches.

The village Book Club will have a public place to meet and therefore grow its membership.

The village church congregation would like to use the pub to run fund raising events - the loss of the pub has limited their ability to raise funds to protect our 12<sup>th</sup> century church. They have previously held regular meetings and events, such as the harvest festival lunch.

The Young Farmers group meets weekly and support many of the functions run in the pub such as quiz nights etc. They are also engaged in their own fundraising events for charitable causes.

### **Running the Pub Business**

We would prefer to agree a contract with a Tenant as this allows autonomy in its operation, within the agreed parameters.

Should suitable Managers come forward, who want more than to just manage, we will agree a probationary period (if needed) that would enable them to convert to a full tenancy over time.

The advantage of a tenancy arrangement for WBCP is that the Tenant will own the business element entirely; the attraction for the Tenant is that we will support them, by initially keeping the rental payments as low as possible, and they will benefit directly from creating a more profitable business. They will have every incentive to ensure that the business thrives and grows.

The alternative is to either hire a Self-Employed Manager, or a Salaried Manager. The differences of these models are summarised in the table below:

<b>Model</b>	<b>Summary</b>	<b>Level of Control</b>	<b>Level of Effort for WBCP</b>
Tenant	Pays rent to us to cover accommodation and tenancy. Rent has minimum level and is linked to turnover. Runs business and pays all outgoings to staff, suppliers and utilities and then keeps all the profits as income.	Low (via tenancy agreement) 5+ years contract	Low External and major building repairs only
Self Employed Manager	Runs business and pays us a fixed percentage of turnover. Pays staff, suppliers and utilities out of the remainder, keeping the rest as income. No rental charge for accommodation.	Medium 1-3 year contract	Medium Insurance, H&S, Licencing, internal & external repairs, F&F
Salaried Manager	We run the finances for the pub business and just pay the manager a salary to run the day-to-day affairs for us.	High Employee – 1 month notice	High Full bookkeeping and payroll. All suppliers and utilities.

We will be inviting Managers or Tenants who wish to run the business to submit business proposals and we will select the Manager or Tenant who best meets the following criteria:

- They must demonstrate how they will provide a venue for village events and support local cultural activities
- They must demonstrate how they intend to build up the business and in particular how they will provide good quality, competitively priced food that will eventually provide at least 50% of the sales income.
- They will need to embrace the fact that The White Horse is a Free House and provide good quality, local beers, ciders and guest ales.
- They will need to convince us that they that they will provide a warm, welcoming and friendly atmosphere in the pub, for all village users at all ranges of the demography

- Support the creation of a village loyalty scheme
- They will need to provide evidence of their marketing plan
- Support an open book approach with the Management Committee and attend quarterly reviews
- They should preferably have at least five years' experience in the licensed trade, and in particular in a village/rural setting.
- They will need to convince us that they will work harmoniously with the Management Committee and listen to advice and suggestions. In the tenancy model we hope this will only need a light touch.

We will then agree an initial contract term with our Manager or Tenant. WBCP will monitor the Manager's or Tenant's financial performance. We will ensure that there is an "open book" policy in place, run through an accountant that we mutually appoint for the pub operation (WBCP accounts will be kept separate). This will enable us to have full confidence in the financial reports with which we are provided.

In the tenancy model, the tenancy agreement will also allow for the level of rent to be increased as the business profitability increases or reduced if it is less so (minimum levels to be set to ensure funding is serviced). The Tenant will be running their own business within our premises and, as such, will carry the primary opportunities and risk. WBCP will respect their business and we would not force the Tenant to implement changes that are financially damaging to them. If their business were to fail there would be no legal recourse on the investors or access to WBCP's assets.

### **Tenancy Rent**

Should we proceed down a Tenancy route then the rental payment will be based upon 12% of turnover with a minimum rental of £2,500 pm.

In the first year, until the business is established, rent in months 1, 2, and 3 will be at 0%. Months 4, 5, and 6 will be at £2,500 per month or 12% of turnover whichever is the greater.

Each quarter, the rent will be reviewed based upon accounts provided by the jointly appointed accountant.

The revised rent calculated at the end of month 3, will be collected in months 7, 8, and 9. The revised rent calculated at the end of months 6 will be collected in months 10, 11, and 12 and so on.

All payments are to be made by direct debit or standing order into the holding company accounts and will additionally include VAT at the normal rate.

# 1.5. Current pledges

We have had over £300,000 pledged and believe that there is sufficient interest from within Winterbourne Bassett and the surrounding villages, and from others with connections to Winterbourne Bassett, to raise the funds required through community shares.

Investment Level	Number of Investors
>£30,000	2
£6,000 - £10,000.00	3
£5,000.00	13
£4,000.00	4
£3,000.00	7
£2,000.00	6
£1,000.00	15
<b>Total Number of Investors</b>	<b>50</b>

## 2. The Business Plan

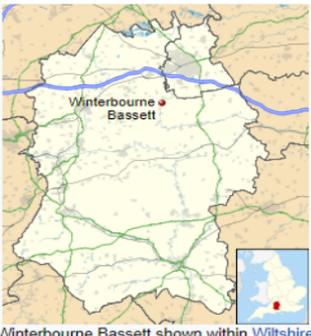
### 2.1. Location

The parish is in the North Wessex Downs Area of Outstanding Natural Beauty and on the edge of the Marlborough Downs. The highest point is Hackpen Hill, at 272m above sea level, which has on it one of the famous Wiltshire White Horses which is visible from the White Horse pub

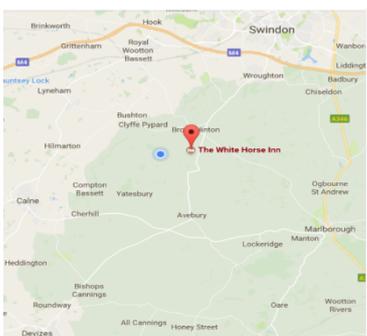
#### Winterbourne Bassett

Covers 886 hectares / 2,190 acres and is 10.5 km / 6 miles northwest of Marlborough. It is the most northerly of three rectangular parishes, Winterbourne Monkton, Berwick Bassett and Winterbourne Bassett, which lie across the valley of the upper Kennet. From east to west it measures 5 km and from north to south, at its widest point, 2 km. The name Winterbourne comes from the small streams at the head of the Kennet and is shared by its neighbouring settlements. The name Bassett belonged to Alan Basset, who was the lord of the manor in 1194. The parish church of Winterbourne Bassett dates from the 14th century and is dedicated to St Katherine and St Peter. It was possibly solely dedicated to St Peter originally; the St Katherine dedication being added in the 16th century

<b>Population</b>	159 (in 2011) <sup>[1]</sup>
<b>OS grid reference</b>	SU102749
<b>Civil parish</b>	Winterbourne Bassett
<b>Unitary authority</b>	Wiltshire Council
<b>Ceremonial county</b>	Wiltshire
<b>Region</b>	South West
<b>Country</b>	England
<b>Sovereign state</b>	United Kingdom
<b>Post town</b>	SWINDON
<b>Postcode district</b>	SN4
<b>Dialling code</b>	01793
<b>Police</b>	Wiltshire
<b>Fire</b>	Dorset and Wiltshire
<b>Ambulance</b>	South Western
<b>EU Parliament</b>	South West England
<b>UK Parliament</b>	Devizes



Winterbourne Bassett shown within Wiltshire



Images from Wikipedia / Google

## 2.2. Attractions



The White horse inn is situated just over 2 miles from the Hackpen Hill White Horse on the Marlborough Downs. The A4361 is a popular route for cyclists 1 mile from byway that leads off road to Avebury.



Avebury is a Neolithic Henge monument containing three stone circles, around the village of Avebury in Wiltshire, in southwest England.

Two local Equestrian centres hold regular events at Barbury Castle and Rabson Manor.

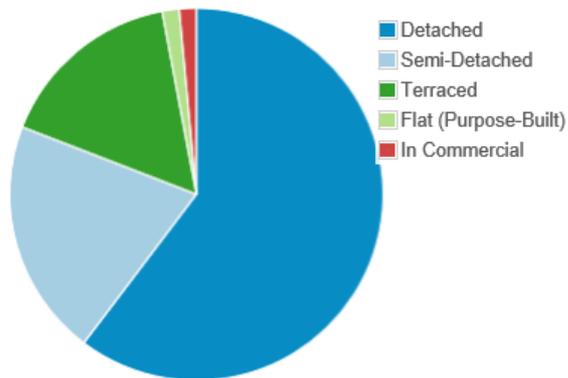
## 2.3. Census

The 2011 Census indicates different tenure patterns in the two parishes, with Winterbourne Bassett having a higher proportion of social rented homes than Broad Hinton, and slightly lower proportions of owner-occupied, privately rented and shared ownership homes:

2011 Census - tenure	Owner occupied	Private rented	Social rented	Ownership shared	Rent free
Broad Hinton	73.9%	8.6%	13.6%	0.4%	3.5%
Winterbourne Bassett	70.3%	6.3%	21.9%	0.0%	1.6%
Combined	73.2%	8.1%	15.3%	0.3%	3.1%

### Housing Types

Detached	41
Semi-Detached	14
Terraced	11
Flat (Purpose-Built)	1
Flat (Converted)	0
Residence in Commercial Building	1
<b>Total</b>	<b>68</b>



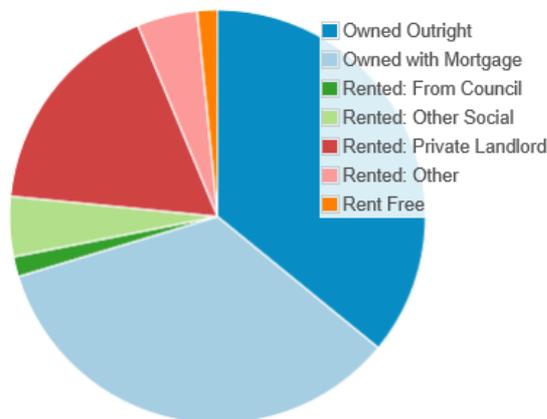
### Housing Tenure

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The area containing Winterbourne Bassett, Swindon contains a higher than average level of rented housing (excluding social housing) - 22% of household spaces. This contrasts with the national average of just over 16%.

### Housing Tenure

Owned Outright	23
Owned with Mortgage	22
Shared Ownership	0
Rented: From Council	1
Rented: Other Social <i>inc. charities and housing associations</i>	3
Rented: Private Landlord <i>inc. letting agents</i>	11
Rented: Other	3
Rent Free	1
<b>Total</b>	<b>64</b>



## **2.4. Demographics**

### **Population**

The population of Winterbourne Bassett is circa 157

### **Housing Type**

The majority of Winterbourne Bassett residents either own or mortgage their homes. There is a range of house styles within the village; detached, semi-detached and terraced. Winterbourne Bassett is an affluent area where a higher than average number of households are owner occupied.

### **Residents**

The village population age as a whole is older than the national average. The health statistics show that on average the individuals that rate themselves as 'very healthy' is more than the national average. Educational statistics show that it is at its highest ever level obtained by the residents of Winterbourne Bassett. The rate of claiming any benefit (which includes in work benefits) is more than 10% lower in Winterbourne Bassett than the national average, suggesting higher salaries than the average in the area.

### **Crime Statistics**

The crime statistics show that in Winterbourne Bassett the crime rates are extremely low which could suggest that the village would replicate a middle-class majority which will have a disposable income.

Sources: [ilivehere.co.uk](http://ilivehere.co.uk) / [streetcheck.co.uk](http://streetcheck.co.uk)

## 2.5. Competition

As shown in the table below The White Horse Inn has healthy diverse competition within the immediate area (5-mile radius). This includes local family focused pubs to more refined dining establishments. Several of these establishments provide accommodation which gives us at The White Horse Inn an opportunity to expand on our customer base.

Pub & Location	Average Price	USP	Distance From Winterbourne Bassett	Additional Info
The Crown Inn Broad Hinton	Starter £7 Main £16 Dessert £6.50	In the centre of village	2 miles 4 minutes	Accommodation Private dining Arkell's brewery owned
The Barbury Inn Broad Hinton	Starter £7.95 Main £16 Dessert £6.50	On main A4361 road (limited visibility on approach)	1.5 miles 3 minutes	Free house
The Red Lion Avebury	Starter £5 Main £9 Dessert £4.50	Prime historic site Captive audience	3.6 miles 6 minutes	Greene King brewery owned Open 7 days
Waggon & Horses Beckhampton	Starter £7 Main £12 Dessert £6	Close to two historic sites On A4 main road	5 miles 9 minutes	Wadworth brewery owned Open 7 days
The Fox and Hounds Wroughton	Starter £7 Main £15 Dessert £6	Visible but set back from A4361 road	5 miles 7 minutes	Accommodation Arkell's brewery owned Afternoon cream teas Open 7 days
The Carter's Rest Wroughton	No food	Real Ales On A4361	5 miles 7 minutes	Free house
White Hart Wroughton	Starter £5.50 Main £11 Dessert £5.25	Attractive thatch with beer garden on A4361	5 miles 7 minutes	Wadworth brewery owned Open 7 days
The Bell West Overton	Starter £7 Main £16 Dessert £7	On A4 main road	6 miles 10 minutes	Free house £22/£26 for 2/3 course Sunday lunch
The White Horse Compton Bassett	Starter £6 Main £13 Dessert £6		8.7 miles 17 minutes	Open 7 days Accommodation Large car park

## **2.6. Customer Profile**

### **Locals / Villagers**

Residents of Winterbourne Bassett - offering them a new style of dining experience within the current pub.

Occasions such as birthdays, weddings, christenings and other family based events as the Church is very close by.

Couples dining for special occasions (anniversaries).

### **Business**

Local shooting school (Barbury Shooting School) offering team building days with local businesses.

Close to bigger towns such as Marlborough, Devizes, Wootton Bassett & Swindon which consist of the target customer.

### **Tourism**

The White Horse Inn is in a prime location for the following reasons:

The national heritage site at Avebury is only 3.6 miles away, which provides plenty of passing trade to tap into.

The Marlborough Downs, an area of outstanding natural beauty, right on our doorstep, with the chalk horse at Hackpen Hill.

This provides a unique set of target customers, from loyal local villages, wider repeat business from greater north Wilts through reputation, passing business people and tourism. We will explore improving the signage to drive this.

## **2.7. Business SWOT Analysis**

### **Strengths**

- Excellent location at the entry to the village with ample car parking.
- A potential base of regular local customers who will quickly return to The White Horse Inn that offers a greater range of wines, beers and ciders
- The commitment of the Members to use what will be their business and who will encourage their friends and family to use the pub.
- The business will own the freehold and will not be tied to any particular brewery and is therefore free to negotiate the best deals for supply of food and drink.

- The Potential to offer guest ales.
- Close to Avebury National Heritage Site, with strong tourist potential.
- WBCP will appoint an experienced licensee as the Manager or Tenant to run the business and take the lead of the operational business responsibility.
- WBCP will have the secure income of rent from the Tenant or a share of profits from a Manager.

### **Weaknesses**

- Lost business from irregular and unpredictable opening hours in recent times. Visitors have been seen driving into the village only to find it closed.
- The pub has lacked the motivation of the tenants in recent years.
- The profitability of the pub has declined over recent years.
- The design and layout of the building may need further remodelling over the medium to long term.

### **Opportunities**

- To build up a new reputation, starting from scratch, with a new Manager or Tenant and staff team.
- To develop new customer bases including; walkers, cyclists and people in search of locally produced beers/ciders and locally sourced, good quality food.
- The New planned Wroughton Science centre, “One Collection” will bring a further 15,000 visitors to a new public visitor centre.
- Tea/coffee mornings to make the pub more of a village social location.
- The property has sufficient outside space available for the dining and kitchen areas to be extended. As the business will be established as a community enterprise, run for the benefit of the residents of Winterbourne Bassett, it will endeavour to access grant aid to assist with development plans.

### **Threats**

- Inability to obtain the necessary financing, preventing the conclusion of the purchase or development.
- Unexpected repair costs (Beyond those identified in the survey).
- Tenancy stability and voids.
- Once the business is established several Members could attempt to withdraw their shares at the same time.

- Bank interest rate increases.
- Despite all the work and effort, the continued economic downturn may lead to insufficient use of the pub and the business may prove to be unviable.
- Pub usage across the UK is declining

## **2.8. Meeting the Weaknesses and Threats**

### **Attracting lost business**

Once the pub is owned by the Members, their commitment to use the pub and to encourage family and friends to use it will be considerable. This has proven to be the case in many instances of community owned pubs. We also plan to conduct a marketing/PR campaign aimed at residents of surrounding villages and towns to supplement this.

A community membership scheme will provide all WBCP Members, regardless of shareholding, benefits such as: 10% discount on all purchases, a bottle of wine on birthdays, and other incentives to be developed and agreed with the Manager or Tenant. Other friends of The White Horse Inn will have an option to purchase a membership of the scheme at nominal cost to gain similar benefits.

Consistent provision of competitively priced good beer, cider, wine and food, combined with reliable opening hours, will provide a good basis for re-establishing the reputation of the pub. This will then attract a steady flow of referrals by word of mouth from the local residents, which is often not the case today.

The new Manager or Tenant will be required to offer and encourage use of the pub for local groups ranging from the Parish Council, Parochial Church Council, Young Farmer group, other community based organisations, and other similar groups.

### **Profitability**

As a tied pub, the current tenant of The White Horse Inn has been forced to buy their beer from Wadworth at tied pub rates, coupled with a rental, which has been linked to business volumes.

The lack of motivation to invest in the property due to it not belonging to the proprietor has resulted in a dated interior look and feel, something the community is enthusiastic to take on and improve.

It is an established expectation that a freehold pub, with no ties, can save as much as 40% on beer costs. The profits taken out by WBCP will be set at a relatively low level in year one to encourage the establishment of the business and will only be increased as the Management Committee deems it to be financially viable for the operation. Whilst WBCP will balance profit with a modest but not guaranteed return to the Members.

Business profitability and reinvestment will be prioritised.

### **Improving the layout**

In time, it is envisaged that the existing dining area can be remodelled. Initially removing the wooden partition to the conservatory area and the construction of a noise reduction screen to the kitchen and toilets. The dining area can be expanded in the future, either to the west face or the conservatory can be expanded. The existing kitchen will need to be expanded towards the north and or east of the building to provide the required food preparation area to service additional covers and enhance the quality of food produced. Detailed plans have not yet been drawn up, but this can be undertaken in due course by qualified professionals and would be subject to Member approval, as would any further mortgage or loan schemes needed to finance this. This development may also be subject to planning approval and building consent by the local authority.

### **Inability to attract sufficient financing**

If WBCP are unable to raise the necessary financing, then the purchase will not go ahead. Cheques will be collected and banked, direct bank deposits will be collected, but no share certificates will be issued until the full financing has been gathered. If, at the deadline stated in the Timescales section earlier in this document, insufficient capital has been raised, the share issue will be halted and all those who have invested will have their investment returned to them in full.

### **Unexpected Repair Costs**

A pre-purchase survey has been carried out and no major problems were identified.

Funding has been identified to cover immediate repairs to the roof and increase insulation to improve building efficiency. The financial impact of unanticipated repairs can be mitigated by using volunteers from the community together with the possibility of grants or other sources of low cost finance.

### **Voids of Management**

Whilst it is our intention to keep the pub running, we will take due diligence to ensure the pub is run in according the community wishes and its business objectives, therefore the appointment of the right persons is more critical than just getting it tenanted quickly. There will also be risks to retaining the right tenancy and ensuring the continuity of the business. In these cases, we believe the community has enough willing retired members who could support the ongoing management while a new Tenant was found.

### **Member withdrawal**

The Management Committee will aim to sell shares and attract financing that will lead to a sum being raised that will adequately provide for all the budgeted costs of the purchase and initial redecorating. Members must agree not to withdraw funds for the first three

years of the operation of the business, to allow it time to establish itself. After that they will be required to give three months' notice if they wish to withdraw shares, and any withdrawals will be at the complete discretion of the Management Committee

Providing that the business is successful it is unlikely that large numbers of Members will wish to withdraw their shares at the same time. If the business is not successful then it may be that a number of Members would seek to withdraw their investment. Our business plan demonstrates that this eventuality is unlikely, as the business has every chance of success.

### **Bank Base rate increases**

The threat of increased interest rates can be reduced by the use of fixed rate long term borrowings and the use of discretion in setting the rates to be paid on shares. The current P&L does provide for contingency that can mitigate some of this movement.

### **The business is unviable**

If the prevailing market conditions are so unfavourable that, despite a sound business plan, vigorous and sustained marketing and the support of local users/owners, the business does not develop in the way anticipated, then the Management Committee will be forced to close the pub, sell the assets and repay any loans with any residual assets to be distributed to the Members pro-rata to the number of shares held up to the value of each Members' original investment. If there are still funds remaining after this distribution then the Membership Committee will transfer these to one or more of the following:

- (a) a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;
- (b) a community interest company;
- (c) a registered social landlord which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;
- (d) a charity (including a community benefit society that is a charity); or
- (e) a body, established in Northern Ireland or a State other than the United Kingdom, that is equivalent to any of those persons.

This is not an outcome that we seek, but this possible course of action should give Members the security they need in the unlikely event of the business being unsuccessful.

We have identified potential to return a good yield from the asset if it were to be resold with a change of use so any capital growth on your investment has the potential to support future community projects should the pub fail. The property benefits from having

the land for gardens and parking to the side of the property, which would allow good potential for multiple housing within the building line. There is also potential to invest in limited building construction to provide: B&B accommodation, micro-brewery and village shop - all providing additional revenue streams to the pub.

## **2.9. Marketing Plan**

There is no other pub in the village and there is therefore no direct competition to The White Horse Inn. However, there are numerous pubs in the neighbouring villages, which, whilst they are some distance away, are competitors to our market. Visitors to the area looking for a country pub to walk to or for a meal out will consider options across a wide area.

The White Horse Inn benefits from being partially visible from the main A4361 yet provides a quiet location to visit away from the main road, with stunning views of the Upper Kennet Valley and Hackpen White Horse. This compares to the nearest other two pubs in Broad Hinton; The Barbury Inn being on the A4361 and hidden from view until almost alongside, and The Crown is deep in the village and relies on road signage to advertise itself. The latter of these has a very active landlord, who has posted a 59% increase in business rates since 2010, showing that the area can produce good footfall.

The plan is to market The White Horse Inn as a homely, traditional village pub, which fully meets the locals', tourists' and day trippers' idea of a country pub. This involves good quality beers/ciders, brewed locally as far as possible, good quality pub food, also sourced from local suppliers, a friendly atmosphere and traditional pub entertainment.

The aim is to meet the needs of the community for a meeting place and venue for events, and to attract visitors. Whilst the villagers will return to the pub quickly once it is reopened, it will take time to build up the tourist and visitor usage. Reputation will spread most effectively by word of mouth and social media and must be built on good quality provision and service. Nevertheless, regular marketing is vital to supplement this.

The marketing of the business will be a matter for both the Management Committee and the Manager or Tenant. Whilst the lead responsibility will rest with the Tenant if tenanted, the Management Committee will be looking to appoint a Manager or Tenant who will work in partnership with them in marketing the White Horse and who will pursue the following marketing strategy:

- We might be “The world’s smallest community owned pub” !
- Publicity prior to the reopening will focus on the campaign to raise the funds to acquire the pub. This has already started, with Interviews on BBC Radio Wiltshire, local Press and newspaper, village news and Facebook updates.
- A new WBCP Facebook page has been developed to link to other local social media sites. All targeted to draw public attention to the plan to purchase and re-

tenant The White Horse Inn

- There will be an opening event that could, because of our local connections with various media, attract press and local TV/radio coverage of the story – “Villagers take over their own pub”. This will be supplemented by advertisements in the local (Wiltshire) press and village bulletins and newsletters in the area.

We also have great support from local MPs (Claire Perry) and Councillors who will be invited to any reopening events

- Regular leaflet drops to the entire village which advertise the pub and its programme of activities (darts, quizzes, music nights, seasonal events and so forth)
- Regular advertisements in the press advertising the same programmes and stressing the traditional village pub welcome that you will find at The White Horse Inn
- Holding events that celebrate local food and locally brewed beer/cider and advertising these in the specialist press
- Once up and running we would expect the Manager or Tenants to maintain an active profile on social media review sites like TripAdvisor, Facebook and Google Places and respond to any negative reviews

## **2.10. Building up the business**

Our Manager or Tenant will be required to produce a business plan which demonstrates how they intend to grow the business.

Whilst we will advertise for experienced Managers or Tenants, we would also be interested in a younger manager who wants to move into pub business with a longer-term goal.

Therefore, to help to find the right persons, we plan to give a three-month holiday on the rent to support a quick return to profit. Year 1 rentals are set at a modest level that fully cover the debt and provide a surplus contingency fund. Major investment has been provisioned in the share/funding generated.

Following the end of the free initial three months, a formula for reviewing the profits or rent will be used. The tenancy principles are the minimum committed level at £2500pm or at 12% of turnover whichever is the greater, while Self Employed Manager profit sharing percentages are expected to be 20-25% to cover the higher costs to WBCP of this approach. The intent is to ensure that the Manager or Tenant has sufficient incentive and profitability to grow the business.

It is our intention to set the profits taken on any tenancy at a level that provides sufficient income to allow WBCP to provide a return to our members shares from year two, and low enough to attract an experienced Manager or Tenant to start up a new business. This will give WBCP sufficient funds to build up some reserves.

## **Sales**

It is anticipated that the new Manager or Tenants will achieve sales in excess of those achieved over the past few years as, of late, the opening hours and availability of food have been erratic and unpredictable, driving away both regular and passing trade. In the past the pub was much busier with regular darts, quiz nights, music events and social events. We therefore believe that the sales figures over the last three years are not a true reflection of the income that The White Horse Inn will generate and that these sales figures can be improved upon for three reasons:

- The fact that the pub is owned by the local community will be a big incentive for Members to support their own business and to encourage their family and friends to use it.
- The Manager or Tenant that we appoint will be expected to drive up the sales of food to at least 50% of sales over a three-year period. Increasing food sales is the key to making The White Horse Inn a viable business and the Manager or Tenant that we appoint will have to demonstrate how they plan to achieve this.
- The Manager or Tenant will be able to purchase their raw materials wherever they like, as well as setting their own pricing, enabling a far more profitable model than the previous tied system. Note that to align with our vision of using local suppliers where possible, there will be some restrictions on where they can purchase supplies, but these will be far less restrictive than in a tied system.

This is clearly a challenge that the new Manager or Tenant must rise to, but providing that good quality beer/cider and cooked food is served, the demand in the locality is significant, and this local demand would be supplemented by tourists and visitors to the area.

Once we have appointed a Manager or Tenant they will be responsible for running their own business on a day to day basis. They will therefore need to meet all of the other running costs from the income that they make from sales. As it is a new business, and they are starting from scratch, WBCP will assist with marketing and getting the building ready to manage or re-tenant. Following this, the Manager or Tenant will be responsible for running the business within broad guidelines set by ourselves. The Manager or Tenant will have accommodation in the rooms above the pub as part of the tenancy agreement.

## 2.11. Financial Projections

### *Acquisition and start-up costs*

The initial acquisition and start-up costs are summarised below:

<b>Initial and Capital costs</b>	<b>£</b>	<b>Finance available</b>	<b>£</b>
Purchase price	288,000	Community Shares (Already banked)	300,000
VAT (recoverable)	57,600	Grants (Awarded)	2,500
Purchase Costs	7,435	Grant /Loans (Pending)	150,000
Stamp duty	6,780	Comprising of:	
Inventory	14,400	More Than A Pub Loan £50,000	
Equipment, minor repairs and refurbishment	50,000	More Than A Pub Grant £50,000	
Major repairs	20,000	Other Loan £50,000	
Other Costs	5,000		
<b>Total Capital costs</b>	<b>449,215</b>	<b>Total Finance</b>	<b>452,500</b>
<b>Cash required for completion</b>	<b>374,215</b>	<b>Surplus (after Vat refund)</b>	<b>63,285</b>

#### Notes:

“Purchase Costs” include survey (completed £1800), Solicitor (estimate £2735), business valuation (completed £900), CBS registration (£550), finance arrangement fees (£1450)

“Inventory” includes all contents of the property at the point of sale - £12,000 + VAT.

“Equipment, minor repairs and refurbishment” includes purchase of new equipment, repairs and refurbishing of kitchen, remodelling internal bar and/or porch, decoration of entire property inside and out.

“Major Repairs” includes roof replacement on the main building and kitchen

“Other Costs” includes recruitment costs (£2400) and Management Committee operational costs

“Community Shares” refers to current shares deposited in Lloyds Bank

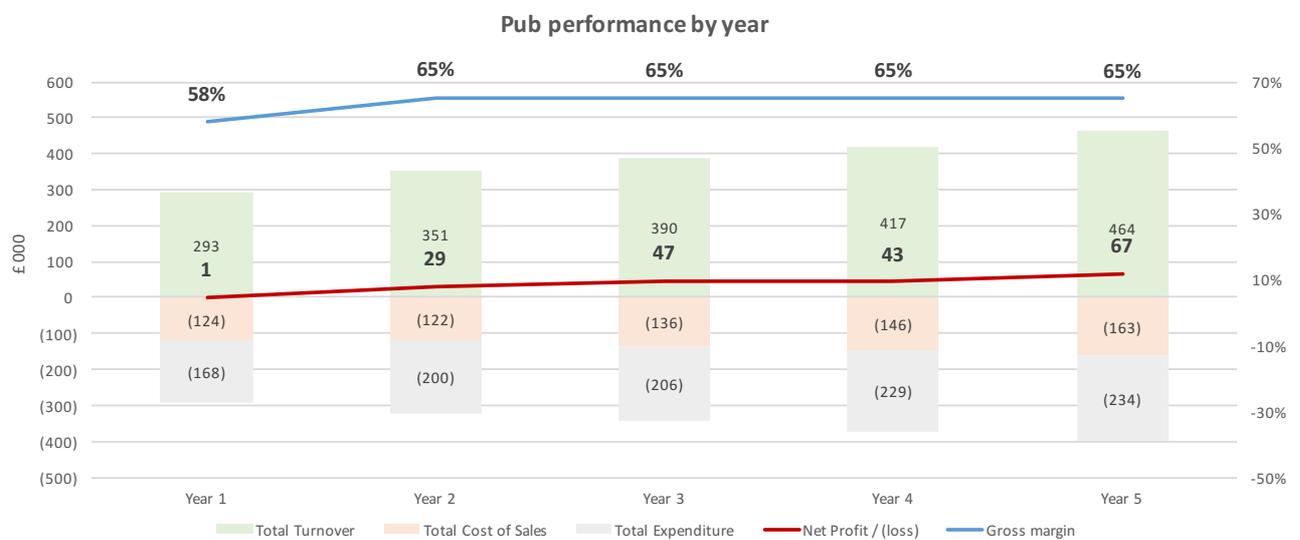
“Grants” refers to grants requested/received from the Plunkett Foundation

“Cash required for completion” refers to the total outflow including VAT on certain items

## Summary of Anticipated Pub Business P&L

Important Note; All drink turnover has been established from the actual sales figures provided by Wadworth over the last 2 years at the White Horse. Food volumes are calculated from benchmarking data from another similar establishment in the area.

These figures model a representative business P&L that we expect the Manager or Tenant be able to achieve. The actual P&L will be owned by the Manager or Tenant and reviewed by the Management Committee.



	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Turnover</b>	292,812	351,312	389,740	417,456	464,464
<b>Total Cost of Sales</b>	(123,770)	(121,971)	(135,892)	(145,772)	(163,275)
<b>Total Expenditure</b>	(168,266)	(200,197)	(206,386)	(228,930)	(234,498)
<b>Net Profit / (loss)</b>	776	29,143	47,462	42,755	66,691
<b>Gross margin</b>	58%	65%	65%	65%	65%

**FORECAST PROFIT AND LOSS ACCOUNT**

IGNORES VAT AS THIS IS A THROUGH COST

	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
<b>Turnover</b>						
Wet sales	£132,912	£165,776	£189,696	£205,348	£239,356	15.8%
Catering sales	£159,900	£185,536	£200,044	£212,108	£225,108	8.9%
<b>TOTAL TURNOVER</b>	<b>£292,812</b>	<b>£351,312</b>	<b>£389,740</b>	<b>£417,456</b>	<b>£464,464</b>	<b>12.2%</b>
<b>Less Cost of Sales</b>						
Wet sales	£59,810	£66,310	£75,878	£82,139	£95,742	12.5%
Catering sales	£63,960	£55,661	£60,013	£63,632	£67,532	1.4%
<b>TOTAL COST OF SALES</b>	<b>£123,770</b>	<b>£121,971</b>	<b>£135,892</b>	<b>£145,772</b>	<b>£163,275</b>	<b>7.2%</b>
<b>Gross Profit</b>						
Wet sales	£73,102	£99,466	£113,818	£123,209	£143,614	18.4%
Catering sales	£95,940	£129,875	£140,031	£148,476	£157,576	13.2%
<b>TOTAL GROSS PROFIT</b>	<b>£169,042</b>	<b>£229,341</b>	<b>£253,848</b>	<b>£271,684</b>	<b>£301,189</b>	<b>15.5%</b>
<b>Gross margin</b>	<b>58%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	
<b>Less Expenses</b>						
Wages & Employer NI	£108,937	£114,907	£119,859	£141,125	£145,387	7.5%
Finance repayments	£16,013	£16,013	£16,013	£16,013	£16,013	0.0%
Share holder returns	£0	£15,000	£15,000	£15,000	£15,000	0.0%
Business Contingency	£0	£9,000	£9,207	£9,419	£9,635	1.7%
Business property: Insurance	£1,450	£1,483	£1,517	£1,552	£1,588	2.3%
Business Rates/Rateable value	£0	£0	£0	£0	£0	
Council Tax flat	£1,238	£1,266	£1,296	£1,325	£1,356	2.3%
Water Rates	£1,500	£1,535	£1,570	£1,606	£1,643	2.3%
Utilities Gas/Oil & Electric	£8,000	£8,184	£8,372	£8,565	£8,762	2.3%
Refuse Disposal	£2,000	£2,046	£2,093	£2,141	£2,190	2.3%
Cellar Gas	£250	£256	£262	£268	£274	2.3%
Cellar & Bar Sundries	£250	£256	£262	£268	£274	2.3%
Cleaning Materials & Laundry	£3,056	£3,126	£3,198	£3,272	£3,347	2.3%
Crockery, Cutlery & Utensils (Yr 2 replacement cost only)	£1,000	£1,023	£1,047	£1,071	£1,095	2.3%
Glassware	£300	£307	£314	£321	£329	2.3%
Equipment / F&F Repair & Service	£1,500	£1,535	£1,570	£1,606	£1,643	2.3%
Telephone/Broadband	£500	£512	£523	£535	£548	2.3%
Entertainment	£1,500	£1,535	£1,570	£1,606	£1,643	2.3%
Marketing & advertising/Web page	£5,000	£5,115	£5,233	£5,353	£5,476	2.3%
Training & Development	£1,000	£1,023	£1,047	£1,071	£1,095	2.3%
Repairs - Property	£0	£2,000	£2,046	£2,093	£2,141	1.7%
Garden expenses	£2,000	£2,046	£2,093	£2,141	£2,190	2.3%
Uniform & Clothing	£250	£256	£262	£268	£274	2.3%
Petrol & Motor Expenses	£500	£512	£523	£535	£548	2.3%
Printing, Postage & Stationery	£592	£606	£620	£634	£648	2.3%
Window Cleaner	£1,000	£1,023	£1,047	£1,071	£1,095	2.3%
IT Expenses	£1,000	£1,023	£1,047	£1,071	£1,095	2.3%
Legal Fees	£1,500	£500	£500	£512	£523	-23.1%
Accounting & Payroll Fees	£2,500	£2,558	£2,616	£2,676	£2,738	2.3%
Professional Fees/Stock take activity	£2,000	£2,046	£2,093	£2,141	£2,190	2.3%
Licensing Costs	£330	£338	£345	£353	£361	2.3%
Bank Charges & interest	£3,100	£3,171	£3,244	£3,319	£3,395	
VAT Loan	£0	£0	£0	£0	£0	
<b>Total Expenditure</b>	<b>£168,266</b>	<b>£200,197</b>	<b>£206,386</b>	<b>£228,930</b>	<b>£234,498</b>	<b>8.7%</b>
	26					
<b>Net Profit</b>	<b>£776</b>	<b>£29,143</b>	<b>£47,462</b>	<b>£42,755</b>	<b>£66,691</b>	

Overall, this Cash flow and P&L projection should be viewed as a prudent and conservative approach which will see the business breaking even from year 1, having taken into account all eventualities that can be predicted at this stage. It should also give sufficient margin to cope with unexpected repair and renewal costs.

### *Assumptions*

We have had to make certain assumptions about a range of variables in order to produce a meaningful financial plan, the major ones being:

- That the purchase will be not be a 'going concern' which means that we pay VAT. We have sufficient capital funds surplus to cover this, and we anticipate being able to claim this back after 3 or 4 months of the business trading.
- Share interest is paid on shares from year two at up to 5% we can reduce this as needed based on actual performance of the business.
- The matched loan is assumed to be on a seven-year term at 8% interest rate, and the top-up loan is assumed to be on a ten-year term at 6% interest rate

We would be happy to discuss this business plan in detail with any interested investors.

### **Further Information**

Correspondence should be addressed to the Registered Office at:

Winterbourne Bassett Community Pub Limited

Telsar, Winterbourne Bassett, Wiltshire, SN4 9QB

Or by email to [saveourpub@winterbournebassett.com](mailto:saveourpub@winterbournebassett.com)