

# **Business Plan for The Dog Inn**

Prepared by The Dog Inn (Belthorn) Limited

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1.

## Executive Summary

This business plan presents a proposal for the operation of the Dog Inn, Belthorn, as a community-owned pub. The existing pub's activities will be diversified to create a mixed use facility.

***Our vision is to create a central focal point for village life which will act as a catalyst to re-ignite the economy and sense of community in Belthorn. Besides re-opening the pub, As a traditional local village pub serving real ale and sensibly priced wholesome food, we will bring a shop back to the village, have a base for community activities, bring in new trade through business network events and develop allotments on the land to the back of the pub.***

The Dog Inn has been a thriving pub in the past. However, over the last two decades it has declined under the ownership of a large pub operating company that has not invested in the building, in marketing, or in business development.

Bringing the Dog Inn into community ownership will ensure the success and sustainability of the business by enabling the community to develop the facilities to meet their needs, rather than serving the financial demands of disinterested and distant owners.

Community ownership will also ensure the business works alongside existing village businesses rather than competing directly with them.

To enable the purchase and operation of this facility a Community Benefit Society for the Benefit of the Community has been formed (FCA registration number 7095). This Society is known as The Dog Inn (Belthorn) Limited, and is a form of co-operative.

Capital to purchase the building (freehold) and update the premises will be raised through a community share offer. Shares will be nominally £1, and the minimum shareholding will be £250. The maximum individual investment allowed is £25,000.

Purchase of shares would confer 'membership' of the co-operative, giving members control over the business through the election (annually) of a Board of Directors and voting rights on significant issues at regular meetings. All members will have an equal vote, regardless of the size of their shareholding.

Directors (and shareholders) would have the protection of "limited liability".

The aim is to open the Dog Inn as soon as possible on taking possession only carrying out essential refurbishment and redecoration of the bar area and staff living accommodation and creation of a shop counter prior to opening.

Medium to longer term works would be paid for from the trading surplus, grant funding and volunteer input as appropriate. Such works include .....

A marketing strategy is presented which will increase usage by local people, visitors staying in the area, and day-trippers.

A risk analysis has been conducted. The high-impact risks would be failure to raise the requisite capital for the purchase, insufficient usage, or increases in operating costs.

## 2.Introduction

## Business Plan Purpose

This business plan has been developed to support development of a community pub for Belthorn village together with the surrounding area in East Lancashire. The community pub is intended to house local facilities including a public house and a shop, as well as offering allotments on the land at the back. The community pub is intended to safeguard these facilities by retaining a vibrant, economic heart to the village.

## Structure of the document

This business plan sets out the proposals for the realisation of this community facility. The plan is divided into the following sections: Section 1 – Executive Summary	Provides a one page summary of the business plan
Section 2 – Introduction	Sets out the purpose and structure of the business plan
Section 3 – Project Development	Gives more detail about the context for the project including the history and development of the project to date, background to the local area, community consultations and need for the project.
Section 4 – The Vision, Aims & Objectives For The Project	States the overall vision for a new Community Pub and explains the underlying aims and objectives and how these support the local needs identified in section three.
Section 5 – The Project Proposals	Explains the plans for the new Community Pub in more detail, including capital costs and implementation plans.
Section 6 – Building and Renovation	Looks at the main costs for repair, renovation and conversion.
Section 7 – Marketing plan	Outlines key activities to encourage use of the facilities.
Section 8 – Management and Operation	Describes the ongoing management and operating plans for the facility following opening.
Section 9 – Financial Forecasts	Summary five year revenue forecasts for the operation of the Community Pub.
Section 10 – Risk Analysis	Identifies the key risks associated with the project, with avoidance and mitigation strategies designed to prevent and minimise each risk assessed to be a significant threat to the project.

## 3 Project Development

This section explores the local history and context for the project. It details the local census area statistics, which give a flavour of the composition of the area. It goes on to outline the current difficulties associated with operating a business within the village at present and explains the various consultations and community involvement in the development of plans for a new facility.

### **3.2. The Background to the Project**

#### **The Dog Inn**

Despite being the final operational pub in the village, the Dog Inn, previously owned by Enterprise Inns has struggled to retain tenants. Over the past ten years five different tenants and one manager have unsuccessfully run the pub. In November 2014 the pub closed its doors after the tenant was forced to move on due to increased rental costs imposed by the brewery. The pub was placed on the market but not sold as a pub. Whilst Enterprise inns placed it for sale at the local auctioneers, a private sale was eventually made to Ribble Valley Luxury Home Limited.

As a result of the closure an initial group of concerned villagers began discussions about how to prevent the permanent loss of the pub in the village and an Open Meeting was arranged to explore the options for saving the facility. This meeting took place with only three days notice on 5<sup>th</sup> February 2015 and was attended by about 38 residents. The meeting concluded with the formation of a steering group to explore the options and resulted in the submission of an application to Hyndburn Council for nomination of the Dog Inn to be registered as an asset of community value.

The group developed quickly and an offer to purchase the Dog Inn as a community group, was submitted to the brewery prior to the auction. Unfortunately the sale had already been agreed with a local development company Ribble Valley Luxury Homes Ltd.

Contact was made with the new owner who agreed in principle to sell the pub and surrounding land to the community group and negotiations started.

Further meetings with the community have shown increasing support to form a co-operative to purchase and run the pub according to the needs of the local community.

The Dog Inn was once a thriving pub with a good restaurant, attracting visitors from Manchester and the surrounding areas as well as serving the local community. There then followed a long period of under investment which has meant the pub has deteriorated and is no longer an attractive venue to either visitors or the majority of the local community. This has had the inevitable knock-on effect of it losing custom and failing to make a profit thereby leading to further under investment whilst only the Pub Co profited from the business.

#### **Local Consultation**

At a meeting with local residents on March 19th 2015, villagers were given the opportunity to have their say as to what they would like the pub to be able to provide for them as a community. The aim of this was to create a focus for gathering and acting on suggestions for utilising the pub and the surrounding land.

When asked the question “ what would you like to see the pub used for? “

Over 140 suggestions were put forward. The vast majority of the suggestions included a traditional pub, a village shop, parcel drop off and pick up point, meeting point for local clubs, such as bridge club, darts club, history society, yoga club, coffee mornings, allotments, wifi and conference room

***The vast majority of these suggestions could be provided through the community purchase of the Dog inn building and land although some renovation and building repairs may be needed.***

### **The Local Community**

Belthorn is a small moorland village consisting of 228 houses sitting south east of Blackburn between Darwen and Oswaldtwistle. It has good access to the local motorway network and to Manchester. As the highest village in Lancashire at 1,000 ft above sea level, it has also been described as having the most bracing air in Lancashire! The village originally formed as a small farming and handloom weaving community. It was once quite industrial with two coal mines. These were both closed down in 1883 but several remained in the surrounding area of Hoddlesden and lower Darwen which had mines reaching up to Belthorn. The village once had 9 pubs, a co-operative shop, two cotton mills, a police station, a fish and chip shop, church, two schools and post office. It is now left with The Pack horse Italian restaurant, one Mill and a primary school and no other facilities inside the village.

The Dog Inn is listed as the start and finish point in the village heritage trail and receives visitors every year who enjoy this trail.

A high number of young people within the 30-40 age group compared to the national average (20.9% of the population compared to 20.6% for England) live in Belthorn. The mean age being 36 years. Many of these people have young families making the number of people below the age of 16 above the national average figures.

### **3.4. The Current Position**

#### **Developing a Sustainable Business**

Whilst Belthorn has a thriving community scene of groups and active volunteers, it is clear that its businesses and services are under threat. It is challenging for any business to survive in a rural location with a limited market and it has become clear during the development of this business plan that co-location of businesses under one roof, with shared overhead costs, offers an innovative solution to the threat of business closure. The Community pub would support the local economy, providing local employment, as well as purchasing local produce, goods and services, supporting local food producers and other service providers.

To progress this proposal, the steering group set up in the wake of the November 2014 closure of the pub have:

- Set up a legal entity, known as The Dog inn (Belthorn) limited.

- Nominated the Dog Inn as a community asset, to protect it through the Localism Act's Right to Bid legislation;
- Started negotiations with Ribble Valley Luxury Homes Ltd to purchase the Dog inn as a community group
- Seeking confirmation from HMRC that investors will be eligible for tax-relief under the (Seed) Enterprise Investment Scheme.
- The steering group has been supported in this by Co-operative and Mutual Solutions, Pub Is The Pub, the Plunkett Foundation and Hyndburn Borough Council

## The Future

There are now 34 examples of communities that have saved their local pub by taking it into community ownership and offering a different business model, involving either voluntary or professional management. In all of these models the income from the business can be invested back into the pub or other facilities or activities in the locality. For community shareholders, there is the knowledge that their investment is being put to worthwhile causes as well as offering some small financial reward through a dividend (or interest).

Community ownership of the pub would also offer a solution to housing a shop and other services within the centre of the village so that the project could be a real catalyst for the economic and social development of the village, achieving transformative community-led service delivery under one roof.

## 4. Vision, Aims & Objectives

### 4.1.

#### Introduction

This section sets out the overall vision for the new Community Pub and explains the underlying aims and objectives for the project. These are linked to, and directly support, the local needs and demand identified in section three.

### 4.2.

#### The vision for the project

The vision for the project is:

***To develop a community pub for Belthorn that will be a central focal point for village life and act as a catalyst to re-ignite the economy and sense of community in Belthorn.***

### 4.3. Project aims and objectives

The project aims and underlying objectives which underpin this vision have been developed based on the local needs identified in section 3. They are as follows:

**Aim One: To provide a flexible, multi-purpose community facility that enables participation in social, cultural and leisure activities by the whole community**

#### Objectives:

- a. To provide a community facility in the village offering somewhere to go and something to do

- b. To facilitate access to essential services, especially for older people and those who may be less mobile
- c. To provide economies of scale by locating several services under one roof

### **Aim Two: To protect essential services for the village**

#### **Objectives:**

To protect the last pub as an historical building protecting a valuable part of English Heritage

To provide a location for the development of other services which have been lost to the village, including health services like the defibrillator

To support local producers in the area to help maintain a vibrant local economy and generate jobs

To provide a car park in the centre of the village that can be used for the benefit of the village facilities and provide a space for special events including markets and fairs

### **Aim Three: To provide a flexible, multi-purpose community facility that is sustainable for the future**

#### **Objectives:**

- a. To provide a flexible venue that can be used for various activities, and by more than one user group at a time, to enable a diverse range of income generating activities
- b. To provide an attractive space that local residents, groups and businesses are keen to access, increasing the earned income potential of the building
- c. To share overhead costs between service types to further improve financial viability

## **5 Business Proposals**

### **5.1. Introduction**

This section explores the plans for the new community pub in more detail. It also provides a breakdown of the capital costs of the project.

### **5.2.**

#### **The Business Proposals**

The vision we have for The Dog Inn is for it to become the heart of the Belthorn community through the provision of various services which are:

**As a traditional local village pub** serving real ale and sensibly priced wholesome food. We want the pub to embrace the community and therefore provide food and facilities for the whole family. Themed nights would help to harness the talents in the village including music and folk nights, film nights, themed food nights and Shed Nights (you need to be from Belthorn to understand how important this is!). We know that The Dog previously was busy early evenings with people dropping in after work, but quieter later in the evenings. We aim

to change this by having events and activities on as many evenings as possible to give different groups of people in the village a reason to go The Dog.

We aim to start off offering simple bar snacks, such as cold sandwiches, toasties, pie and peas or sausage sandwiches (priced around £3 to £3.50). The plan is to recruit a chef in autumn 2015 to offer a range of traditional pub foods.

Re-engaging with the pub sports teams (especially football and darts) and having a regular quiz night would also help engage the community and bring trade through the door.

The pub would serve the local community and passing visitor trade as well as supporting other local businesses.

?

**As a place to meet / daytime venue** for village residents who currently do not have anywhere within easy walking distance to meet, hold events and chat. At the moment it is not proposed to be open during the day Monday to Friday except by demand. So community groups can arrange to book The Dog Inn either for one off events or regular weekly or monthly activities.

**As a venue for business network meetings.** The Dog Inn is just 3 minutes off Junction 5 of the M65. We know that the Starbucks at Eurogarages, the same distance on the other side of the junction, is well used for business meetings and there are several business network groups in the Blackburn area. We will install the equipment expected for a business network meeting plus free wifi. We believe that the Dog Inn, with its character and spectacular views over the Lancashire countryside will be a competitive venue with venues with unspectacular views over car parks.

**Allotments on the land at the rear of the pub** – The Dog has a large piece of land at the back sloping away into the Waterside Brook valley. This land is already used by villagers for keeping chickens for example. We propose to develop part of the land into a number of small allotments. It is not expected that this will generate much income but previously the land generated no income. And the possibility of the pub serving food grown on site would enhance the community identity of The Dog.

**A Shop** – the village has not had a shop for several years. It is proposed initially to have an ‘essentials’ shop (bread, milk, eggs, onions, past, stock cubes etc) in an alcove. The aim would be to have around 20-30 items, mostly non-perishable, that people run out of and need locally. In the medium term we intend to expand this into a proper village shop, possibly with a newsagents and post office. The shop would open from 2.30pm every weekday afternoon to catch the ‘school run’ to Belthorn Primary School opposite – there would also be hot drinks available but not a full bar service for the moment. Until the bar fully opened at 5pm the shop would be staffed by volunteers. The shop would be open from noon on Saturday and Sunday along with the rest of the pub.

**As a resource for visitors,** we want the building, not only to meet the needs of local people, but also travellers who currently pass through the area. The pub is situated within the West Pennine Moors. We would hope that by offering good quality but reasonably priced food

and providing a welcoming venue and attractive venue for walkers and cyclists, especially at the weekends we can build up a good outdoor clientele.

There is a network of walking routes from the village and the West Pennine Moors bridleway loop passes through Belthorn.

The Pub also owns the largest parking space in the village which we could use as somewhere walkers and cyclists can safely leave their vehicles for the day in return for custom

.  
**As a resource for regeneration of the village**, attracting more visitors to the village can only be a good thing as it will provide more income and employment for the community.

### **Business Model**

We believe that the best way of achieving our aims for The Dog Inn is to buy it and operate it as a community pub. We have formed a co-operative which is able, through a share issue, purchase the pub for the village and members of the co-operative. A co-operative – The Dog Inn (Belthorn) Limited - has already been established as a legal entity to enable this to happen should the village support the idea.

The benefits of this are:

- The local community would own the building in perpetuity
- People will feel more committed to the facilities offered by the pub
- Setting up a co-operative may allow us to attract grant aid
- Purchasing shares may provide a modest annual return by way of interest payable to members
- This approach is based on replicable model which has been implemented 34 times around the county

### **Future options**

As the building will be purchased as a freehold, the community will have the option to develop the range of services to meet their needs. Given that proposed business is viable within its current form (see financial forecasts), additional services could be added later at low risk. Suggestions include:-

- Gradually open day times Monday to Friday
- Further develop a village shop
- First responder point to redress the loss of the doctor's surgery (The Dog already has a defibrillator on site)

- Open exhibitions for local artists
- Farmers markets and car boot sales on the adjacent car park
- Development of a micro-brewery
- Luncheon club for the elderly in the village
- A small post office and/or parcel drop off point
- Dry cleaning collection and drop off point
- Tourist Information Point

These opportunities are limited only by the space available and demand for the service and will continue to be explored by the management team.

### **Shares issues by the The Dog Inn**

As a means of raising the required capital, shares in the project will be issued by The Dog Inn and will be made available once an agreement is in place to purchase The Dog Inn. Unlike shares on the stock market these shares cannot increase in value so trading in the shares is solely between the The Dog Inn and the individual investor. It should be noted that shares can decrease in value if the The Dog Inn were to dissolve but this is mitigated by the majority of the investment being locked into the capital of the building itself. It is also intended to apply for Seed Enterprise Investment Scheme and Enterprise Investment Scheme tax reliefs which will give 50% and 30% tax relief respectively on the value of their shares for UK based individual taxpayers.

The cost of each share is £1 but, for practical purposes, the minimum amount which can be invested is proposed to be set at £250. There will be a maximum investment of {say £25,000} per member. Owning a share automatically entitles the member to having a say in how the community society is managed. Being a co-operative, each member would retain one vote no matter how many shares they own.

The membership will elect a Board of Directors that will, amongst other things, advise the members on what they think the annual level of interest should be.

There is a tie-in period associated with the shares (except at the board's absolute discretion if a member faces a crisis) of at least 3 years in order to maintain the level of capital. After that there will be a period of notice required prior to any withdrawal. The Directors will have discretion in exceptional circumstances to allow shares to be withdrawn sooner than the requisite time.

## **6. Building & Renovation**

### **6.1. Introduction**

This section sets out some of the key headings for repair, renovation and conversion costs. A survey of the building has been undertaken and the results of this have been incorporated into the costs. In terms of the building's condition, there are no immediate major items necessary other than items of routine maintenance (e.g. gutters) but in the medium to long term, allowances for major repairs must be included below.

The full survey estimates the cost of the immediate works needed at around £19k

The work that is required prior to opening is minimal but includes:

**Shop.** Developing the alcove area

**Kitchen.** Although the kitchen is adequate as it stands, a small allowance has been included for any improvements to ensure that food can be produced compliant to current food hygiene standards.

**Staff accommodation.** Refurbishment of the staff accommodation to make at a welcoming place to live.

**6.2.**

### **Short Term Works Required**

The following are areas of work which would be addressed as soon as funds, potentially including grant funding or via volunteer input, allows:

**Toilets.** Some work required to bring them up to standard.

**Repairs.** General routine maintenance work (e.g. gutters to be cleared)

### **Medium to Long Term Works Required**

Long term works will require a schedule which enables areas to be completed during quiet trading periods.

**Bar area.** Redecoration to make the area welcoming and attractive to villagers and target visitors.

**Roof/gutters/windows/external stonework and pointing.** General repairs.

**Upstairs living accommodation.** Refurbishment work

**Plumbing and heating.** Generally upgraded.

Currently none of these are urgent repairs and will be carried out as the business surpluses allow. Although grant funding to purchase buildings is limited, funding opportunities may be more available to fund repairs and we will continue to seek these funding opportunities to support these works.

## 7. Marketing Plan

### Introduction

The marketing plan for the The Dog Inn is based on three fundamental aims:

- To increase the number of customers using the facilities (building the customer base)
- To increase the frequency with which customers use the facilities (building customer loyalty)
- To increase the value of each visit made (building customer value)

The target market segments that we hope to attract through the marketing proposals are: -

Local people, including families, young people, older people, school parents – both from Belthorn and the wider/ Hyndburn / Blackburn with Darwen areas and East Lancashire

Day visitors to the area, particularly walkers and cyclists taking advantage of the spectacular views from Belthorn which is the highest village in Lancashire

To enable the committee to gain a full understanding of what facilities the local community required in The Dog Inn, a series of well attended events were held to encourage the community to put forward their ideas of what facilities they wanted in The Dog Inn. As a result, a total of 145 proposals were put forward. The proposals were all recorded and sorted by activity, e.g. traditional (darts, pool, real ale) convenience (mini convenience store) etc. The proposals were then sorted by most popular and it is these most popular ideas that will be considered for viability and sustainability during the initial months of opening. Ideas not considered suitable or viable at the initial stage may be considered for inclusion at a later date i.e. stage 2

Proposed methods for achieving the marketing objectives in the early days of operation of the business are outlined below. The marketing plan will be updated regularly in conjunction with the management team as the business grows and develops.

### **Increasing the number of customers**

The first part of the marketing strategy relies on raising awareness of the new Community facility and the services on offer. This will be done through an extensive outward facing marketing campaign incorporating all forms of media including:

#### ***Print media***

Articles in the run up to the launch of the new facility will be placed in local print media, for example, The Lancashire Telegraph (where there is also an on-line version), plus others to ensure good coverage across East Lancashire. Additionally, the committee can rely upon a team of local volunteers to carry out periodic leaflet drops to every home within the village. This will ensure a regular update to all 228 residences about events and activities. The aim of the marketing campaign will be to create awareness and interest in the facilities, by emphasising the community aspect of the project - the first of its kind within the East

Lancashire area. The ultimate goal of the activities will be to convert readers from a general awareness to active interest in visiting.

### ***Social media***

Mirroring the print media campaign, the social media campaign will help raise awareness amongst potentially different demographic to the printed word, generating awareness and interest amongst a younger, and more geographically diverse audience. Website articles (on our own, and other's websites) will be used, along with a facebook group, You Tube page and specific marketing articles to special interest groups such as cyclists and walkers. The collection of email addresses given by people who have expressed an interest in being informed about the project as well as from customer feedback will enable email shots to be carried out again to maintain awareness in events and activities and offer incentives. The Facebook page will be designed to be a storytelling page keeping stakeholders up to date with events via invites and improving awareness by promoting "likes". The website will be designed to be easily navigable for whatever service or activity the end user is interested in. Specific detail and photographs will be used to describe each activity, be that a daily menu and ales on offer, a business or social event with available equipment for hire and a monthly event calendar. A monitored contacts page will ensure that any enquiries are dealt with efficiently.

### ***Local businesses, groups and clubs***

We will seek to work with local businesses, groups and clubs to raise awareness of the project amongst their customers, users and visitors. This will be done through the attendance of business network events, leaflets / posters within local businesses, and through giving talks and presentations to local groups. The local Primary Academy school, which is located opposite The Dog Inn, offers an important marketing channel to engage parents picking up and dropping off children and opening hours have been set to reflect this. There are currently in excess of 170 children attending the local school of which approx. 70 are from Belthorn. There are a small number of holiday lets within the village which will also be an important area from which to generate business.

### **Increasing the frequency of visits**

#### ***Creating a welcoming and attractive atmosphere***

Having attracted customers initially through the door, our main marketing tool will be to create a great impression and build a positive reputation to encourage repeat visits. To do this we will offer favourable terms and conditions to staff and ongoing training to enable them to provide a great customer experience. We will invest in the fabric of the building on an ongoing basis to provide the kind of environment that our customers will expect. We will serve customers promptly, with a friendly manner and any complaints will be dealt with to reach a satisfactory outcome for the customer.

A regularly changing food menu and drinks offer using where possible locally sourced ingredients and real ales will also help to retain customer interest, attracting repeat visits on an ongoing basis.

#### ***Events & Activities***

A series of activities and events aimed at engaging *all* sections of the local community, as well as visitors will be developed, including regular day and evening events e.g. allotments located

on the field at the rear of The Dog Inn, hosting business and network events, establishing a mini convenience store, health and fitness events (Yoga, Tai Chi), book clubs, darts / pool competitions and quiz nights, Future options include a parcel drop off and collection point, a mobile hairdressing facility church services and a tea/coffee shop. Additionally, larger one-off events such as seasonal markets, May Day parade, bonfire night, wine tasting, and speciality food evenings and beer festivals. Each event and activity, whilst designed to meet a local community need, will also increase the frequency of visits by a wider customer base.

### ***Promotions / Loyalty Cards***

One off promotions will be used to generate interest, especially at off-peak / traditionally quiet times. These will be developed in conjunction with the facilities staff / management to gain their feedback and knowledge on the most appropriate form of promotion.

Loyalty cards offering discounts or freebies are being considered to entice users to return on a regular basis.

### ***Tripadvisor and other online travel forums***

Maintaining a watching brief on review websites such as Tripadvisor will enable the Pub management to respond to any negative reviews / comments quickly and directly, showing the wider potential customer base that we are engaged and committed to improving services. All comments will be reviewed and where appropriate replied to. If corrective action is deemed necessary, this will be taken. The aim will be achieve a rating of 4/5 within 6 months.

### **Increasing the value of each visit**

#### ***Increasing the facilities available under one roof***

Prior to its closure in November 2014, The Dog Inn functioned only as a pub business serving food. This limits the revenue generation opportunities, as well as the audience likely to enter the building. By co-locating a number of services and facilities under one roof we aim to attract a wider audience to the pub, increasing the revenue generated from each visitor. For example, those that may not otherwise visit the pub may be encouraged to do so by first visiting as a business networker, allotment holder or customer of the shop, converting into a customer of the pub through a better understanding of the facilities on offer.

#### ***Increasing the time spent in the Community Pub***

One way to increase the value of each visit made by customers is to increase the amount of time spent in the facility; people popping in for a drink may be persuaded to stay for a meal or snack by prominently displaying an eye catching and tempting menu, whilst those visiting to use the convenience store may be enticed to stay for a bite to eat after smelling the freshly brewed coffee. Newspapers and second hand books could be used to encourage longer dwell times. Good wifi connections can also encourage visitors to stay longer, particularly those who do not have access to this elsewhere e.g. tourist visitors. Belthorn benefits from an excellent fibre broadband service by being one of the first villages in the UK to be part of the fibre broadband installation, co-ordinated by Superfast Lancashire. Ultimately, creating a comfortable and pleasant environment, that meets the needs of the customer, will encourage longer, more valuable visits.

## **8. Management & Operation**

## **8.1. Introduction**

This section describes the ongoing management and operating plans for the Community Pub following opening.

## **8.2. The Dog Inn**

The community asset will be owned by the Dog Inn (Belthorn) Limited. We have chosen this legal model because it emphasises the social benefit of the project, whilst giving directors the protection of limited liability. It guarantees an “asset lock” that ensures the assets of the society will be used for the benefit of the community and cannot be disposed of for the private profit. The Co-operative rules have been approved by the Financial Conduct Authority and are available separately.

### **Management & Operation of the Community Pub**

#### **Dog Inn**

The strategic management of the venue will be overseen by the elected board which has been set up specifically for this purpose. Our intention is to establish a broad membership drawn from across the local community through the purchase of community shares. The Members (shareholders) will elect a Board of Directors at its Annual General Meeting.

#### **Day to day operation**

A general manager will be appointed, for the day-to-day management of the facilities, leaving the community, through the shareholders and their appointed directors, to set the strategic direction.

### **Financial Forecasts**

#### **9.1. Introduction**

This section outlines the anticipated income and expenditure forecasts for a five-year period following opening. This is consistent with industry standard revenues for a rural aspect pub plus forecasts for post office and café revenues based on equivalent actuals.

#### **9.2. Capital**

Shares £170k @ 3% interest from 2016

Village Hall Fund £10k – as shares @ 3% interest from 2016

Other grants are being explored. We have already secured £2k from the Plunkett Foundation to help with some set up costs

#### **Purchase Price**

£145k

#### **Initial Stock**

£10k - estimated

#### **Initial Refurbishment Work**

£20k, based on the full survey

### Sales

Wet sales - £156k – based on information from the community on previous usage. Rising at 1% a month for the first year to reflect increased community marketing. And a 10% uplift in December as happens (often much higher than 10%) in other pubs because it is Christmas

(£3k a week – 1200 drinks @ £2.50)

Food sales - £13k non-chef; £26k chef from October 2015

(12 covers a night @ £3 with bar snacks, then £6 with chef)

Business Breakfast Networking events - £.2.6k (One a fortnight bringing in £100 each)

Shop and coffees - £15 a day (£105 a week) – we think this is very conservative. We have had feedback from the owner of the last shop in the village that prior to closure it was taking around £700 a week.

### Expenditure

Cost of wet sales - 50%

Cost of food sales 33%

Cost of business breakfasts - £20 each

Cost of shop stock – 66%

Wages – Manager and chef - £40k (manager only until October when we open fully for food)

Bar staff - £18.2k (52 hours per week)

(Total 25% of sales – industry standard)

Business Rates - £5620

Heat & light £10k

Insurance (£2k) and Accountancy - £1k (get actual quote)

Repairs £3k

Equipment £3k

Marketing £2k

PRS and PPL licenses - £630

Sundries £2.7k (travel, telephone, internet, cleaning etc)

Share Interest £5.1k

Financial projections for 2015-16 show a cash balance at the end of the year of £38k> profit and loss account has not yet been calculated

## 9. Risk Analysis

We have considered the key risks for the proposed community take over of The Dog Inn:-

- The capital is not raised. The community purchase does not go ahead and all monies are returned in full to people who have bought shares.
- A catastrophic failure of the business. The Dog Inn would be sold and the money from the sale used to refund shareholders as far as possible. Assuming people have claimed EIS tax relief, so long as The Dog was sold for at least £120k people should get all their money back. However, we cannot hide from the fact that this is an 'at risk' investment and people might lose some or all of their money
- 'Wet' sales are lower than anticipated. We think we have been conservative in our assumptions. But if bar sales were lower than anticipated, then we would seek to promote The Dog more strongly through leafleting the village, the Facebook page, the website and local media. We would try to encourage more events on the quietest evenings. If necessary we would close on the quietest evening to save money. We would look at using more volunteer bar staff.
- The manager does not work out. We would replace the manager.
- The manager leaves with little or no notice. We intend that one of the committee will hold a personal license to be able to cover such a situation for a short period of time. Where this is not the case, we will identify a personal license holder who would be willing to step in at short notice.
- When we introduce food sales, they don't work. We would assess whether this was due to the chef and if this seemed to be the case, we would find another chef. However, we could go back down to basic bar snacks.
- Demand for the 'essentials' shop is low. We would not expand the shop and might even close the 'essentials' shop.
- A major repair not picked up in the survey becomes apparent in a few years time. We would then have a trading track record on which to raise finance. If the repair was unaffordable, then we would close the business and seek to sell the building.