

The George Community Pub
(Wickham Market) Ltd

Feasibility Study Report

November 2017



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1. Introduction

On 18th April 2013 a fire badly damaged The George public house in Wickham Market. It has been closed ever since. At its height in 1910 Wickham Market had seven pubs and, over the years, while the village population grew to now about 2,300 people, the number of pubs dwindled until in 1999 The George was the only one left.

The George dates back to the early 16th century, sits in a Conservation Area and is Grade II listed building with substantial historically important structures and design features.

While originally not an internally comfortable pub, nor attractive to large parts of the community, its loss creates an opportunity for it to be rebuilt, fitted out and extended with a configuration, facilities and services which make it attractive to the whole village. There is an opportunity to make The George into more than a pub, to be a warm, friendly, inviting and inclusive meeting place for locals, diners and social groups.

Any rebuilding and restructuring would have to meet firm planning requirements with regard to retention and replacement of the remaining heritage assets appropriate to its Grade II listing status. These requirements result in significant rebuild costs which cannot be recovered from running the pub and which therefore makes it uneconomic for a private owner. However, community groups have access to grants for use in its restoration without the need for their recovery, thereby raising the potential of a long term viable business plan. In particular, because of the heritage issues, it puts restoration of the building clearly within the criteria for a Lottery Heritage Grant.

Public meetings have demonstrated a strong community wish to have a pub in the village and in particular to restore the ancient features and visage of The George. Consequently, a project group was set up, comprising village residents as volunteers, to explore the issues surrounding the community taking responsibility for the purchase, reconstruction and management of The George. The group transformed into a Society called The George (Community Pub) Wickham Market Ltd. This corporate structure will allow the community to take ownership of The George through the purchase of community shares by members of The Society.

The current owner of The George has agreed to sell it to The Society and the overall strategy under consideration is a two-step approach. Firstly, to sell community shares to raise funds for the community to buy The George and then to raise the remaining funds through grants and additional community shares to rebuild, restore and refit The George. Grants for restoration will not be available until The Society owns the site.

This report follows an extensive feasibility study conducted by The Society exploring the viability of restoring The George and its associated benefits. A draft Summary Project Plan has been drawn up to show the key activities and timeline to successful completion of the project should it go forward and is attached as Appendix 1.

2. Purpose

The purpose of this report is to establish whether or not it is feasible and financially viable to acquire, reconstruct and subsequently operate the fire-damaged George as a community venture (the Project). On the basis of the analysis contained herein, the report concludes, at the end of the Summary which is section 11, whether the Project should proceed or not.

3. Following the Fire

At the time of the fire in April 2013 The George, a Grade II-listed building in the Wickham Market Conservation Area, was owned by Punch Taverns who, after the fire, spent some time determining what action to take regarding its future. In this period scaffolding was erected to support a corrugated metal 'roof' as part of an effort to protect the building from further deterioration. Apart from debris clearance the site lay undisturbed and was eventually sold at auction in October 2014 for approximately £62,000 to Montague

Investments Limited. In late 2014, after the sale, Suffolk Coastal District Council added The George to the Suffolk Historic Buildings at Risk Register, recognising its historic significance and the need for action to preserve it, noting it was repairable.

Under the new owners no material action was taken to improve the condition of the building and in May 2015 ownership was transferred to Spencer Valentine Limited.

In July 2016 Spencer Valentine submitted a planning application for demolition of The George and replacement with a new public house including letting rooms together with erection of a new dwelling at the rear of the site. In September of that year Suffolk Coastal District Council (SCDC) refused planning permission with reasons summarised as *“the loss of a Listed Building and the impact on the conservation area”*.

Subsequently SCDC recorded in April 2017 that since the refusal of planning permission ‘the owner of the property has not undertaken any improvements to the building or its surroundings. There is a total absence of care, repair and maintenance; there is ongoing deterioration of the fabric of the building; and there are ongoing concerns from neighbours and the Parish Council about the extended lack of progress in securing the future of this site by the current owner’

In the background to the continued visual deterioration of The George site and the absence of the last remaining pub in the village, much public concern was raised by the residents of the village. This resulted in a well-attended public meeting in April 2016 where this concern was strongly expressed to SCDC about the ‘eyesore’ and lack of progress on restoration. This was followed up in July 2016 with another public meeting where there was strong opposition to the planning proposal which was seen by many not to be viable.

At this second public meeting the concept of the community setting up a project group to explore the possibility of taking ownership of The George, restoring it and managing it as a community pub was raised and supported. As a consequence, The George Community Pub Project Group was established and later registered as a society for community benefit under the name The George Community Pub (Wickham Market) Ltd (‘The Society’).

In support of this initiative the Parish Council registered The George as an Asset of Community Value. This is *“land or property of importance to a local community which is subject to additional protection from development. The owner of an Asset of Community Value must inform the local authority if they wish to sell the asset. If a group wants to buy the asset, they can trigger a moratorium for six months, to give them a chance to raise the money to purchase the asset. The owner does not have to sell to a community group. The asset of community value listing only improves the chances of community groups being able to purchase by providing more time to raise funds. It does not require the owner to sell at a discount”*

As a result of the continued uncertainty regarding the building’s future, SCDC prepared in April 2017 a Building Repairs Notice for The George. This is a notice issued to property owners when *“a building is neglected and the need for permanent repair accumulates to the point where there is potential for serious harm”* and is *‘intended to secure works for the long-term preservation of the listed building’*. It has not been issued but has been held in abeyance by SCDC until after the potential sale has been resolved.

4. The Society

When The George Community Pub Project Group met for the first time on 8 August 2016 it comprised 13 members and set the purpose *“to explore the issues surrounding the community taking responsibility for the purchase, reconstruction and management of The George”*.

The Group recognised that the high costs of restoring the building to retain its heritage aspects would make its reconstruction uneconomical to a private enterprise as these costs would not be recoverable. However, as a community organisation the group would be

eligible for grants to cover most of the reconstruction and a viable business plan could be possible.

It quickly became evident that in order to proceed, a corporate organisation would need to be established so that in the short term it could hold and manage funds to pursue its aims and in the long term, should the project be successful, be the owner of the new George. Advice was taken from other community pubs and in particular from the Plunkett Foundation on the form of the organisation and a Society for Community Benefit (BenComm) was chosen.

The **Plunkett Foundation** helps rural communities in the UK to take control of the issues affecting them through community ownership and, working in collaboration with Co-operative & Community Finance, Keyfund, the Campaign for Real Ale (CAMRA), and Co-operative Mutual Solutions, it leads the More than a Pub initiative. This is a Community Pub Business Support Programme established to encourage community ownership of pubs in England and is jointly funded by the Department for Communities and Local Government and Power to Change. It offers the community pub sector access to an end-to-end support programme including advice, capacity building and a finance package made up of loans and grants.

An Industrial and Provident Society for Community Benefit is an incorporated industrial and provident society (IPS) that exists for community benefit, rather than the benefit of members. It operates under the principles of open and voluntary membership and one member, one vote. These combine to ensure democratic community control.

In registering The Society with the Financial Conduct Authority (FCA) it was necessary to present the Rules which set out the way it is owned, organised and governed and which include its objects, which were taken as:

“The objects of The Society shall be to carry on business for the benefit of the community by Taking ownership of The George Public House, and restoring it to use as a viable community pub and Social Enterprise offering services, facilities and opportunities for the community benefit.

As a Community Benefit Society, it will allow individuals in the community to have a democratic stake in a key community enterprise and will engage in other village activities with a view to re-investing any surplus for the benefit of the Social Enterprise, the community and stakeholders”.

In meeting these objects, The Society also fully recognised the necessity and desirability of restoring and reconstructing the significant fabric and retaining the historic character of the building while delivering a pub that the community wants and giving also the maximum possible potential social benefit whilst crucially being commercially viable

Details on the structure of The Society, its members and the Management Committee are set out in section 7.4.

In order to determine if the objects can be met the Project Group decided to conduct a Feasibility Study which would lead to a decision on whether to proceed with pub purchase and reconstruction. This report is the outcome of that study.

5. Community Pub and Share Ownership

The Campaign for Real Ale (CAMRA) estimates that 29 pubs close every week. More and more communities are choosing to take action themselves and consider community ownership as a way of taking control of their pub and operating it as a community-owned business. To date, 1,250 pubs have been registered as Assets of Community Value, potentially as a prelude to community ownership. The first Community Pub opened in 1982 and, as of August 2017, there are 52 co-operative pubs open and trading, with up to another 80 proposed or under development. It is believed that to date no Community Pubs have failed. The circumstances of community purchase and fund raising have varied greatly – with some pubs still trading and others, like The George, with a break in trading.

A Community pub is not something that is imposed from the outside. It has its roots within the community, binding people together in a way that few other things are able to do. It is a way of securing and preserving something precious; a place where people can share their joys and sorrows, celebrate and commiserate, or just pass the time of day in what is truly their own pub. For The George the vision is to bring it back to life for the benefit and ownership of the community; to be more than a pub, to be a warm, friendly, inviting and inclusive meeting place for locals, diners and social groups.

As a BenComm a Community Pub is owned and controlled by a large number of people from within the community - typically around 200 people. Pubs saved in this way are governed democratically on the basis that each member gets one vote, regardless of how much money they invested. This is important because most communities are made up of people with varying incomes, so the co-operative model makes sure that all members have the opportunity to have a say about what is important to them - regardless of the size of their financial commitment. BenComms have both open and voluntary membership, which means that new people moving into the community, or those who have not previously been involved, can still become members.

Community Share ownership is a fundamental part of the whole project as it is the means by which the community participates in and takes ownership of the Project. In addition, it provides vital funds to the Project and is seen by most grant givers as a necessary demonstration that the community is committed to the Project.

In recent years a number of community-financed pubs have raised funds in the range of £150,000 to £480,000 through one or more community share offers. These include pubs in the following Suffolk villages (with amounts raised and 2011 populations): Shottisham (£450,000 and 197), Somersham (£350,000 and 733) and Bentley (£230,000 and 776). The amounts raised imply the share issues have received wider support. The estimated current population of Wickham Market is 2,300, a far higher number than the other Suffolk villages cited.

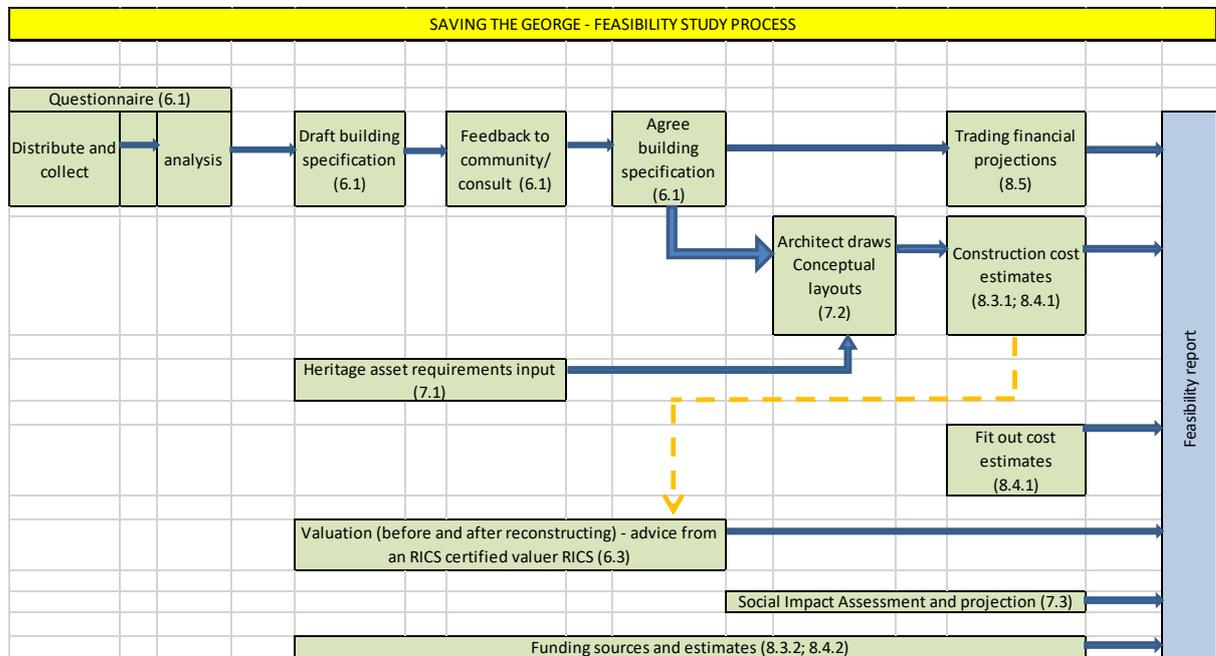
The Society's share offer will be made in two tranches. The first tranche, set to raise a minimum of £150,000, will be sufficient to enable the purchase of The George and associated costs and may also contribute towards project development costs. From this point The George will be owned by the community, then in a position to influence its future. This point is particularly important as ownership of The George is a pre-requisite for subsequent grant applications. The second tranche of shares will be issued if deemed necessary soon after purchase as part of the funding for reconstruction and has also been set to raise a minimum of £150,000. The combined Investment of £300,000 sits comfortably within the range set out above. It is acknowledged that the first tranche may raise more than £150,000 so the balance required for restoration may be revised as appropriate.

Both tranches are to be marketed vigorously to a wide audience across Suffolk and beyond. An application is to be made to HM Revenue & Customs for the shares to qualify for the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS). For tax-paying investors this can result in respectively 50% and 30% tax relief on their investment. More information about this incentive will be included in the Share Offer document when it is published.

6. Feasibility Programme

6.1. Process

To conduct the Feasibility Study The Society first identified the necessary elements and drew them together into the process shown here -



Completing the Study required funding and The Society applied for and received grants as follows -

The Plunkett Foundation	£2,500
Suffolk County Council	£2,500
Suffolk Coastal District Council	£1,640
Architectural Heritage Fund	£4,400
Total	£11,040

Additionally, a number of community events have been organised which, together with donations, have raised £2,003.

The success in obtaining funds demonstrates that The Society is able to manage the grant application process and that the Project addresses needs and issues which grant providers consider worthy of funding. We are grateful to the above for their support.

The results of the research and analysis are shown in the remainder of this report - with the relevant section numbers shown in brackets in each of the boxes above.

6.2. Consultation and Community Engagement

Prior to being damaged The George was, in general, not well used and the clientele was not representative of the demographics of the village. It was in poor internal order with an atmosphere which tended to be 'male-orientated' and not generally considered by the community to be a welcoming, safe or comfortable place to visit. There was a poorly fitted out room in which typical Sunday lunches were served and occasional bar meals – again limiting the pub's wider appeal.

The extensive damage to the pub presents an opportunity to have it rebuilt and restored in a different, more viable, flexible and useful configuration. The George can also be re-

imaged to create the sort of community pub the village would want and use and to be attractive to the community as a whole and to outside visitors.

To take this initiative forward the Project Group consulted the community via a questionnaire which was delivered to every house and business in the village. Its purpose was to canvas information on what facilities would make a difference to the way the residents would use The George and to provide data on how frequently they would visit it. The results have been input to financial viability calculations in section 8.

A copy of the Village Questionnaire is attached as Appendix 2. 576 responses were received which is close to one third of the adult population of the village and considered sufficiently large to be representative of the community views.

A graphical summary of the results of the consultation is shown in Appendix 3.

From these responses, a design brief was prepared for an architect to prepare a conceptual layout. On the basis of the village's opinions it included the following space provisions:

- Lounge bar – 55m².
- Separate restaurant – 36 covers
- Separate room for flexible activities – 50m².
- Patio/garden area
- Car park – sized as possible

The results of the survey and an update on progress made by The Society were presented to the community at an open public meeting In February 2017.

6.3. Valuations

In order to establish the value of The George both before and after restoration we commissioned Christie and Co. to perform an RICS certified valuation.

Christie and Co. are Chartered Surveyors established and renowned in offering advisory, consultancy and valuation services within specialist sectors including pubs. It has the largest pub brokerage team in the UK working across the board, from single assets to large portfolios.

They produced a comprehensive and detailed report, which also considered the viability of The George. The opinion below is a direct extract from their report -

“Valuation Summary

In our opinion the Market Value of the freehold interest in the Property in its existing use and present condition as a fully-equipped and operational entity, having regard to its trading potential as at the Valuation Date is:

*£0
(Nil Pounds)*

*MVSA1 - Market Value subject to the Special Assumptions set out previously is:
£320,000
(Three Hundred and Twenty Thousand Pounds)*

*MVSA2 - Market Value subject to the Special Assumptions set out previously is:
£425,000
(Four Hundred and Twenty Five Thousand Pounds)*

The valuations set out exclude any liability that arises or could arise in respect of VAT, Taxation and the costs of acquisition or realisation. The definition of Market Value

should be interpreted in the context of the 2013 International Valuation Standards Framework (paragraphs 29 to 34), which includes the conceptual framework.”

Note that MVSA 1 is the market value at the time that The George is ready to trade and MVSA 2 is the market value when it is “trading at maturity” which is anticipated to be 18 months after MVSA1.

The Special Assumptions mentioned in the valuations are:

- redevelopment works have been undertaken and completed as per the plans provided;
- for MVSA 1 the Property is ready to trade on a day 1 turnkey basis;
- for MVSA 2 the Property is trading at maturity; and
- market conditions remain the same as at the time of inspection

In response to a query about the current quoted value, Christies & Co replied that they understood “*that it may seem contrary to logic that a £0 (Nil) Market Value is attributable to the site, however, given all the restrictions in place and the extensive costs which would be incurred in redeveloping the site it represents a liability rather than an asset, hence the value attributable*”.

However, if we wish to proceed and restore The George it would clearly have value to The Society by allowing the opportunity to secure the last pub in the village and construct it in a configuration and character that would benefit the community in the manner outlined in section 7.3.

7. The New George

7.1. Heritage

The effects of the 2013 fire left the building in a very poor condition; officially classified as “*Very Bad*” in the Buildings at Risk register description. Immediately after the fire, work was done to stabilise the structure and remove fire debris, though a significant number of timbers have been recorded and retained for possible reconstruction purposes. The majority of the roof had been destroyed by the fire, although some remnants of the historic crown post structure survived, albeit in a heavily charred condition. Although the building is effectively a shell, a large proportion of the most historically significant timber-framing, comprising the outer walls, internal cross frames, first floor and eave ties have survived sufficiently to allow repair and reconstructive work and it is considered possible that charred timbers can be cleaned (Rick Lewis, Timber Construction and Conservation Specialist, 2015). Considerable areas of wattle and daub infill have also survived, with varying degrees of fire damage and can be retained.

Other elements, including the chimney stacks and northern brick end gable have also survived and are capable of being incorporated into a reconstructed building. Overall, independent conservation engineering advice taken by Suffolk Coastal District Council (as stated in their Conservation Officer’s advice on the 2016 planning application) indicated that despite the damage “*the fire-damaged building was capable of retention and reinstatement*”. This is underscored by the Council’s preparation of a Building Repair Notice and specification for its restoration. The building is currently protected by a scaffold and corrugated iron roofing structure, but it is inevitable that there will be further structural deterioration over time.

The Project will secure the survival of historically significant structural elements (heritage assets) of The George which are currently in danger of deterioration and loss. By incorporating them sympathetically into a new structure, with a viable commercial future and designed to enhance the conservation area, it will ensure their accessibility and appreciation for future generations. There is an opportunity here to create a building around these historical assets which can be tailored to the needs of the community and which exploit the assets to the full by providing future access to, and understanding of, its

historic architectural features. Similarly, opportunities will be available during the reconstruction process, where hands-on or other related learning activities can be provided - concentrating mainly on the historic fabric. This could include sponsored apprentices to specialist craftsmen and workshops. Throughout the reconstruction there will be education opportunities relating to the fabric of the building and its historical significance.

The Project and community ownership is the only means by which the 'conservation deficit' inherent in the retention of the historic structure can be addressed. Conservation deficit is defined as the amount by which the cost of bringing an historic building back into viable and sustainable use exceeds the market value of the asset when restored to use. It is demonstrably unlikely that any commercial developer would be able to put forward a financially viable scheme which involved the retention of the historic structure, the continuation of its historic usage as a public house, or secure funding to provide the community benefits envisaged by The Society.

In summary, the beneficial heritage outcomes to the community of reconstructing The George are as follows:

- Outcome 1: The preservation and enhanced accessibility of highly significant historical remains, which would otherwise be lost;
- Outcome 2: Increased understanding and appreciation of and involvement with our community's history and its continuities as represented by The George - enhancing the community's sense of place and attachment to Wickham Market;
- Outcome 3: Greater knowledge of practical and academic historical techniques within the community.

7.2. Social and Community Benefits

In reconstructing The George, the aims of The Society are to make The George a community hub, providing an informal meeting place, social facilities and a communal venue for all members of the community,

Arrangements to ensure that social and community benefits are delivered remain to be determined in detail. However current proposals are:

- for the Management Committee to work with the tenant in meeting the objectives to develop The George into a flourishing business owned by local shareholders and run for the benefit of the village and as a community hub
- to make it into a great place to relax and socialise for those visiting alone, in pairs or couples, with friends, family, work associates or special interest groups and particularly for those who are vulnerable
- to make it somewhere that people from different parts of the community feel welcome; where they come regularly and frequently to meet, eat and drink and take part in social activities - supplementing existing village activities and offerings
- to create a vibrant hub, a real asset to people who live here now and having a strong social impact on the community and one that can be passed on to future generations of the village inhabitants

This potentially will include activities:

- To ensure that the community are involved in developing activities of their choice by engaging with them and organising consultations, meetings, coffee mornings and other opportunities to gather local views
- To recruit local volunteers to manage regular activities and to encourage others in the community to instigate and run social events such as lunch clubs for the elderly, quiz nights for families, music evenings and interest groups for all ages
- To source grant funding and organise fundraising activities to help with providing IT equipment and training sessions, speakers for talks, community heritage events and projects, items for use by the community, setting up lunch clubs, etc.

- To look at issues of transport such as organising a local minibus or cars in order that those in nearby potentially isolated rural communities can travel to enjoy visiting the pub for a meal and drink and to socialise and take part in events and activities

Particular consideration will be given to the more vulnerable in the area, to embrace them within the local community.

To help ensure these aims will be achieved, The Society has engaged with Community Action Suffolk (CAS) to assess the changes and how they may be presented and monitored. Their report is referenced in Appendix 4, which contains further information.

In summary, the Social and Community Benefit of restoring The George will fall across three impact areas, each with its own projected outcomes:

Social Impact:

- Outcome 1: Reduced social Isolation
- Outcome 2: Improved health and wellbeing of local residents
- Outcome 3: Improved community connections

Economic Impact:

- Outcome 1: Increased economic activity in the local area with local spend
- Outcome 2: Increased education, employment and training for local residents

Environmental Impact:

- Outcome 1: Reduced carbon footprint on the local area
- Outcome 2: Increased environmental understanding amongst the local community

7.3. Conceptual Layout

The options for the layout are very significantly constrained by the requirement to restore and reconstruct the historically significant elements of The George. However, working within these constraints and the design brief outlined in section 6.2 the architect has created a conceptual layout which is shown in Appendix 5.

The principal elements are:

- **Ground Floor.**
 - Lounge Bar. There is a lounge bar at the front of 31m², with a separate area within the building for standing rather than seating, that adds a further 22m², providing flexibility for the pub side.
 - Separate Restaurant. There are two distinct dining areas at the front of the building, which can accommodate circa 40 covers. This allows flexibility on dining/drinking mix as one dining area could be used as temporary overflow drinking. It is also possible to use the lounge bar to further add covers for basket type meals if appropriate.
 - Separate Room for flexible activities. The family-friendly/community area totals 52m². It can be separated off and has access directly to the patio/garden area and WCs. It provides a flexible space with small breakout areas.
 - Kitchen. The kitchen has been enlarged to accommodate the larger restaurant and the space has been broken down into three key areas - dirty kitchen, prep kitchen and storage.
- **First Floor.** Tenant's accommodation. This comprises a lounge/diner, 2 bedrooms, a kitchen, and 2 bathrooms. It is accessed via a bridge from the stairs. The positioning of the stairs allows a small area of gallery seating with a footprint of 23m² providing further space for community or other activities.
- **Second Floor/Attic.** Access to the second-floor roof space is provided, but not included as part of the accommodation and will simply be used for storage.
- **External Space.** Patio/Garden Area. The rear courtyard has been enclosed and gated access is provided of about 85m².

- **Car park.** Provision for 1 disabled space and 1 tenant space.
- **Storage.** Provision is available in the narrowing at the end of the site. This could be used for bin storage as well.

This conceptual layout allows all the features and benefits set out in sections 7.1 and 7.2 above. It has been submitted to SCDC for pre-application planning advice (see section 7.6)

7.4. Organisational Structure

The pub will be owned by The George Community Pub (Wickham Market) Ltd. (The Society)

The Society's organisation is based on a three-tier structure.

1. Members

The first members of The Society are those who signed the FCA application and these members were appointed to the First Management Committee. This Committee now has 14 members and their names are included at the end of this report. At the first sale of shares to the public, all those who buy shares will become members. Membership (share purchase) continues to be open at all times to any person who completes an application and meets the conditions of The Society's Rules which have received the approval of the Management Committee and the FCA. Corporate bodies can become members.

At meetings of The Society voting is on the basis of one member one vote, regardless of how many shares a member holds.

This means that the community will have input into how the pub is managed and improved. It will also enable us to have constructive communications with the tenant about the community's wishes and one of the criteria for selection of a tenant will be their willingness to provide for community needs.

The widest possible community ownership will be encouraged as it is essential for the project to achieve its aims. To that end the minimum investment has been set at a level of five shares at £10 each. Research has shown this to be realistic for the great majority of local people.

2. Management Committee

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

The tenure of the first Management Committee will expire in June 2018 when a new Management Committee will be elected by the Members of The Society at its first Annual Meeting. Retiring Management Committee members are eligible for re-election provided they are members of The Society and meet the conditions as set out in the rules.

The roles and responsibilities of the Management Committee include:

- Negotiate acquisition of The George
- Raise the funds to purchase The George and complete the rebuild and restoration
- Supervise the activities associated with rebuild and restoration
- Appoint the tenant and set the lease
- Oversee the lease and manage the relationship between The Society and the Tenant
- Appoint a person to liaise with the Tenant regarding drinks purchases, etc.
- Ensure The Society complies with all applicable regulations
- Monitor and manage The Society's financial affairs for the benefit of the community
- Set broad policy direction for the business and set specific standards of delivery and performance

- Report to the shareholders (members) at the Annual General Meeting and other Special Members' Meetings
- Provide monitoring information as required by any grant bodies

The members of the Management Committee are equally responsible in law for committee actions and decisions. They are collectively responsible and accountable for ensuring the organisation is performing well and for the benefit of the community, is solvent and complies with all regulations.

3. Tenant

Two trading options have been considered. The first requires The Society to fully manage the pub and the second option is to enter into a Tenancy agreement with an element of tied sales.

Community-managed option

Consideration was given to fully managing the pub with a combination of an employed manager, chef and other staff. Volunteers would have to take on all the additional responsibilities of employment, tax, business planning, compliance, financial management, communications, shareholder information, etc.

Membership of the Management Committee is on a voluntary basis and it was seen that the work involved in employing a manager would be too time consuming and would ultimately have to rely on paid professional support services. It was decided that this model would not be sustainable, but it is acknowledged that in periods between tenants an element of self-management might be necessary.

It may be worth noting that in the course of the feasibility study a number of other community pubs have been consulted some of whom have initially chosen the managed option. Most of these pubs have abandoned this option and adopted the tenancy option.

Tenancy agreement with an element of tied sales income

This is the chosen option.

The Tenant will be responsible for their business including all staff costs, health and safety compliance, operational trading and finances.

In appointing a tenant, we will enter into a tenancy agreement with him/her (or partnership) to run the licensed business selling food and drink in our premises and to pay an affordable but realistic rent to The Society. The rent will be set at a level that gives the tenant the opportunity and incentive to run a thriving pub business and will be lower than normal due to the addition of the tied sales element of the agreement and the fact that they will be responsible to the Committee in respect of the continuing community benefit aspects/offering.

The tenancy agreement will be based on a three-year rolling contract with a shorter break period on either side.

If The George was an existing business the incoming Tenant would expect to buy into and be responsible for replacement of fixtures and fittings. We have determined, therefore, that the Tenant will take ownership of an agreed Inventory of fixtures and fittings to the value of [£30,000], as it is The Society's plan to fully furnish and equip The George ready for the tenant to open for business immediately after taking up occupancy. The Tenant will also have to pay for initial food and drink stock.

By the time The George reopens it will have been closed for a period of at least seven years leaving the new tenant to build the business from a standing start. This will be helped by the support of shareholders in the community keen to ensure the pub's success. In addition, there will be significant publicity around the launch to attract outside visitors. The appointed Tenant will need to be in tune with our vision for a community pub and will benefit from being supported by the community - directly or via The Society.

The Society recognises that selecting the right tenant will be absolutely critical in ensuring the success and long-term future of the pub. Prospective tenants will be required to demonstrate their experience and plans for The George, backed up with a sound business and marketing plan. We will be assisted in our selection by other community and commercial pub operators and external advisors.

In particular, we will want to assure ourselves that their plans take into account and reflect our vision for The George as set out in this report. Whoever we appoint will need to have the energy and enthusiasm to buy into our vision and objectives and to contribute to its ongoing development.

The tenancy agreement will include an alcohol tie whereby The Society purchases and supplies beer and soft drinks to the tenant. However, the tenancy agreement will be structured to ensure the tenant can decide the selection and quantity of beers and retains reasonable profits. We believe that for a small community pub with no trading record this will be an attractive model. The tenant will know the fixed cost of rent with the higher tied element linked to success.

The combined income generated of rent and tied sales will enable us to maintain the building, to repay any loans we may take out and in due course, if revenue generated cash reserves permit, to pay interest to shareholders, to fund any withdrawal of shares and sponsor other community initiatives.

The day-to-day business of the pub will continue to be the responsibility of the tenant, not The Society. However, the Management Committee will meet regularly with the tenant to discuss issues including business performance and will make recommendations and suggestions, in part based on comments from members and the customer base. We will expect the tenant to operate an open-book policy which will enable The Society to have an early indication of any problems.

7.5. Acquisition Options

The George is currently owned by Spencer Valentine Ltd of which Mr Leckie is a Director.

In order to complete the Feasibility Study, we needed to know the cost to buy the pub and in negotiations with Mr Leckie a price of £40,000 has been agreed subject to contract. In order to secure our financial assessments, we are entering into an Option-to-Buy arrangement which is a 12-month time limited arrangement with the sale price fixed and during which time The Society can choose to exercise the option or not. In this period the pub cannot be sold or transferred to another person.

7.6. Pre-application Planning Advice

To confirm that the proposals for reconstruction and reconfiguration are broadly acceptable in planning terms, an application for Pre-Application Planning Advice was made to SCDC, the local planning authority. This is standard procedure which presents an overview and the principles of the proposed plans in order to engage with the planning authority at the earliest possible stage to obtain their opinion and ensure that they have no major concerns regarding the acceptability of a future detailed planning application.

In response the Planning Officer's comments include:

"The last lawful use of the site was as a public house. Therefore the principle of such a use on this site is acceptable.

Public houses are key community facilities that the Local Planning Authority seeks to retain and support. They can form an important part of the social fabric of communities and in places contribute towards the tourism economy.

The site is in a location that is well related to the centre of the settlement of Wickham Market, footpaths, bus stops and public car parking. In terms of location it is a sustainable location.

The proposal has the potential to contribute to the local economy, provide facility for the local community and both protect and enhance the historic assets (the Listed Building and the Conservation Area).

Therefore, subject to suitable designs and details, the principle of the proposal would accord with the three roles of sustainable development as defined in the NPPG (economic, social and environmental).

The Local Planning Authority therefore wishes to support the principles of such a proposal and encourage the applicants to continue with the principles of the proposed development. However, it is acknowledged that some further work and alterations are likely to be required to the details of the scheme."

In respect of Heritage Considerations, the Principal Design and Conservation Officer, while expressing reservations regarding some details, as would be expected at this early stage of design, concluded his comments as follows -

"In summary, therefore, I broadly welcome the principles and details of the proposal which provide an exciting opportunity for the rescue and restoration to community use of this vital local landmark. I would very much like the proposal to succeed and, subject to the detail on the points of concern that I have raised above, would be happy to support any LBC and planning applications on this basis, which can only be an enhancement to the building, the conservation area and the village."

To summarise, while there are grounds to suppose that further dialogue with its officers regarding detailed design will be required, SCDC have no major concerns with our proposals and are offering positive support to the principles.

8. Viability

8.1. Financial Considerations - The Society

Following completion of this Feasibility Study and any decision to proceed, The Society's finances will be divided into three distinct time frames:

- The period beginning when the Management Committee decides to proceed with the project following the completion of the feasibility study, up to and including the purchase of the pub. This will include raising funds from grants and the first community share issue (tranche 1). For the purposes of this report this period is termed the "**initial phase**"
- The period when the management committee is engaged in development of the detailed plans for re-construction and their submission and approval for planning and then all on-site work to rebuild and reconstruct The George and it's fitting out prior to re-opening. This requires funds to be raised from grants, the second community share issue (tranche 2), sponsorship, gifts and community fund raising activities and potentially loans. For the purposes of this report this period is termed the "**build phase**".
- The ongoing period after the rebuilding is complete when The George will be operating as a community pub with The Society receiving income from The George in the form of rent and tied sales. For the purposes of this report this period is termed the "**business phase**".

Note that prior to the commencement of the Build Phase there is preliminary design work necessary which will be done concurrently with the **initial phase**.

The Society has assessed the likely costs of each of these phases and how funds will be raised to cover them. These are detailed in sections 8.3, 8.4 and 8.5 below.

8.2. Financial Model

The Society's overall financial model is divided into the three phases set out above. Note that the **business phase** of the model looks at both the Tenant's and The Society's position. It examines in a Tenant's model the likely profitability of a tenant's business and then feeds rent and tied sales income to The Society's model. The overall summary below reflects The Society's projections.

The Society Financial Projections												
				Tied Sales as % of Turnover >				80.4%	81.3%	82.6%	83.3%	83.5%
	Initial Phase			Build Phase				Business Phase				
	2017	2018	Total	2018	2019	2020	Total	2021	2022	2023	2024	2025
Income	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Shareholder Capital (Minimum Target)		£150,000	£150,000		£150,000		£150,000					
Grants (Target)	£10,803		£10,803	£187,341	£482,353	£612,077	£1,281,771					
Loans												
Sponsorship				£5,000	£5,000	£10,000	£20,000					
Rent - Pub								£9,681	£9,930	£10,330	£10,579	£10,679
Rent - Domestic								£1,076	£1,103	£1,148	£1,175	£1,187
Beer Tie Gross Sales								£44,088	£48,096	£54,508	£58,516	£60,120
Other income	£100		£100	£100	£100	£100	£300	£200	£200	£200	£200	£200
Fund Raising Events	£2,000		£2,000	£2,000	£2,000		£4,000					
Services												
Carried forward from "initial" phase				£61,338			£61,338					
Total Income	£12,903	£150,000	£162,903	£194,441	£639,453	£622,177	£1,456,071	£55,044	£59,330	£66,186	£70,471	£72,185
Expenses	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Property Purchase Costs		£70,000	£70,000									
Professional Fees (Building design related)				£41,000	£123,000	£41,000	£205,000					
Re-building Costs				£196,060	£392,120	£392,120	£980,300					
Extraordinary costs during rebuilding (extras)					£30,000		£30,000					
Fitting Out Costs						£100,000	£100,000					
Marketing Share Issue & Pub Launch	£10,000	£5,000	£15,000		£10,000	£5,000	£15,000					
Building Phase Administration												
Legal & Professional Costs (Property related)	£1,000	£2,000	£3,000									
Society running cost per year	£500	£515	£1,015		£530	£546	£1,077	£563	£580	£597	£615	£633
Beer Tie Costs								£34,285	£37,402	£42,389	£45,506	£46,753
Scaffold Repair				£3,900			£3,900					
Building Mntc & Upkeep								£500	£515	£530	£546	£563
Insurances		£1,506	£1,506		£1,551	£1,598	£3,149	£1,646	£1,695	£1,746	£1,798	£1,852
Mortgage payments												
Share interest paid out									£3,000	£3,000	£3,000	£3,000
Share withdrawal										£12,000	£12,000	£12,000
Part Time Admin Manager (Tied Sales 2021 onwards)								£6,656	£6,856	£7,061	£7,273	£7,491
VAT	£230	£1,580	£1,810	£4,819	£11,144	£10,805	£26,769	£3,460	£3,655	£3,966	£4,161	£4,239
Sub total	£11,730	£80,601	£92,331	£245,779	£568,346	£551,069	£1,365,194	£43,650	£50,048	£67,324	£70,739	£72,292
Inflation					£24,358	£24,358	£48,716					
Contingency/Risk	£1,173	£8,060	£9,233		£36,750	£36,750	£73,500					
Total Expenses	£12,903	£88,662	£101,565	£245,779	£629,453	£612,177	£1,487,410	£43,650	£50,048	£67,324	£70,739	£72,292
Trading Profit (Loss)*		£61,338	£61,338	£10,000	£10,000	£10,000	£30,000	£11,395	£9,282	-£1,138	-£267	-£107
TP after adding back share interest & withdrawals								£11,395	£12,282	£13,862	£14,733	£14,893
Carried forward from "build" phase								£30,000				
Cumulative cash in the Society		£61,338	£61,338	£10,000	£20,000	£30,000	£30,000	£41,395	£50,677	£49,539	£49,271	£49,164

All assumptions have, as far as is possible, been validated by seeking professional and business trading advice. Appendix 6 sets out The Society's Financial Viability Model Assumptions and the evidence to support them.

It should be noted that all phases include a cost termed 'Irrecoverable Vat'. This is because The Society will 'opt in' to tax the property, allowing the recovery of substantial vat on the costs of professional fees, construction, etc. However, as it is intended to allow residential letting (to the tenant) within the rent charged, then an element of vat paid relating to property expenditure, likely to be 10%, will be irrecoverable.

8.3. Initial Phase

8.3.1. Costs

Initial phase costs are those which The Society will incur after the completion of the feasibility study in the period running up to completion of purchase of the pub. These costs include:

1. Structural Safety survey
2. Legal fees including the Option to Buy contract
3. Producing the Prospectus and Marketing tranche one of the Community Share Offer
4. Society operating costs – includes banking, stationary, room hire, website, etc.
5. Buy The George

The projected costs for the first four items are based on estimates obtained and a prudent allowance for the share document. These costs (including irrecoverable vat) total c£20,000.

The projection of £70,000 for buying The George has been set as the agreed Option purchase price of £40,000 (as set out in section 7.5) plus a prudent allowance for associated costs.

8.3.2. Funding

As set out in section 5, ownership of the pub is achieved through Community Shares. This will be in two stages and Tranche 1 of the share offer will be sufficient to purchase The George, with associated costs.

Prior to the share sale initial funding will be required to produce the Share Prospectus and cover marketing costs. These will come from (amongst others) The Architectural Heritage Fund and The More Than A Pub programme, who provide pre-project development grants dedicated to making such work possible.

There will be an additional contribution from fund raising events – which will also provide opportunities to keep the community abreast with progress and receive their feed-back.

8.4. Build Phase

8.4.1. Costs

The **build phase** includes detailed planning and costing, demolition and reconstruction while preserving the listed building components of the property. During this phase, The Society will carry out any work necessary to keep the structure safe. Costs also include marketing the second tranche of the community share offer and applying for grants.

Build Phase Costs

<u>Non-Building & Reconstruction Costs</u>	2018	2019	2020	
a Fitting Out Costs			£100,000	£100,000
b Marketing Share Issue & Pub Launch		£10,000	£5,000	£15,000
c Society running cost per year		£530	£546	£1,077
d Insurances		£1,551	£1,598	£3,149
e Scaffold Repair	£3,900			£3,900
f Extraordinary costs during rebuilding (extras)		£30,000		£30,000
Sub Total	£3,900	£42,082	£107,144	£153,126
<u>Build & Reconstruction Costs</u>				
g Professional Fees (Building design related)	£41,000	£123,000	£41,000	£205,000
h Re-building Costs	£196,060	£392,120	£392,120	£980,300
i Inflation		£24,358	£24,358	£48,716
j Contingency/Risk		£36,750	£36,750	£73,500
Sub Total	£237,060	£576,228	£494,228	£1,307,516
VAT	£4,819	£11,144	£10,805	£26,769
Total	£245,779	£629,453	£612,177	£1,487,410

While every effort has been made to predict in which year the identified costs will fall, some changes may be experienced as the build programme progresses.

The costs can be summarised and quantified as follows:

Non-Building Related Costs

- Marketing the second tranche Share Issue and later marketing the Pub Launch – all costs estimated
- Professional costs necessary to take us to HLF grant application Stage 1 (Project Development) followed by grant application Stage 2 (Project Delivery)
- Scaffold Repair and Upkeep – based on estimates from scaffolding contractors
- Insurance – based of quotations received from insurance brokers
- Society running costs – based on the cost of running The Society in the first nine months of 2017
- Fitting out Costs – cost estimate from a premises fitting out company
- Extraordinary costs during rebuilding – an allowance to cover the cost of variations requested during the building reconstruction and any other areas.

Build and Reconstruction Costs - these costs are derived from the Quantity Surveyor's report and detailed in Appendix 7, Building Costs Summary.

- h. Professional Fees -Including costs associated with design, planning and approvals
- i. Rebuild costs
- j. Inflation
- k. Contingency/Risk

Throughout this phase costs are to be continuously monitored to ensure as far as possible that there is little or no overrun outside of the provision for risk and minor variations and to identify efficiency savings.

8.4.2. Funding

The Society intends to raise funds sufficient to cover all costs associated with design, planning, reconstruction and fitting out of the property and carry forward sufficient working capital going into the **business phase** to enable it to meet its financial obligations. It is anticipated that these funds will be raised through applying for appropriate grants, issuing community shares, sponsorship, income from events, and possibly a modest loan.

8.4.2.1. Grants

Grants will make up the largest proportion of the funds required to carry out the re-building programme.

Given the circumstance of the project, the evidence is that The George is eligible for such funding on a number of grounds: principally, those of heritage, social need and well-being and community engagement. There is also proof that there are more than enough potential funds available to meet the likely needs and that they have previously been made available to similar projects. The Society acknowledges that even good projects may not achieve funding at the first attempt, but the consensus amongst grant providers and fund-raisers consulted is that rejection on a first application often results in a stronger final outcome.

In order to adequately prepare itself for the grant application process The Society has set up a sub-group of its Management Committee whose responsibility it will be to make the grant applications on its behalf. That sub-group has prepared itself by taking advantage of training delivered by Community Action Suffolk and by the East Suffolk Partnership, which has included sessions on writing funding applications, fundraising plans and strategies, governance and measuring success (monitoring and engagement) to help ensure that applications for funding will be made that have the greatest possible chances of success.

The Society has carried out research on potential sources of grant funding in order to determine the availability of sufficient funds to make the proposed project viable. The outcome of that research has been a comprehensive analysis of the grant funding sources which are most applicable to The Society's funding needs. The results of this research can be found in Appendix 8, Grant Funding Sources. In particular the Heritage Lottery Fund is considered essential to the success of the Project. An initial approach to the Fund (amongst the other potential funders listed) has been made and it has been agreed that The George meets the main criteria for funding. This is supported by the opinion of our heritage advisers (including our grant funders, the Architectural Heritage Fund) and the local authority. Similar favourable comment has been attracted from other grant funders and community support organisations.

The funding sources which have been identified are divided into three categories:

- Tier 1 (Key) – those grants which The Society must obtain significant amounts from, principally HLF.
- Tier 2 (Supplementary) – those grants which could meet modest shortfalls in the Tier 1 funding
- Tier 3 (Strategic) – other grants relating to a particular heritage or community objective.

There can be no guarantee that each of The Society's grant applications will be successful, or the grant award will not be delayed beyond a reasonable timeframe.

In order to accommodate these risks, it has been established that potential funding exceeds the total amount of grant income The Society requires to meet its objectives by approximately 76%. Although we will not be applying to every funding body, in each of the grant funding categories, the maximum potential grant funding which could be applied for is:

- Tier 1 £1,907,030 (includes maximum potential HLF grant based on a conservation deficit of £1,287,030)
- Tier 2 £240,000
- Tier 3 £190,500

Total potentially available: £2,327,530

It is essential that in Tier 1 we obtain a minimum of £900k from a combination of HLF and The Big Lottery.

The decisions to make grant application in any of these categories will depend on funding needs of The Society and the availability of funds from sources other than grants.

It is noted that the principle income will be from the HLF grant and this is applied for, and awarded, in two rounds. Using HLF terminology the first round is for the 'Development Phase' which includes the preparation and approval of detailed plans, programmes and cost profiles associated with the Project. During this period the application is assembled for the second round of HLF monies for the 'Delivery Phase' to be used for reconstruction and fit out.

8.4.2.2. [Community Shares](#)

The second tranche Community Share prospectus will be issued at the beginning of this phase. The impetus for this will be that The George will now be owned by The Society and therefore the community will be encouraged to contribute to the reconstruction. More information on Community Shares is set out in section 5.

8.4.2.3. [Sponsorship](#)

During the rebuilding of The George, The Society will be seeking sponsorship income from commercial organisations that see a business benefit is an association with The George and The Society. At this time no specific sponsorship has been identified, but a target of £20,000 has been set for revenue from sponsorship. This and more should be achievable considering the scale of the project and the expected publicity.

8.4.2.4. [Community Fundraising Activities](#)

Other income can come from any number of sources but in particular it includes The Society's Community Fundraising Activities. To date four very successful fund raising events have been held – a pop-up pub, a Big Breakfast and two Quiz Nights. Together with donations these have raised £2,003. Future events planned in the next 12 months include another Big Breakfast, more Quizzes and regular pub evenings.

8.4.2.5. [Loans](#)

The taking of a commercial loan has been factored into The Society's financial model. However, due to the necessary financial and legal requirements it is agreed that a loan will only be taken in the event of a grant or share issue shortfall, or if there are temporary cashflow issues. Based on the projected income of The Society a loan of up to £50,000 could be afforded.

8.5. The Business Phase

The Society's business model will be based upon the appointment of a tenant who will run The George as a business which pays rent to The Society and purchases tied beer and soft drinks from The Society. While the rent will be fixed and set in a tenancy agreement, the revenue received by The Society from tied sales depends on the volume of beer and soft drinks sold.

For The Society's business model to be successful The George must be run profitably.

The Society has therefore built a business model which forecasts and projects the cashflow and profitability of The George over a five-year operating period. It is important to note that this model has been constructed by The Society for the purpose of this report and may differ from other models/assessments of the business when The George is actually operational in the future. Appendix 6 sets out The Society's Financial Viability Model Assumptions and the evidence to support them. The detailed income and expenditure resulting is shown in the Table at 8.1 above.

8.5.1. The George

The critical factor governing profitability in the first year of business is the number of customers The George can attract. The George will have been closed for at least seven years by the time it is opened again so there is no trading history available to validate the results which the model predicts. Instead, the **business phase** part of the model uses data from the questionnaire which The Society distributed in Wickham Market in December 2016. A copy of the questionnaire and the results can be found in Appendices 1 and 2.

The questionnaire elicited detailed responses about individual frequency of use and volume of food and drink purchased per visit. Note that nationally pub beer sales have been reducing year on year and all publicans (from major breweries to small independents) have greatly increased the food offering. Careful consideration has been given to the interpretation of the questionnaire data given that it received an enthusiastic response which may result in an over-optimistic estimate of the initial consumption of food and drink. To compensate for that the data has been scaled back to 55% of the custom the questionnaire is predicting.

At this level of custom, the model predicts that The George can be profitable after the first year. In our financial model we have assumed (based on survey results) a drink to food ratio of 44:56. This ratio compares well with other pubs.

A detailed cashflow and profitability table can be found in Appendix 9. The George Detailed Cashflow and Profitability Assumptions and variables used in constructing the model can be found at Appendix 6, Financial Viability Models Assumptions.

A summary of the five-year Profitability and Cashflow follows:

The George 5 Year Projection (VAT net)

	2021	2022	2023	2024	2025
Income	£254,189	£277,297	£314,270	£337,378	£346,622
Expenditure	£245,645	£250,940	£265,546	£274,675	£278,326
Profit/Loss	£8,544	£26,357	£48,724	£62,704	£68,296
Cash at Year End	£8,544	£34,901	£83,625	£140,414	£208,709

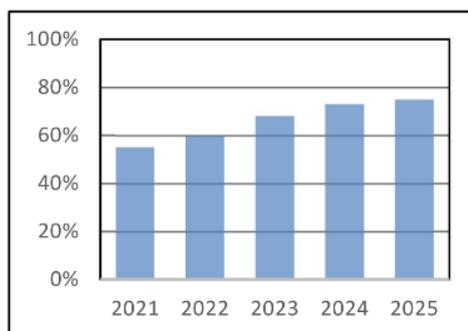
No cost or price inflation applied

Tenant's Start-up Costs £30,000 Estimated

Purchase of fixtures and fitting and initial stocks, Pre-launch advertising & publicity

Per Day	2021	2022	2023	2024	2025
Average Social Drinks Visits	33	36	40.8	43.8	45
Average Main Meal Sales	8.8	9.6	10.88	11.68	12
Average Bar Meals	9.9	10.8	12.24	13.14	13.5
Scaling Factor	55%	60%	68%	73%	75%

Scaling factor applied to compensate questionnaire response exaggeration



Questionnaire Data	
60	the number of social drinks visits per day recorded by the Questionnaire
16	the number of main meals per day recorded by the Questionnaire
18	number of bar meals recorded per day recorded by the Questionnaire

This data was collected through a questionnaire sent to around 1800 households in Wickham Market - 572 responses were received back a return rate of more than 30%

External comparatives can be looked at to see if the 55% scaling back factor gives acceptable projections.

In August 2011, The Sorrel Horse in nearby Shottisham was bought by a community funded company which has operated the pub ever since. Each year this company publishes its annual report and accounts which can be found at <http://www.thesorrelhorse-shottisham.co.uk/company-news/>

An extract from that report shows that the turnover, costs and profit are comparable to those predicted for The George

For the Sorrel Horse the results reported were:

	August 2015
Turnover	£292,260
Costs	£291,507

The turnover and costs for The Sorrel Horse compared to The Society's projection for The George would be:

	The George 2021
Turnover	£254,189
Costs	£245,645

Further confidence in this model comes from the Valuation Report commissioned by The Society to assess the value of The George as set out in section 6.3. This includes an independent financial projection which results in a predicted turnover of £268,699 with costs of £198,252 for 2018.

If an inflation rate of 3% is applied then in 2021 the turnover and costs from the Christies & Co projection compared to The Society's projection for The George would be:

	Christies & Co 2021	The George 2021
Turnover	£302,389	£254,189
Costs	£223,134	£245,645

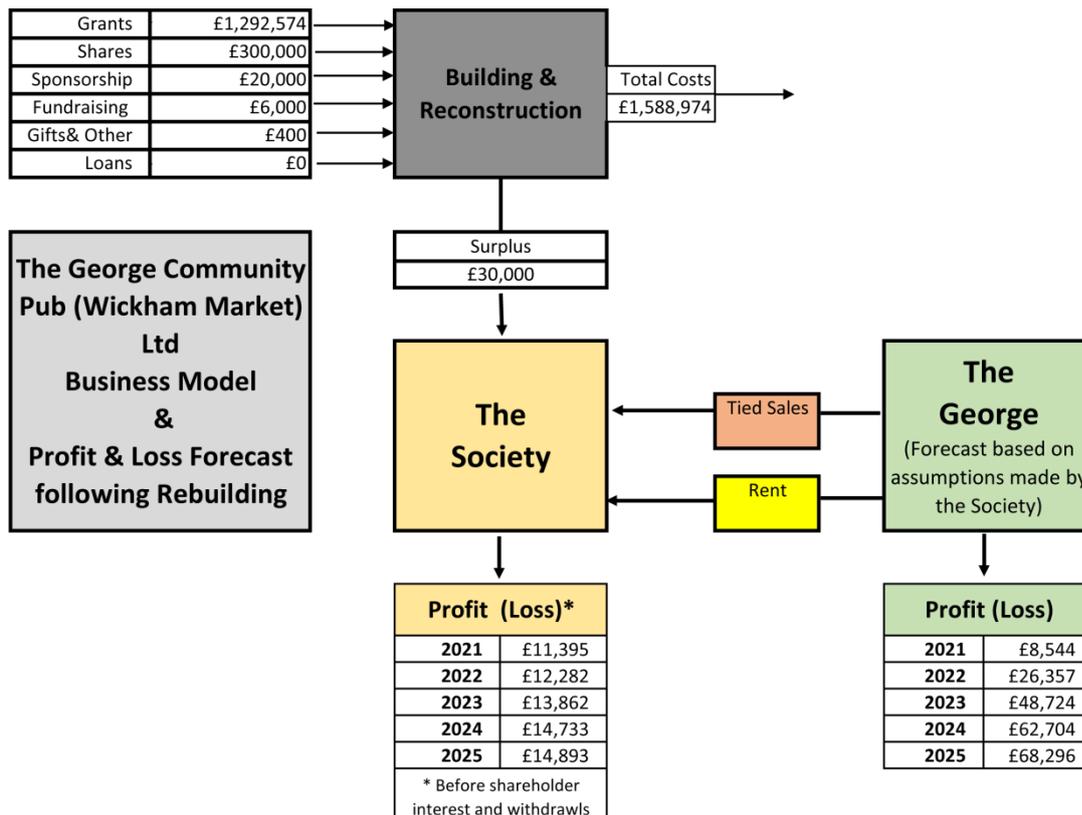
This report by Christie & Co. also includes an estimate of the potential income for a tenant at £70,000 per year. It can be seen in the table at the top of this section that, having injected £30,000 for fixtures and fittings and stock, the projected profits for the Tenant range from £8k in year one to £68k in year five. This is after the Tenant is assumed to take a wage from the pub as one of the bar staff.

By comparison therefore, The Society's model is more conservative for both turnover and profit than both the outcome suggested by the Sorrel Horse figures and the Christies & Co prediction. It can therefore be argued that the 55% scaling back factor used in the model is a reasonable if not cautious assumption because The George would be the only pub in a larger village than Shottisham.

8.5.2. The Society

Having established that The George could be run profitably The Society's **business phase** model addresses profitability, balance sheet and cashflow, drawing in the rent and tied sales income streams from the Tenant's model. It looks at the affordability of paying interest to its community shareholders and having sufficient funds to meet reasonable requests from shareholders to withdraw their funds.

Combining the **build phases** and **business phase** The Society has the following overall incomings and outgoings:



Total costs and income are set out in 8.1. The Society's profit figures are set out below and The George's profit figures are set out in 8.5.1 above.

The modest profit made by The Society of £11,000 -15,000 p.a. allows the Tenant of The George to have a profitable business which is essential if the community ambitions are to be realised.

However, showing The Society can trade profitably is not sufficient in that Society Members will expect interest to be paid on their investment and in due course there will be a need to fund the withdrawal of shares. The funding of these two demands can only come out of The Society's profits.

Also, The Society will need to hold enough cash in reserves in order to cover its liabilities for which a prudent provision would be around £50,000. The Society model shows that this level of reserves can be built up if interest of shares is deferred until year two of trading when a 1% interest payment can be afforded.

By setting these modest interest levels it will then be possible to allow share withdrawals to be made at a rate of £12,000 per year which represents 4% for share capital of £300,000. We understand a withdrawal rate assumption of 1% is reasonable, so our figures above are conservative.

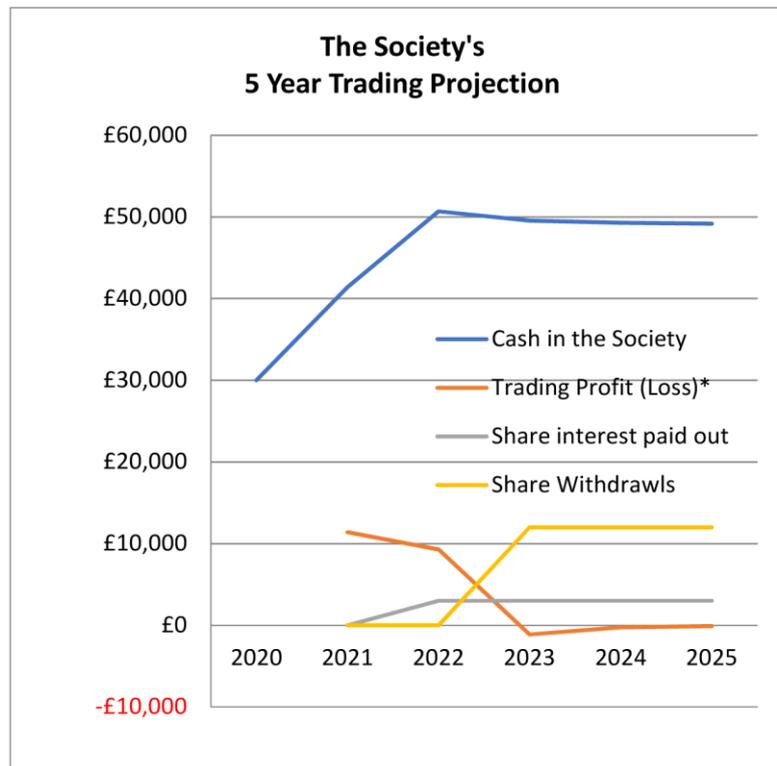
The Society's 5 Year Trading Projection

	2020	2021	2022	2023	2024	2025
Cash in the Society	£30,000	£41,395	£50,677	£49,539	£49,271	£49,164
Trading Profit (Loss)		£11,395	£12,282	£13,862	£14,733	£14,893
Trading Profit (Loss)*		£11,395	£9,282	-£1,138	-£267	-£107
Share interest paid out		£0	£3,000	£3,000	£3,000	£3,000

(*) after interest on shares and withdrawals have been paid

Turnover		2021	2022	2023	2024	2025
Rent		£10,757	£11,034	£11,477	£11,755	£11,866
Beer Tied Sales		£44,088	£48,096	£54,508	£58,516	£60,120

Financial Return Variables		2021	2022	2023	2024	2025
Shares Interest Rate Payable		0.0%	1.0%	1.0%	1.0%	1.0%
Share Withdrawals		£0	£0	£12,000	£12,000	£12,000



8.5.3. The Market

Since the loss of The George in 2013, Wickham Market has been without a public house. The nearest currently open pubs are The Greyhound Inn at Pettistree, The Crown at Ufford and The Dog and Duck at Campsea Ash. The Three Tuns at Pettistree is has been closed since March 2017.

The distances to these, in miles, by road are as follows:

	From The Hill	From most distant point in village core
Greyhound Inn, Pettistree	1.1	2.0
The Crown, Ufford	2.1	3.0
The Dog and Duck, Campsea Ash	2.2	3.1
The Three Tuns, Pettistree (Closed)	0.8	1.7

All are within easy motoring distance, but this clearly places restrictions and responsibilities on drivers. Access to all by pedestrians or cyclist either involves the use of busier and partially unlit routes, the use of narrow, isolated and unlit byways or a combination of both. In comparison The George is a maximum of 0.75 miles from anywhere in the village core (defined as the area of contiguous development around the village's focus, The Hill).

Within the village, the British Legion, with limited opening times and no food available, and the Sports and Social Club (weekends-only and no food) are the only non-restaurant licensed premises. They are also restricted by membership. There are currently two licensed restaurants in the village.

Otherwise, the village has a number of social groups (including a WI, a Gardening Club and a number of age and special need-related groups) meeting on a regular basis but relying heavily on volunteers' efforts and on the facilities of the village hall, which is not necessarily best adapted for their individual purposes and itself in need of renovation or replacement.

On the plus side, there is a strong tradition of voluntary projects within the village and there have been notable successes such as the establishment of Inspirations, a community-owned, multi-retailer store. There is also, therefore, considerable experience of the establishment and operation of community ventures which has proven, and could continue to be, invaluable to the Project.

9. Risks

9.1. SWOT Analysis

SWOT Analysis Listed here are the Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T) to successful completion, and continued viability, of the project.

Strengths

- a. Reservoir of goodwill for the pub demonstrated through questionnaire responses.
- b. No other pub in the Village.
- c. Dwindling number of competing pubs in neighbouring villages.
- d. Little public transport to/from the village
- e. An attractive Grade II Listed building
- f. Within easy walking distance for all villagers
- g. Popular area for walkers and cyclists.

- h. Inherent incentive for shareholders to use pub and underpin business.
- i. As a community based company, increased possibility of grant & donor funding.
- j. Good history of village involvement in activities.

Weaknesses

- a. Reputation prior to the fire was very poor.
- b. No car parking.
- c. Limited garden space
- d. Restraints due to limited site boundary.
- e. Reconstruction costs high due to heritage requirements/constraints.

Opportunities

- a. There is a demand for a good food offering.
- b. Bringing in custom from beyond the village.
- c. Strengthen customer base and loyalty by building on community aspect of pub.
- d. Involve customers and wider community more in pub, e.g. events, practical skills.
- e. As a community based company, The Society has an increased possibility of grant & donor funding.
- f. To enable the local community and wider shareholders to feel part of something that is historical and beneficial to the village.
- g. To improve the premises and services to attract the further use by the community.
- h. Work closely with tenant to enhance attractiveness of pub, through practical support and constructive feedback.
- i. To appoint an experienced tenant incentivised to make the pub successful and well used by the community

Threats

- a. A lack of sufficient finance after purchasing the pub to complete the rebuild and restoration.
- b. Lack of community support both in general and as volunteers.
- c. Changes in external factors over the next three years – such as an economic downturn, grant funders’ policy changes, unexpected competition, etc.

Risks and mitigations are presented in the Risk Log

9.2. Risk Log

Prior to site purchase	
<p>Risk: We are unable to agree a price with the current owner.</p> <p>Impact: We will be unable to proceed with the preferred option for site acquisition.</p>	<p>Proposed mitigation: Follow up with SCDC the option to proceed with a CPO</p>
<p>Risk: We are unable to sell sufficient Round 1 community shares to complete the purchase</p> <p>Impact: It will not be possible to continue with the project.</p>	<p>Proposed Mitigation:</p> <ol style="list-style-type: none"> 1. Share prospectus. There are significant social, community and potential financial benefits in shareholding. A substantial share prospectus will be produced to explain the benefits. 2. Marketing. The share offer will be marketed vigorously.

	3. Alternative funding. Other funding sources may be considered to make up any limited shortfall.
Post site purchase	
<p>Risk: The HLF round 1 application is unsuccessful</p> <p>Impact: The gap in funding will be too large to fill by other means. We will own the site but be unable to proceed with the project of reconstructing the pub.</p>	<p>Proposed mitigation:</p> <ol style="list-style-type: none"> 1. Appointment of Fund Raising Consultants 2. Architects experienced in taking projects to RIBA Stage 3 as input to successful Lottery grant applications will be engaged. 3. Dialogue with HLF. Initial Enquiry with HLF has confirmed eligibility. Continuing dialogue with HLF representatives and The Society's heritage advisors will be maintained throughout the application process. 4. In the event of The Society being unable to obtain the necessary level of major grant funding, it has explored alternative, more independently affordable though less widely beneficial, options for bringing The George site back into use for the community.
<p>Risk: Combined income from Round 2 Community Shares and Other Grants falls short of the required amount to complete rebuild/restoration.</p> <p>Impact: There will be a gap in funding which will need to be filled for the project to complete.</p>	<p>Proposed mitigation:</p> <ol style="list-style-type: none"> 1. Share prospectus. There are significant social, community and potential financial benefits in shareholding. A substantial share prospectus will be produced to explain the benefits. 2. Marketing. The share offer will be marketed vigorously. 3. Grant applications. Grant funding sources have been identified which accumulate to significantly more than the needed requirements. 4. Loans. Loans can be used to cover a gap of up to £50,000 5. Other income. Additional income streams include sponsorship, donations events etc.
<p>Risk: The HLF round 2 grant application is unsuccessful.</p> <p>Impact: The gap in funding will be too large to fill by other means. We will own the site but be unable to proceed with the project of reconstructing the pub.</p>	<p>Proposed mitigation: Consultation with HLF representatives following successful award of round 1 and during the Development Phase to ensure their award criteria are met for round 2.</p>
<p>Risk: Higher than anticipated outgoings.</p> <p>Impact:</p>	<p>Proposed mitigation:</p> <ol style="list-style-type: none"> 1. Estimates prior to purchase. Engagement of experienced architects and Quantity Surveyors to estimate costs.

<p>Insufficient funds to pay ongoing costs up to pub opening will lead to a delay while additional funding is sourced.</p>	<ol style="list-style-type: none"> 2. Verification. Independent verification by chartered surveyor of cost estimates. 3. Design and cost refinement. Detailed plans and specifications will be prepared for more accurate costing. Cost efficiencies will be identified prior to, and implemented during, construction. 4. Cost monitoring. Rigorous and continuous cost monitoring and reporting measures will be in place 5. Contingency. We will include a significant sum for unexpected expenditure in the period up to pub opening.
Operations	
<p><u>Risk:</u> We are unable to appoint and keep good tenants.</p> <p><u>Impact:</u> Appointing the right tenant is absolutely critical to the success of this venture. The tenant needs to be experienced, motivated to develop the business, capable of marketing the pub effectively, able to create a welcoming atmosphere, and crucially in sympathy with the community and our aims. If we cannot appoint such a tenant the venture will not succeed.</p>	<p><u>Proposed mitigation:</u></p> <ol style="list-style-type: none"> 1. Thorough selection process. We will appoint an experienced tenant who knows how to run a successful pub business. Prospective tenants will be required to demonstrate their experience and plans for The George backed up with a sound business and marketing plan. 2. Rent. The rent will be set at an affordable but realistic level that gives the tenant the opportunity and incentive to run a profitable pub business. 3. External support. We have been offered hands-on support with the selection process from other community pubs and commercial pub operators.
<p><u>Risk:</u> The pub cannot sustainably trade profitably.</p> <p><u>Impact:</u> We will lose the tenant and the pub may be forced to close.</p>	<p><u>Proposed mitigation:</u></p> <ol style="list-style-type: none"> 1. Selection of tenant. See risk mitigation on the selection process above. 2. Business Plan. The tenant's Business Plan will undergo a critical review by experienced publicans to ensure viability. It will include a well thought out and achievable marketing plan supported by the Management Committee. Both Plans will be reviewed annually by the Management Committee. 3. Support tenant. We will assist the tenant where possible with marketing, community events, voluntary help (e.g. stop-gap cover for bar staff, garden maintenance, etc.).
<p><u>Risk:</u> Void periods between tenants.</p> <p><u>Impact:</u></p>	<p><u>Proposed mitigation:</u></p> <ol style="list-style-type: none"> 1. Ensure tenant is incentivised and motivated to stay. In part addressed

<p>Any closure of the pub between tenants will mean we are not receiving rental payments, which will have a negative impact on our cash flow (with the attendant risk of not being able to meet loan repayments). Additionally, this is likely to drive customers away, some of whom may not return.</p>	<p>through fair rent and free house status that improve profitability.</p> <ol style="list-style-type: none"> 2. Long notice on lease. Prompt and pro-active marketing of the tenancy on receipt of a tenant's notice of non-renewal 3. Reserves. The Society shall hold sufficient reserves equivalent to three months' rent and tied income revenue.
<p>Risk: Pub fails to operate at forecast level of turnover.</p> <p>Impact: The Society will run at a loss and may become insolvent</p>	<p>Proposed mitigation:</p> <ol style="list-style-type: none"> 1. Business case based on realistic assumptions. 2. Appointment of high quality tenants. See risk mitigation above. 3. Regular reviews with tenant. We will work closely with the tenant on an open book arrangement to anticipate any problems early and identify/support action plans to maintain business levels.
<p>Risk: Higher than anticipated outgoings.</p> <p>Impact: The Society will run at a loss and may become insolvent.</p>	<p>Proposed mitigation:</p> <ol style="list-style-type: none"> 1. Independent review of financial projections and assumptions has been performed by Plunkett Foundation and The Pub is the Hub advisors who have commented that the numbers are reasonable. This should ensure all outgoings have been identified and quantified

10. External Review

This report has been reviewed by a Plunkett Foundation Advisor and the Pub is the Hub, a 'not-for-profit' organisation dedicated to improving community services and activities.

The Plunkett Foundation Advisor is a financial professional and one of their long-standing advisers. He has extensive experience of community pubs and was a founder member and Chair of one of them for 5 years.

All of the comments received have been considered and factored into the report as appropriate. In particular we have reviewed the insurance costs and those of the admin manager, and have noted his statement "*while not being able to comment on all the other costs and numbers they seem reasonable*".

The Pub is the Hub reviewer has 35 years' experience in the industry and advised numerous community pubs. His comments related to operational activities and were particularly relevant to the importance of a tenant and their contribution to the success of the venture. His opinion was that bearing in mind the location of the pub and the situation in Wickham Market the pub should easily turnover £6k per week and would be very attractive to prospective tenants.

11. Summary

Following public support, a project group was set up to establish whether it is or is not feasible and financially viable to acquire, reconstruct and subsequently operate the fire-damaged George as a community venture.

In pursuing this aim it established The George Community Pub (Wickham Market) Ltd. (The Society) and commenced a structured and robust feasibility study process to drive the project forward in an objective and comprehensive manner. This included identification, investigation and quantification of the issues and the risks which could affect feasibility.

The Society consulted with the community on what they would like in a community pub in the village and what they would use it for. The results were used to determine a prospective layout to provide the preferred facilities and to estimate construction costs and the usage and turnover for input to the pub viability.

Feedback was received from 576 people which is about one third of the adult population of the village. This is a high response rate from a public consultation and gave us confidence in the proposals going forward and the underlying assumptions.

The layout, comprising a restaurant, separate bar and a room for community activities, will be able to support a vibrant and inclusive community pub, and the social impact projection shows the potential benefits to the community and how the can be confirmed.

The historical nature of The George will be preserved and restored and, on the basis of some minor design changes, pre-planning application advice from SCDC Planning Team records *“the principle of the proposal is acceptable and accords with planning permission”*.

On completion of restoration, estimates of turnover point to The George being viable, with sufficient income to a tenant and to The Society for continued successful operation.

This is confirmed by an external and independent review of the financial projections by Plunkett Foundation and the Pub is the Hub. In particular, the Pub is the Hub have observed that the proposals would be attractive to good tenants who, with a proactive approach, could grow the business significantly beyond that shown in the projections.

Discussions have been held with the current owner and a fixed price agreed. A legal Option-to-Buy document is in the process of being prepared which will secure The Society as the only purchaser while giving time to raise the funds.

Cost for restoration and reconstruction are high. The major part of the funding will be applied for from the HLF under their Heritage Enterprise Grant Scheme. Discussions have already been held with HLF personnel and our proposals fall fully within their criteria. To maximise the possibility of a successful application we will engage with professional Grant Funding Consultants.

Other funds will come from Community Shares with the target amount being comfortably within the range raised by other community pubs. This has the benefit of the pub being owned by the shareholders who will have an input to how it is managed and developed.

The remaining funds will come need to come mainly from other grants. Several grants have been identified and the total funding potentially available is significantly higher than the funds required.

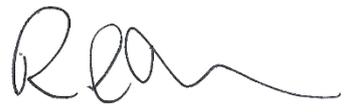
Risks have been identified and included in a risk log. Mitigations have been identified and where appropriate actions are proposed to reduce risks to acceptable levels.

In summary it is concluded that it is feasible for The George Community Pub (Wickham Market) Ltd. to purchase The George and raise the funds to restore it and expand it to be a profitable community-owned pub in the heart of the village, and for it to be a welcoming, inclusive and social environment for residents and visitors alike.

12. Acknowledgments

The Society would like to thank the organisations who have funded the preparation of this report and, individually, Tessa Hilder (AHF), Phil Harriss and Alan Collard (Plunkett Foundation), Bernard Lee (The Pub is the Hub), Robert Scrimgeour and Catherine Scott (SCDC), for their advice and assistance. Thanks are also due to our professional team: Nicholas Jacob and Shaun Soanes of Nicholas Jacob Architects, Hannah Reid at Community Action Suffolk and Mark Searby of Christie & Co. not only for their expertise and skills, but also their enthusiasm for the project. The support of Wickham Market Parish Council has also been invaluable in establishing The Society and advancing its aims. The Officers of The Society would like to thank the other members of the Management Committee who have given their tireless support and contributed to this report and, finally, Wickham Market as a whole for the community's support of, and interest in, the Project.

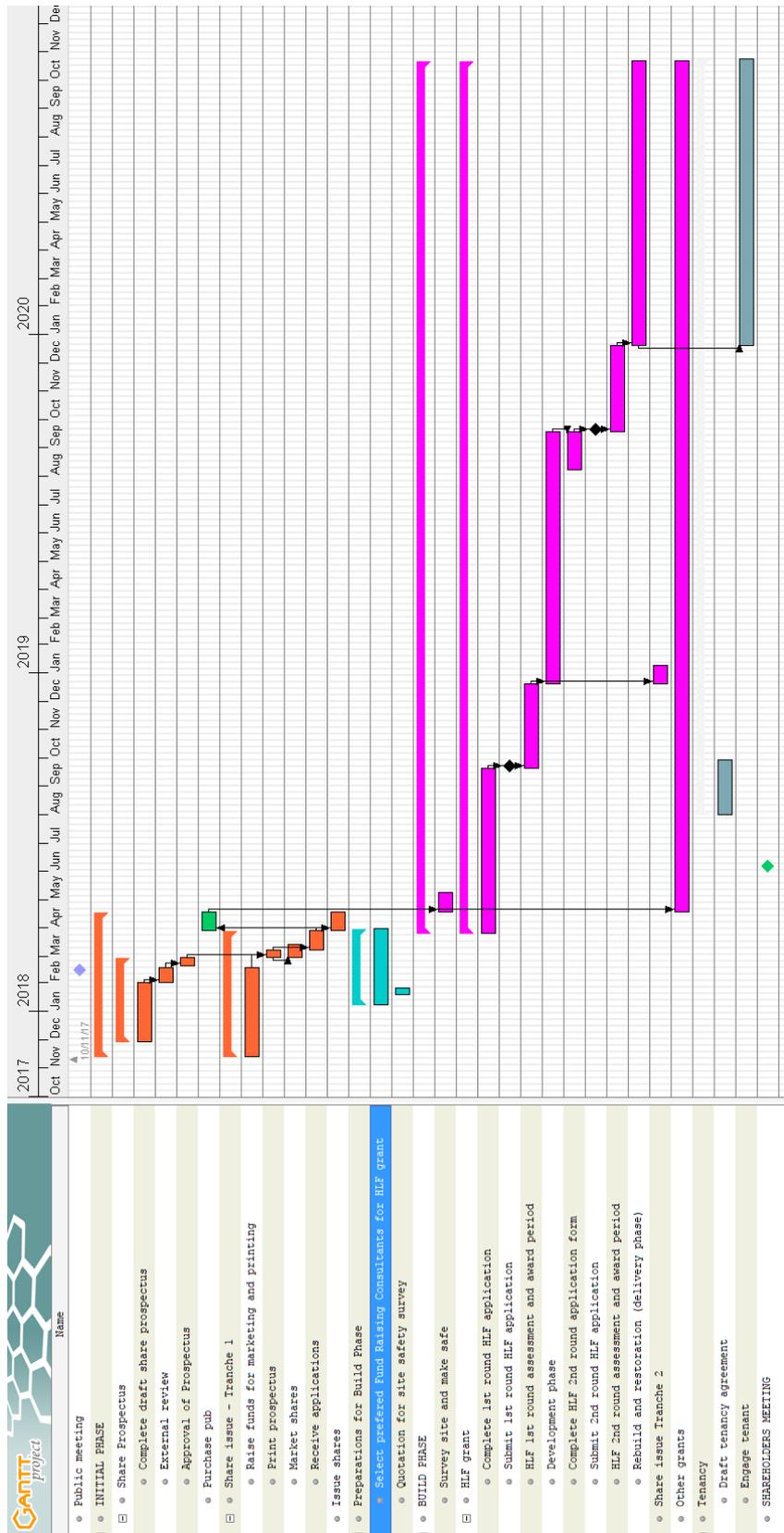
Signed and approved by the Members of The Society's Management Committee

Sophie Ayers		
Penny Bird		
Jacky Carpenter		
Mike Cooper		
Sara-Jane Eaton		
Tony Franklin		
Richard Fordham		
George Hering		
Sue Hering		
Ray Lewis		
Mike Margetts		
Robin Nielsen		
Colin Owens		

DATED | **29th November 2017**

13. Appendices

13.1. Appendix 1 - Summary Project Plan



13.2. Appendix 2 - Village Questionnaire

Appendix 2: Questionnaire



THE GEORGE
Community Pub Project Group

It's our Heritage

Since the fire in the Grade II listed George pub it has been discovered that the building is significantly older than first thought, probably early 16th Century.

Enough of the building has been saved including a lot of the timber framed structure to consider rebuilding and retaining its Grade II listed status.

The George Community Pub Project Group has been formed with expertise from heritage, legal, business, financial, project management and marketing backgrounds who together can unlock the door to the vital support we will need in taking this project forward.

What is a Community Pub?

Like any business a community owned pub must be profitable but the primary purpose is to reinvest back into the pub and into the local community.

A really important aspect of the community pub is that they offer additional services to benefit the community. This will be services to the isolated and vulnerable amongst us but the major benefit in all cases will be the creation of a community hub in which members of the community can come together, interact and socialise.

Give us your support and we'll restore the burnt out monster that sits in the centre of our village to create something very special for us all to own and use.

This kind of venture has been successfully achieved in other communities all over the UK. There are several cooperative pubs in the UK and most of these have been set up with the help of grants and private share investment. Will our community be the next one?



THE GEORGE
Community Pub Project Group

email: info@wmgeorge.co.uk
www.wmgeorge.co.uk

Email



When the members of a community come together for a common cause, without purely financial or commercial motives, when they co-operate and collaborate to save or preserve something that is important and valuable to their community, they can unlock something very powerful.

Don't forget

Please place your questionnaire outside near your door on or before the 11 November. We will collect it shortly afterwards without disturbing you.

If you miss our collection you can drop your questionnaire at Inspirations Shop in the centre of the village.
Closing date is the 20 November.

If you want to be informed about the George and our progress please add an email address below or follow our website www.wmgeorge.co.uk



TOGETHER WE CAN GET THIS SORTED!



THE GEORGE
Community Pub Project Group

**Have you completed the questionnaire?
If so put your completed questionnaire in the bag and leave it outside near your front door step. Weigh it down with something heavy and we will collect it in the following few days without disturbing you. Thank you**

Questionnaire

Unlike any ordinary pub the new George Community Pub will be individual to our community needs and inclusive to all. It will be rebuilt to high standards and good design with the usual bar and food options available. We would however like to know about any **ADDITIONAL FACILITIES** that would make a difference to the way you would use the George.

Please rate your answers as follows the bigger the score the more you like;

5=strongly like, 4=like, 3=neither like or dislike, 2=dislike, 1=strongly dislike

	Person 1	Person 2	Person 3	Person 4
Separate Restaurant Room				
Community/Club/Function Room				
Patio / Garden Area				
Separate Family-Friendly Area				
Games Room				
Live Music				
Free to use Internet Access				
Bed and Breakfast Rooms				
Big Screen TV				

Other

Please suggest anything else you would really like to see or use

Person 1

Person 2

Person 3

Person 4

On average how many times would you visit the pub for just a social drink?

	Person 1	Person 2	Person 3	Person 4
Daily				
4-5 Times a Week				
2-3 Times a Week				
Weekly				
Fortnightly				
Monthly				
Less than Monthly				

When would you eat in the pub?

Enter the number of times you would, on average, eat at the pub PER MONTH (if only occasionally just tick the appropriate box)

Bar Food:	Person 1	Person 2	Person 3	Person 4
Weekday Lunch				
Weekday Evening				
Saturday Lunch				
Saturday Evening				
Sunday Lunch				
Sunday Evening				

Restaurant Meals:	Person 1	Person 2	Person 3	Person 4
Weekday Lunch				
Weekday Evening				
Saturday Lunch				
Saturday Evening				
Sunday Lunch				
Sunday Evening				

Thank you for your time in completing this questionnaire. Your feedback and support are crucial in Wickham Market having a Community Pub.

A Community owned pub for Wickham Market?

For most villages a pub is a vital service; it is a meeting place, a communication centre and an important lynchpin of village life. Much of the appeal of our village rests on its sense of community. The presence of a community pub in Wickham Market would we feel, greatly reflect and enhance that community spirit.

This questionnaire is the first step. We need to know your views on what might be provided and what would receive your support. Please be as honest and realistic as possible in your answers! Your responses will be treated in confidence. It is entirely anonymous, unless you wish to add your name at the end.

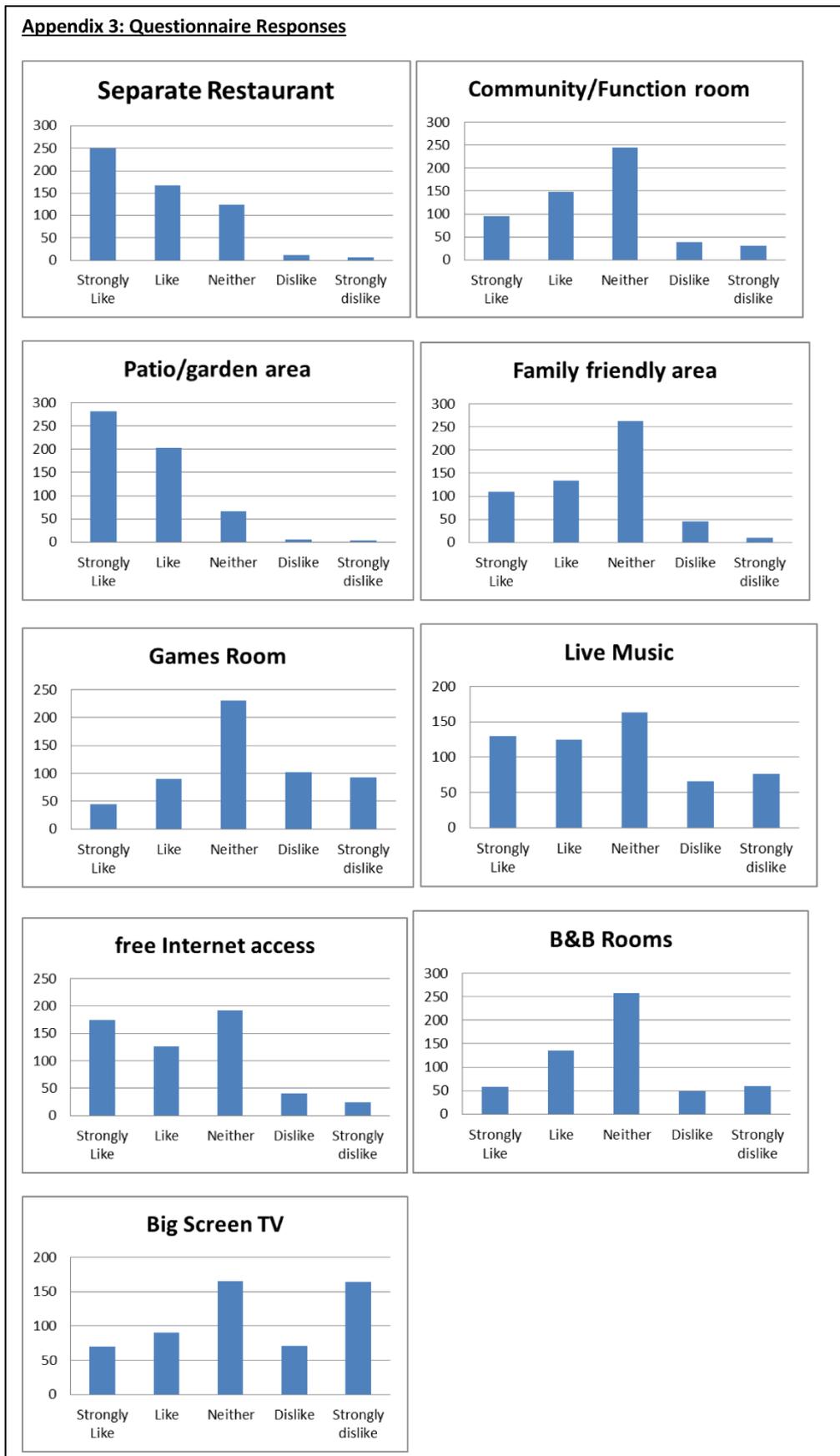
NEXT ACTION

Friday 11 November (or before)

Put your completed questionnaire in the bag and leave it outside near your front door step. Weigh it down with something heavy and we will collect it in the following few days without disturbing you. Thank you for your help

The results of this survey will be published and presented at a public meeting when the proposal can be discussed further.

13.3. Appendix 3 - Questionnaire Results



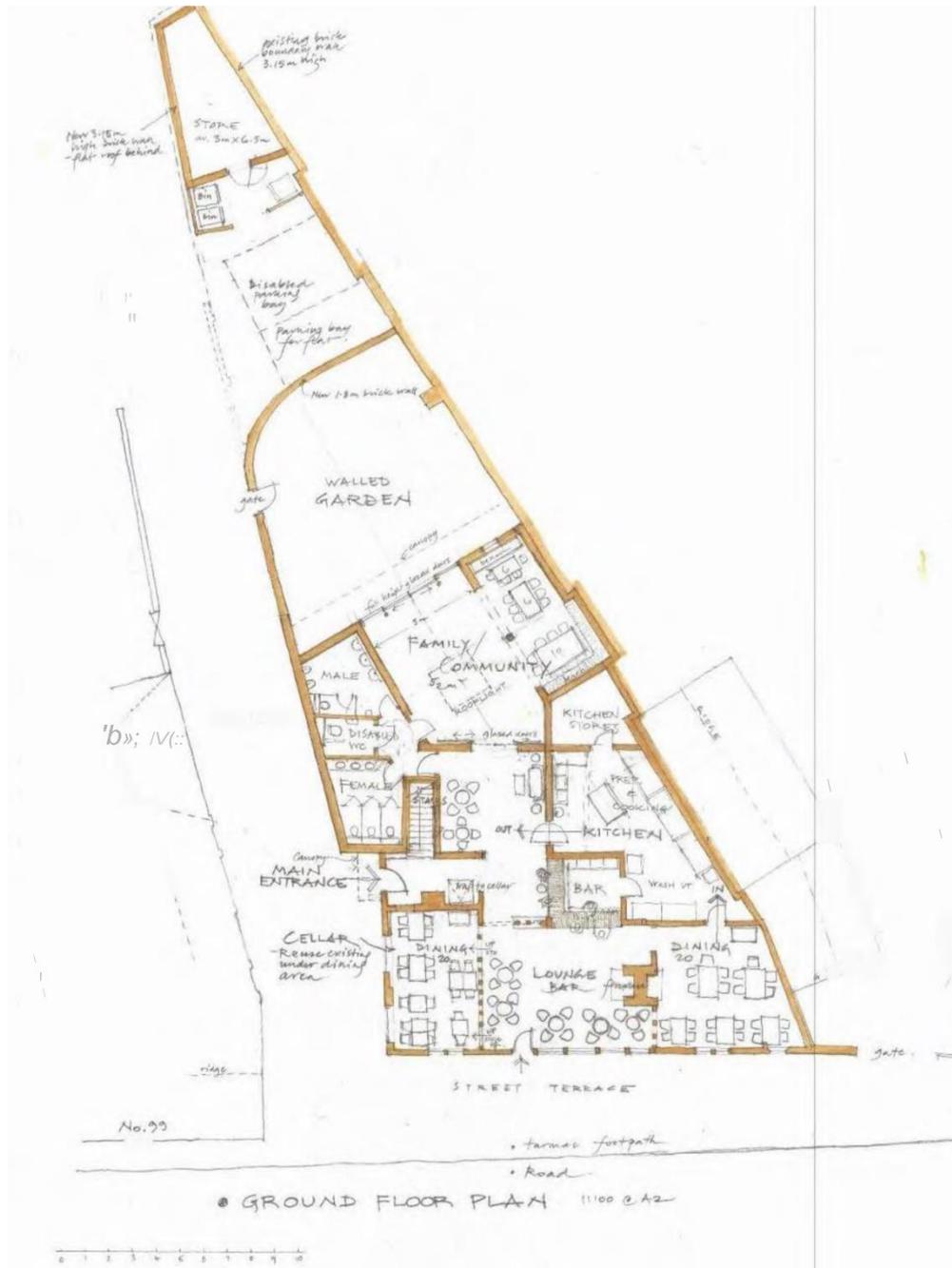
13.4. Appendix 4 - Social Impact Projection

Copy available from the Company Secretary at wmgeorge@btconnect.com

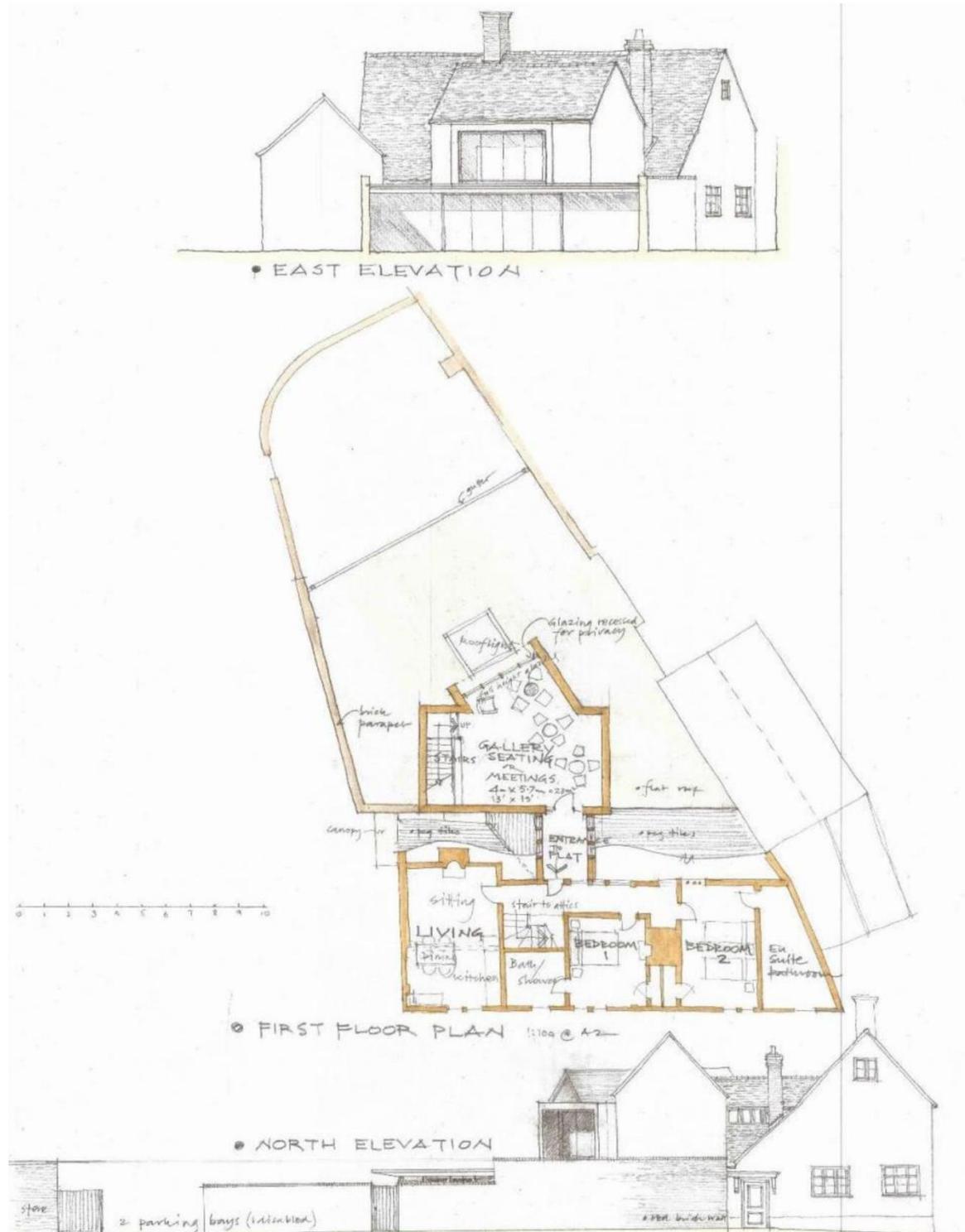
13.5. Appendix 5 - Conceptual Layout Drawings

Appendix 5: Conceptual Layouts

a) Ground floor Layout



b) First floor Layout and North and East Elevations



13.6. Appendix 6 - Financial Viability Models Assumptions

Appendix 6a - The George - Cashflow Projection - Assumptions and Variables					
1	£11.26	Social drinks – average income per head per visit in 2021 - inc VAT	Equivalent to	£10 per visit at today's prices	Source data = Questionnaire
2	£16.88	Bar meals – average income per head per visit in 2021 - inc drinks -inc VAT	Equivalent to	£15.00 per meal at today's prices	Source data = Questionnaire
3	£33.77	Restaurant meals – average income per head per visit in 2021 - inc drinks - inc VAT	Equivalent to	£30.00 per meal at today's prices	Source data = Questionnaire
4	2.5	Cost of drinks – sales to cost ratio	Source = Recently retired publican		
5	3	Cost food - sales to costs ratio	Source = Recently retired publican		
6	£1,792	Chef monthly salary	25000 + 18000 / 2 =	21500	1792
7	2	Number of Chefs	First Chef		
8	£1,600	Bar & Waiter Staff monthly salary	Second Chef		
9	£7,500	Rent per Year inc VAT			
10	1.0%	% of Turnover added to annual rent			
11	3.0%	% rent increase per year			
12	2.5	Number of Bar, Waiting & Cleaning Staff (Tenant included as memberof staff)			
13	£0	Tenant's monthly withdrawing's set at nil (to be decided by the Tenant)			
14					
15	20%	VAT rate			
16	72	Pints per Firkin (Barrel)			
17	2	Pints purchase per visit			
18	1	Soft drinks bought per visit			
19	£100.58	Price paid to the Society per Firkin of Beer ex VAT			
20	£1.03	Price paid to the Society per softdrink ex VAT			
21	10%	Payroll expenses % taking into account employer's NI @ 13.8% but not on the first £880 each month per employee, with 5 employees earning this per month + 3% auto-enrolment pension contribution the cost is effectively a little under 10% at the rates selected.			
22	1%	Credit Card Charge			
23	£30,000	Startup Costs			
24	£30,000	Cash Injection at Start-up tom cover Startup Costs			
25					
26	7	7 day opening assumed			
Running Expenses (see Cash Flow Projection Sheet)					
27	£9,000	(d) Outside services			
28	£750	(e) Supplies (office and operating)			
29	£9,000	(f) Repairs and maintenance			
30	£7,000	(g) Advertising £15k in first year			
31	£1,800	(h) Travel expenses (including deliveries)			
32	£2,800	(i) Accounting and legal			
33	£1,800	(k) Telephone			
34	£7,200	(l) Utilities			
34a	£2,494	(la) Waste Disposal Charges			
35	£2,400	(m) Insurance			
36	£35,005	(n) Taxes			
37	£1,200	(o) Interest			
38	£720	(p) Other expenses (specify each)			
38a	£4,920	(pa) Business Rates			
39	£3,050	(q) Credit Card Charge			

Inflation @	2017	2018	2019	2020	2021
Inflation Calculator	£30.00	£30.90	£31.83	£32.78	£33.77

Inflation @	3%
Inflation Calculator	£30.00

These values come from the Society's Financial Model

About VAT - In the Cashflow Projection Sheet VAT is calculated on the basis of 20% sales less 20% of VATable costs

This could include outside labour and/or materials for specialised overflow work, including subcontracting items purchased for use in the business (not for resale)

Include periodic large expenditures such as painting, decorating, repair of broken equipment

This amount should be adequate to maintain sales volume – include website, social media, telephone book & yellow page costs

If a personal vehicle is used, add the costs in this column – include parking

Outside services, including, for example, bookkeeping and tax return preparation

Self-explanatory

Water, heat, light and/or power

Based on 1100 litre food waste bin emptied weekly at £1243.52 per year ex VAT and a 1100 litre bin for recyclable waste emptied two weekly at £834.60 per year ex VAT.

Coverages on business property and products, eg fire, liability, workers' compensation, insurance against theft etc

Exclude tenant's life insurance premiums (include in "sw")

Property taxes, corporation tax, excise duty if applicable and VAT - No Corporation Tax if tenant is a sole trader

Remember to add interest on loan as it is injected (see 2(c) above)

Unexpected expenditures may be included here as a safety factor

Based on a rateable value of £10,250 at 48p in the £ with 50% rural settlement discount

Equipment expenses during the month should be included here (non-capital equipment)

Appendix 6b - The Society's Financial Model Assumptions

1	See Building Cost assumption in "Building Cost" Sheet			
2	Number of Share in First Tranche	£150,000		Set as a minimum
3	Number of Share in Second Tranche	£150,000		Set as a minimum
4	Open for business date	1-Dec-20		
5	Property purchase date	1-Mar-18		
6	Beer Purchase & Sale			
7	No of barrels (firkin - 72pts) per week (in 1st Year)	7		Evidence from Kings Arm, Shouldham Business Plan
8	Ave Purchase Price per Barrel (firkin - 72pts) (in first Year)	£93		Average wholesale price for a firkin of beer from Crown Drinks Ltd Aug 2017 £120.70 Price to the Tenant
9	% Beer Purchase Annual Price Increase	4%		
10	% Increase in Beer Sales in Years 2, 3, & 4	10%		
11	% Mark-up per barrel selling on to Tenant	30%		Evidence from Kings Arm, Shouldham Business Plan £27.85 Profit per barrel
12	Pints per visit	2		
13	Soft Drinks Purchase & Sales			
14				
15	Average Purchase Price per bottle (in 1st Year)	£0.89		Average wholesale price per 500ml bottle from Drink-wholesale Online - / £1.03 Price to the Tenant
16				
17				
18	Our % Mark-up per bottle	15%		
19				
20	VAT Rate "business phase"	16.667%		"business phase" VAT take out rate from rent and tied related items
21	VAT Rate "build phase"	2%		"build phase" assumes that the Society is VAT registered and because 20% of its income is property rent on which VAT is non-recoverable a notional rate of 2% has been applied
22	Grant success rate %	90%		
23	Mortgage			Set to zero since Version 2.8
24				
25				
26	Services Income per Year	£100		Estimated
27	% Increase per Year on Gaming & Services after Year 3	3%		Estimated
28	Other Income per Year	£100		Estimated
29				
30	Running & Other Cost Parameters			
31	Building Maintenance annual costs (in 1st Year)	£500		Evidence from Adhams
32	Building Maintenance costs annual % increase	3%		Estimated
33	Sundry costs	£0		
34	Insurances premium (un-occupied)	£1,506		Quotation received from Alan Boswell Insurance Brokers Ltd via Richard Fordham 5th Sept 2017
35				
36	Insurance premium annual % increase	3%		Estimated
37	Scaffold Repair	£3,900		Quotation from CAT Scaffolding dated 07-07-17
38	Society running cost per year	£500.00		Based on the cost of running the Society April to Aug 2017 inclusive
39	Part Time Admin Manager (Tied Sales)			
40	Hours per week	8		Specified
41	Hourly pay in 2020	£16.00		Specified
42	Annual Cost in 2020	£6,656.00		Calculated
43	Annual Wage increase %	3%		Estimated
44				
45	Contingency			
46	During Initial Phase	10%		Of costs
47	During Build Phase			See QS Building Costs sheet cell K40
48	During Tenancy Phase	0%		No contingency cost set for tenancy phase
49	Extraordinary costs during rebuilding (extras)	£30,000		

13.7. Appendix 7 - Building Costs Summary

01256 The George Wickham Market							Budget Estimate		
Appendix 7 - Quantity Surveyor's Building Costs Summary									
			Extension		Existing		External works		Totals
0.0	Facilitating works		5,000	5,000.00	15,000	15,000.00	-	-	20,000
1.1	Substructure		38,300	38,306.00	9,700	9,720.25	-	-	48,000
2.1	Frame		7,500	7,500.00	20,000	20,000.00	-	-	27,500
2.2	Upper floors		3,000	2,994.00	11,100	11,095.25	-	-	14,100
2.3	Roof		49,500	49,516.05	33,300	33,300.00	-	-	82,800
2.4	Stairs		2,500	2,500.00	2,000	2,000.00	-	-	4,500
2.5	External walls		40,200	40,207.50	19,700	19,650.00	-	-	59,900
2.6	Windows & external doors		32,200	32,150.00	21,600	21,550.00	-	-	53,800
2.7	Internal walls & partitions		11,200	11,160.00	11,200	11,160.00	-	-	22,400
2.8	Internal doors		6,000	5,950.00	4,400	4,400.00	-	-	10,400
3.1	Wall finishes		23,800	23,800.00	18,500	18,505.00	-	-	42,300
3.2	Floor finishes		22,300	22,301.00	18,700	18,748.00	-	-	41,000
3.3	Ceiling finishes		11,600	11,550.00	10,900	10,900.00	-	-	22,500
4.1	Fittings		41,000	41,000.00	1,000	1,000.00	-	-	42,000
5.1	Sanitary appliances		10,100	10,050.00	8,300	8,300.00	-	-	18,400
5.2	Services equipment		-	-	-	-	-	-	-
5.3	Disposal installations		2,500	2,500.00	1,000	1,000.00	-	-	3,500
5.4	Water installations		15,000	15,044.25	14,100	14,140.10	-	-	29,100
5.5	Heat source		5,000	5,000.00	-	-	-	-	5,000
5.6	Space heating & air treatment		15,000	15,044.25	14,100	14,140.10	-	-	29,100
5.7	Ventilation systems		10,000	9,971.75	3,700	3,713.10	-	-	13,700
5.8	Electrical installations		20,800	20,830.50	19,600	19,578.60	-	-	40,400
5.9	Fuel installations		-	-	-	-	-	-	-
5.10	Lift & conveyor installations		-	-	-	-	-	-	-
5.11	Protective installations		7,400	7,406.40	7,000	6,961.28	-	-	14,400
5.12	Communication installations		4,600	4,629.00	1,100	1,087.70	-	-	5,700
5.13	Special installations		-	-	-	-	-	-	-
5.14	BWIC		1,600	1,634.55	2,300	2,324.04	-	-	3,900
8.1	Site preparation works		-	-	-	-	5,000	5,000.00	5,000
8.2	Roads, paths, pavings & surfacing		-	-	-	-	27,400	27,445.00	27,400
8.3	Soft landscaping		-	-	-	-	2,500	2,500.00	2,500
8.4	Fencing, railing and walls		-	-	-	-	14,200	14,200.00	14,200
8.5	External fixtures		-	-	-	-	-	-	-
8.6	Drainage		-	-	-	-	15,600	15,617.50	15,600
8.7	External services		-	-	-	-	21,000	21,000.00	21,000
8.8	Minor building works		-	-	-	-	17,600	17,600.00	17,600
9.2	Preliminaries	15.0%	57,900	57,915.00	40,200	40,245	15,500	15,495	113,600
10	Contractor on-cost	12.5%	55,500	55,500.00	38,600	38,563	14,900	14,850	109,000
13	Risk	7.5%	37,500	37,462.50	26,000	26,033	10,000	10,028	73,500
	Total Projected Construction Costs		£ 537,000	536,922.75	£ 373,100	£ 373,113	£ 143,700	£ 143,735	£ 1,053,800
	Client direct costs								
11	Professional & other fees								205,000
14	Inflation	3.9%							48,716
	Total Projected Project Costs								£ 1,307,516

13.8. Appendix 8 – Grant Funding Sources

Funding applications would need to be made at three key stages during the project:

- 1) **For Pre-Project Development:** Funding for:
 - a. further work relating to the development of Stage 1 bids to capital funders (e.g. The Heritage Lottery Fund and The Big Lottery Reaching Communities Fund) requiring professional input (architects, engineers, etc.);
 - b. promoting the share issue;
 - c. community activity/initiatives;
 - d. Society expenses.
- 2) **For Project Development (HLF/Big Lottery Stage 1):**
 - a. preparing the detailed plans for the reconstruction, planning and preparing for the commencement of re-construction/construction works and the tendering for those works, in order to make successful Delivery (Stage 2) funding applications;
 - b. planning submissions;
 - c. community activity/initiatives during the Development stage;
 - d. Society expenses.
- 3) **For Project Delivery (HLF/Big Lottery Stage 2):** Funding for:
 - a. re-construction of The George;
 - b. fitting out of the building;
 - c. community activities and initiatives during the Delivery stage (and potentially after The George has re-opened);
 - d. the commencement of trading;
 - e. Society expenses.

The following table sets out funding sources identified by The Society listed by size of maximum grant and classified into their tier in our grant hierarchy (see Section 8.4.2.1).

Grants and funding bodies	Funder Tier	Maximum Tier 1	Maximum Tier 2	Maximum Tier 3
Heritage Enterprise Scheme (Heritage Lottery Fund)	1	£1,287,030 (Conservation deficit)		
England - Reaching Communities (Big Lottery Fund)	1	£500,000		
Heritage Coast LEADER Programme 2015-2021 (Department for Environment, Food and Rural Affairs (DEFRA))	2		c.£180,000 (€200,000)	
More Than A Pub Grant (administered by The Plunkett Foundation)	1	£75,000		
The Prince's Countryside Fund	2		£50,000	
The Headley Trust (Sainsbury Family Charitable Trust)	3			£50,000
American Express Philanthropic Programme	3			Est £10,000
Veneziana Fund	3			Est £10,000
ASDA Foundation	3			£40,000
The Edwin Fox Foundation	3			£40,000
Architectural Heritage Fund Project Development Grant	1	£25,000		
Power to Change -Community Business Bright Ideas	2	£20,000		
Enabling Communities Exemplar Programme/SCDC	2		£10,000	
HLF Sharing Heritage	3			£10,000
Peter Samuel Charitable Trust	3			£10,000
Leche Trust	3			£5,000
Councillor's Locality Budget/SCC 2017-18	3			£3,000
Alfred Williams Charitable Trust	3			£3,000
Adnams Community Trust	3			£2,500
Britten -Pears Foundation - Local Grants	3			£2,000
Suffolk Coastal Enabling Communities Budgets/SCDC 2017-18	3			£2,000
Postcode Community Trust/Community Grants	3			£2,000
Cleary Fund - Building Restoration Grant/Georgian Society	3			£1,000
TOTAL		£1,907,030	£240,000	£190,500

13.9. Appendix 9 – The George Detailed Cashflow and Profitability Table

Appendix 9 Tenancy Cashflow and Profitability for 2020 Inclusive of VAT													
	Average Wet Sales		per day		equivalent to		social drink visits per year		main meals per year		bar meals per year		
	Average Main Meal Sales	Average Bar Meals Sales	33.0	8.8	12,045	3,212	12,045	3,212	12,045	3,212	12,045	3,212	
	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	TOTAL
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
1. CASH IN THE BUSINESS (Beginning of month)	0	2,316	1,622	(1,076)	(3,774)	(4,796)	(5,817)	(5,162)	(2,087)	2,100	4,611	6,222	
2. INCOME													
(a) Cash Sales (Wet) from Sales Assumptions	16,771	11,181	9,783	9,783	9,783	9,783	9,783	11,181	11,181	11,181	11,181	13,976	135,568
(b) Cash Sales (Food) from Sales Assumptions	16,230	11,615	8,135	8,135	11,615	11,615	15,096	18,577	20,884	17,404	16,230	13,923	169,459
(c) Community Events Income													
(d) Loan or other cash injection													
3. TOTAL CASH RECEIPTS [2a + 2b + 2c + 2d = 3]	33,002	22,796	17,918	17,918	21,399	21,399	24,879	29,758	32,065	28,584	27,411	27,899	305,027
4. TOTAL CASH AVAILABLE (Before cash out) [1 + 3]	33,002	25,113	19,540	16,842	17,625	16,603	19,062	24,596	29,978	30,685	32,022	34,121	
5. OUTGOINGS													
(a) Purchases (merchandise)	11,101	7,666	6,031	6,031	7,191	7,191	8,352	9,886	10,755	9,595	9,204	9,383	102,488
(b) Gross wages (excludes withdrawals)	7,583	7,583	7,583	7,583	7,583	7,583	7,583	7,583	7,583	7,583	7,583	7,583	91,000
(c) Payroll expenses (taxes etc)	758	758	758	758	758	758	758	758	758	758	758	758	9,100
(d) Outside services	500	500	500	500	500	500	500	500	500	500	500	500	6,000
(e) Supplies (office and operating)	200	50	50	50	50	50	50	50	50	50	50	50	750
(f) Repairs and maintenance	500	500	500	500	500	500	500	500	500	500	500	500	6,000
(g) Advertising	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
(h) Travel expenses (including deliveries)	150	150	150	150	150	150	150	150	150	150	150	150	1,800
(i) Accounting and legal	200	200	200	200	200	200	200	200	200	200	200	200	2,800
(j) Rent	955	872	823	823	858	858	893	941	964	930	918	923	10,757
(k) Telephone	150	150	150	150	150	150	150	150	150	150	150	150	1,800
(l) Utilities	600	600	600	600	600	600	600	600	600	600	600	600	7,200
(m) Insurance	2,464	2,464	2,464	2,464	2,464	2,464	2,464	2,464	2,464	2,464	2,464	2,464	29,568
(n) Taxes	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	40,728
(o) Interest	100	100	100	100	100	100	100	100	100	100	100	100	1,200
(p) Other expenses (specify each)	60	60	60	60	60	60	60	60	60	60	60	60	720
(q) Business Rates	410	410	410	410	410	410	410	410	410	410	410	410	4,920
(r) Credit Card Charge	330	228	179	179	214	214	249	298	321	286	274	279	3,050
(f) Subtotal	30,685	23,490	20,616	20,616	22,420	22,420	24,224	26,682	27,878	26,074	25,789	25,577	296,483
(s) Loan principal payment													
(t) Capital purchases (specify)													
(u) Other start-up costs													
(v) Reserve and/or escrow (specify)													
(w) Tenant's withdrawal													
6. TOTAL CASH PAID OUT [Total from 5a to 5w]	30,685	23,490	20,616	20,616	22,420	22,420	24,224	26,682	27,878	26,074	25,789	25,577	296,483
7. CASH POSITION (End of month) [4 minus 6]	2,316	1,622	(1,076)	(3,774)	(4,796)	(5,817)	(5,162)	(2,087)	2,100	4,611	6,222	8,544	

The George Community Pub (Wickham Market) Ltd

A Community Benefit Society

FCA Mutuals Public Register No. 7462

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THE GEORGE
Community Pub

