

The George Community Pub
(Wickham Market) Limited
A Community Benefit Society



THE GEORGE
Community Pub

Business Plan

April 2018



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The George Community Pub (Wickham Market) Limited

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1 Executive Summary

This document presents The George Community Pub (Wickham Market) Limited, known as the “Society”, business plans to purchase, rebuild and operate the George Pub in Wickham Market, as a community owned pub.

The objective of the Society is *‘to take ownership of the George and restore it to use as a viable community pub and social enterprise offering services, facilities and opportunities for the community benefit.’* This business plan sets out how we will achieve that objective.

The Grade II listed George was the last pub left open in Wickham Market when it was severely damaged by fire in 2013. Despite the apparent devastation, heritage experts have confirmed that it can be reconstructed to retain its current listed status, a concept strongly supported by the local council Conservation and Planning authorities.

The George was sold privately at auction to a property developer who applied unsuccessfully to demolish the Grade II listing building. Frustrated by time and the inability of the owner to restore the historic assets demanded, the Parish Council held two well attended public meetings, at which residents and local government representatives supported the idea that a community approach would be the best and only course of action to save the George as a Community Pub.

Subsequently the George Community Pub (Wickham Market) Limited was established as a Community Benefit Society, to take the initiative forward. This structure involves the sale of Community Shares with each shareholder becoming a member of the Society with an equal vote on how it is run and the decisions it makes. There is also a potential for holders of Community Shares to receive a modest return on their investment.

The plan is to buy the freehold, rebuild the George while retaining its heritage assets, and let it to a tenant to operate as a Community Pub. While rebuilding the George it will be extended with a configuration, facilities and services which make it attractive to the whole village. The intent is 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.

We have agreed with the existing owner an option to buy the property for the sum of £40,000.

In saving the heritage assets the reconstruction costs are relatively large but because of the listed status and condition of the building the Society has access to grants for use in its restoration without the need for their recovery and which are not available to individuals or commercial organisations, and 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 heritage lottery grants.

The George has been listed as an Asset of Community value and placed on the Suffolk County Historic Buildings at Risk Register.

The pub will draw custom from and serve Wickham Market residents, circa 2,300 people, and surrounding settlement, plus many visitors to the area which benefits from local attractions. As a community pub it will not only serve food and drinks but also have sufficient dedicated space for social activities and engagement.

To ensure the Society delivers a pub the community wants and giving the maximum possible social benefit while crucially being commercially viable a survey was conducted with 576 returns from approximately 30% of the adult population of the village.

From the feedback and from further research with industry professionals, the Society carried out a comprehensive feasibility study. The results demonstrated that sufficient funds can be raised to rebuild the George and it can be run as a profitable and successful Pub with significant community benefit. The Feasibility Study can be found on our website www.wmgeorge.co.uk

This Business Plan follows that study, incorporating most of the information and research found therein. Specifically, this Plan contains financial information covering the areas of property valuation, fund raising, and development and rebuilding costs, as well as operating projections for the George and the Society.

The cost of buying the property, construction and equipping the George ready for business is in the region of £1,600,000.

The property can be bought immediately following the Share Issue for an agreed £40,000. This will be followed by a reconstruction phase of some two years. The exact timing of work and cash flow will be dependent on the level of share capital raised and success in obtaining grants and various scenarios and contingencies have been considered.

Fund raising is therefore a major area and we have projected to raise c£300,000 through the issue of Community Shares and c£1,300,000 through grant applications – the majority from the Heritage Lottery Fund. This fund raising comes with risks and these are set out in full. We have examined all scenarios and the mitigating or alternative actions that would be followed and believe that whilst the risks cannot be eliminated, they can be managed. Additionally, we have built in conservative estimates of future trading levels of the George to ensure the operations of the pub and the Society remain profitable.

A marketing strategy has been developed covering all aspects of the project and pub operation. This will be refined in line with community needs to establish and increase usage by locals and visitors.

To date more than 50 co-operative pubs have been established in the UK with and, we believe, none have failed. This Business Plan sets out how we will add to that impressive list.

2 Project Development

2.1 History & Heritage

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.

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 building is currently protected by a scaffold and corrugated iron roofing structure, but it is inevitable that without intervention 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.

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.

2.2 Following the Fire

At the time of the fire in 2013, The George 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 Limited 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) Limited ('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 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 ...*".

2.3 Community Consultation

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 Society 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.

A copy of the Village Questionnaire is attached as Appendix 1

One third of the adult population of the village responded and this was considered sufficiently large to be representative of the community views.

A graphical summary of the results of the consultation is shown in Appendix 2

From these responses, a design brief was prepared for an architect to prepare a conceptual layout and this is set out in the next section.

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.

2.4 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 resulting from the outcome of the Village Questionnaire, the architect, Nicolas Jacobs Architects (NJA), has created a conceptual layout which is shown in Appendix 3.

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 has been submitted to Suffolk Coastal District Council (SCDC) for pre-application planning advice. Whilst there may be grounds to suppose the need for further dialogue, SCDC have no major concerns with our proposals and have offered positive support to the principles.

2.5 Valuation

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

MVSA1 - Market Value subject to the Special Assumptions set out previously is: £320,000

MVSA2 - Market Value subject to the Special Assumptions set out previously is: £425,000

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.

2.6 Feasibility Study

A major component in the preparation of this Business Plan was a Feasibility Study conducted by the Society over many months and concluded on 29th November 2017. The purpose of the study was to establish whether or not it was feasible and financially viable to acquire, reconstruct and subsequently operate the fire-damaged George as a community venture.

During the course of the study we consulted many experts and obtained estimates and advice. We employed Nicholas Jacobs Architects and through them qualified Quantity Surveyors. Valuations and pub trading advice came from Christie & Co, specialist Chartered Surveyors. We received a report from Community Action Suffolk and advice from Suffolk Coastal District Council, The Plunkett Foundation and The Pub is the Hub as well as many local experts. Grants to cover this work were obtained from Suffolk County Council, Suffolk Coastal District Council, The Plunkett Foundation and the Architectural Heritage Fund.

The report concluded that it is feasible to buy the pub, raise funds to reconstruct it and then run the George as a successful community pub. The key findings were presented in a Public Meeting on

10th February 2018. The work carried out in that extensive study has provided much of the information and detail for this Business Plan.

2.7 Current Position

The George is currently owned by Spencer Valentine Limited who has agreed to sell it to the Society for of £40,000, including the scaffolding which has an estimated value of about £10,000.

Whilst Wickham Market has a thriving central area around the main square, an active community scene of groups and volunteers, shops, a well-used village hall and church, it has no village pub.

It is considered that if the George could be a thriving business, it would make the village complete and everyone, individuals and businesses would benefit.

It is aimed to operate the George as a pub, restaurant and community hub which would support the local economy, providing local employment, as well as purchasing local produce, goods and services, supporting local food producers and other service providers.

2.8 Fund Raising and Reconstruction

The first action following the signing of this business plan will be to raise funds through the issue of community shares in the Society. We will aim to raise £300,000, with a minimum target of £100,000 which will enable us to purchase the George and submit grant applications. The maximum share target is set at £425,000 – the valuation of the pub when fully trading, as advised by our valuation consultants, Christie & Co.

Grant applications are to be to the Heritage Enterprise Lottery Fund and the Big Lottery Fund and up to 20 other smaller grant providers.

The reconstruction will take place over 18 – 24 months and is to be funded from share capital and grants. During this period, we will employ main and sub-contractors and expert consultants. This process has already started and we have engaged with architects and grant advisers.

3 The new George

3.1 Vision

The new George won't be just a pub, it will be a hub. It will be the beating heart of the village. A wonderful place in which to relax and socialise for those visiting alone, in pairs or groups, with friends, family, work associates or special interest groups and particularly for those who are vulnerable.

Our vision for the George is to dispel any negativity about the 'old George' and show the community that the 'new George' will be a very different place. It will become a focal point of the community with many facets.

3.2 Aims

To help the Society realise its vision and define its aims it engaged with Community Action Suffolk (CAS) to assess social impact of the changes envisaged and how they may be presented and monitored.

The results of this assessment were in summary that the social and community benefit of restoring the George would 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.

This represents a fantastic opportunity for Wickham Market to continue to strengthen the vibrancy and sustainability of its community and village.

3.3 Values

These aims form the Society's broad objectives from which a set of values can be established:

- Promote community ownership.
- Work to making the George attractive and accessible to all.
- Promote social inclusion.
- Engender a family friendly atmosphere where all members of the local community feel welcome.
- Promote the George as a community focal point for local residents and new people moving into the area that helps build social cohesiveness.

3.4 Actions

Working on behalf of the Society's Members, the Management Committee will engage with the Tenant to:

- Meet 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.
- Help make the George become a fantastic local pub with an excellent reputation by encouraging the Tenant not only to serving real ale and craft beers, wines and spirits and sensibly priced wholesome food, but also for its warm, friendly, inclusive atmosphere providing outstanding customer service, and by embracing the community it serves, providing food and facilities for all residents regardless of age or gender.
- Host breakfast meetings for the business community and other organisations.
- Seek help for older residents, who may not have access to a car, to visit and enjoy using the George as a gathering place; this is especially true for village residents who may not be traditional pub users and who may prefer non-alcoholic offerings.
- Promote the George as a focus for the arts and food through activities such as music nights, poetry evenings, theatre group, art related lectures, themed food nights and guest speakers.
- 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.
- Ensuring that the community as a whole is involved in developing activities of their choice by engaging with them and organising consultations, meetings, coffee mornings and other opportunities to gather local views.
- Assisting 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 for events held in the George.
- Promote the George as a tourist attraction close to Suffolk's heritage coast.

4 Organisation and Structure

4.1 Legal Status

The Society is registered as Community Benefit Society with the Financial Conduct Authority (FCA) under the provisions of the Co-operative and Community Benefit Societies Act 2014, its registration number is 7462.

A Community Benefit Society is an incorporated body that exists for community benefit, rather than the benefit of its members. Membership of the Society is open and voluntary and operates on a one member, one vote principle which combines to ensure a democratic community control of the Society by its membership.

The Society is governed by a set of Rules approved by the FCA. These Rules are modelled on the model rules drawn up by the Plunket Foundation.

A copy of the Society's Rules can be found on the Society's website at www.wmgeorge.co.uk.

The Society's registered address is:

The Resource Centre
Chapel Lane
Wickham Market
Woodbridge, Suffolk IP13 0SB
Email: wmgeorge@btconnect.com

4.2 The Society

The Society's organisation is based on a two-tier structure; the Members and the Management Committee.

The Society will own the George and rent it to a tenant who will run the pub as a business while observing the needs stipulated by the Society to run it as a community pub.

4.3 Members

The first members of the Society were those who signed the Society's Rules approved by the FCA and these members were appointed to the First Management Committee. This Committee will remain in office until the first Members' Annual Meeting. 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.

4.4 Management Committee

The Management Committee comprises between five and fifteen members who are accountable to the membership to whom it reports at the Annual Members' Meeting

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

The 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
- 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

This business plan has been written by the current Management Committee, members of which are:

Sophie Ayers – Sophie has a wealth of business, fundraising and research skills and she is keen to promote inclusivity within the community.

Penelope Bird – Penny has experience as a trustee and is a committee member of a number of Church and heritage related bodies. With her specialist interest in historic buildings she is passionate about saving the George.

Mike Cooper – Mike is a qualified accountant and was finance director for two prominent local companies. He is currently treasurer of St Elizabeth Hospice and Chair of Finance & Employment at Suffolk New College.

Sara-Jane Eaton – Sara-Jane is a solicitor of over 20 years' calling and a partner at a City law firm.

Tony Franklin – Tony has been instrumental in raising venture capital to fund hightech, spin-out companies from large corporate organisations. He was also an accredited business advisor for a period of 5 years. Tony's role is Company Secretary.

Richard Fordham – Richard is an experienced insurance advisor working for a major insurance company.

Sue Hering – Sue is an experienced office administrator and bookkeeper and has worked independently for a number of clients throughout Suffolk. Sue's role is that of Treasurer.

George Hering – George is a business owner and consultant with expertise in marketing and brand development.

Ray Lewis – Ray is an IT specialist with project and delivery management experience at senior level within the Telecoms industry, Investment Banking and IT Consultancy.

Robin Nielsen – Robin is a heritage consultant experienced in the project management of large construction related archaeological and buildings projects. He is a Member of the Chartered Institute for Archaeologists and is Vice Chair of the Society.

Colin Owens – Colin has many years' experience in General Management, Change Management and Project Management of multinational, multidiscipline teams. His role in the Society is that of Chairman.

Bill Wolff-Evans – Bill is a local business owner with experience in marketing, design, communications, hospitality and food.

4.5 The Tenant

Various trading models have been considered but this business plan is based on a tenant model.

It is noted that in the course of the feasibility study a number of other community pubs were consulted some of whom have initially chosen the managed option. Most of these pubs have abandoned this option and adopted the tenancy 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.

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 Business Plan. 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 income generated from rent will enable us to insure and 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.

5 Financial Analysis

5.1 Overview

The Society's finances are divided into two distinct time frames

- Purchase and reconstruction covers the period from crystallization of the share sales up to the opening of the George for business.
- Operations and management which is ongoing period after the rebuilding, restoration and fit out 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.

The likely costs of each of these phases and how funds will be raised to cover them are detailed below.

The Society intends to raise funds sufficient to cover all costs associated with purchase design, planning, reconstruction and fitting out of the property and carry forward sufficient working capital going into the Operations and Management period 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.

5.2 Purchase and Reconstruction Costs

This period is estimated to last approximately two and a half years and the costs are summarised as:

Purchase	£40,000
Reconstruction	£875,300
External works	£140,000
Fees	£200,000
Fit out	£100,000
Other*	£90,496
Contingency	£81,560
Inflation	£48,716
Total	£1,576,071

*There are a number of ongoing costs associated with management of the Society until commencement of income at the start of the operational and management period. They include such items as making and keeping the site safe, insurances, marketing, administration, legal fees, banking fees.

The above costs are based on estimates and quotations obtained. The majority relate to costs derived from the Quantity Surveyors report (Appendix 4) which has been based on the Architects conceptual design.

Throughout this phase costs will 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.

5.3 Purchase and Reconstruction Cashflow

Following the share issue the first immediate action will be to exercise the Option and buy the property for £40,000. This cost plus the legal purchase costs, site safety and security, insurance and other property and Society admin costs could amount to approximately £100,000 over this period, as set out in the Use of Shareholders Funds section below.

In the period running up to the start of the building programme, a number of uncertainties exist to do with the receipt of funds, in particular grant funding and share subscriptions. The timing and quantum of these two funding sources will be critical to the Society's cashflow needs.

Linking cash availability to the purchase and reconstruction timeline and the variables which apply to both parameters will identify any need to borrow money to fund short term needs.

However, there are a number of unknowns which make it difficult to make any predictions about timing and quantum which make it necessary to put in place a number of contingent measures.

The events which could cause a short-term cash deficit include:

1. Share subscription fails to reach the target of £300,000
2. Delay in receiving HLF Stage 1 grant funding.
3. Delay in receiving HLF Stage 2 grant funding
4. Delay in receiving Big Lottery grant funding

The cash short fall caused by any of these events could be addressed by:

1. Re-launch the share offer marketing campaign attracting new investors and an increased subscription from existing investors.
2. Raise a loan from bank or other sources; the Plunkett Foundation or the Community Share Booster programme.
3. Seek other sources of grant funding.

Of these three contingent measures the speediest would be the raising of a loan and the Society will set in place provision to raise such a loan at short notice although this may be the least favoured option.

Until the Community Share offer has been made and subscriptions received it will be difficult to gauge at what level in the range £100,000 to £425,000 subscription will have reached before the offer end date is reached. The consequent of achieving a low subscription level will be to put more dependence on the “Tier 3” (see Appendix 5) grant application and conversely less if the subscription reaches £425,000.

5.4 Funding Sources

5.4.1 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 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.

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.

There can be no guarantee that each of The Society’s grant applications will be successful, or the grant awards 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 the conservation deficit of £1,287,030)
- Tier 2 £240,000

- Tier 3 £190,500

Total potentially available: £2,327,530.

A breakdown of these numbers is included in Appendix 5

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.

5.4.2 Community Shares

As a means of raising the required capital, shares in the project will be issued by the Society.

Unlike shares on the stock market these shares cannot increase in value so trading in the shares is solely between the Society and the individual investor. It should be noted that shares can decrease in value if the Society were to dissolve but this is mitigated by the majority of the investment being locked into the capital value of the building itself.

Importantly, the legal structure of the Society as a Community Benefit Society also guarantees an "asset lock" that ensures the assets of the society will only be used for the benefit of the community and cannot be disposed of for the private profit now or at any time in the future.

The cost of each share is £10 but, for practical purposes, the minimum amount which can be invested will be set at £50. There will be a maximum investment of £20,000 per member. Owning a share automatically entitles the member to having a say in how the community society is managed.

Shares are open to everyone over the age of 18, however, the Management Committee can, without giving reason, refuse membership.

The membership will elect a Management Committee that will, amongst other things, advise the members on what they think the annual level of interest to return to the members should be set at.

The Society will be suspending the withdrawal of share capital until 2023 to allow us the space to rebuild the George and develop it into a profitable business. There will be exceptions e.g. bankruptcy or death of an investor. After that there will be a period of notice required prior to any withdrawal. There will also be a maximum limit on withdrawable capital from the business in any given year. The Committee will have discretion in exceptional circumstances to allow shares to be withdrawn sooner than the requisite time. Full details of withdrawal terms will be included in the share offer documentation.

In preparation for this community share offer the Society has negotiated an option to buy the George from Spencer Valentine Limited for the sum £40,000. The Society will take up this option only if it raises the minimum fund-raising target of £100,000.

5.4.3 Sponsorship

During the rebuilding of the George, the Society will be seeking sponsorship income from commercial organisations that see a business benefit in 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.

5.4.4 Community Fund Raising

Other income can come from any number of sources but in particular it includes the Society's Community Fundraising Activities. To date five very successful fund-raising events have been held – a pop-up pub, a Big Breakfast and three Quiz Nights. Together with donations these have raised

£3,000. Future events planned in the next 12 months include another Big Breakfast, more Quizzes and regular pub evenings.

5.4.5 Loans

A risk has been identified and is explained in 7.7 Cashflow section under 7 Assessing Risk which looks at the possibility of the payment of grant instalments lagging the need to pay invoices during the construction phase. In such circumstances the Society would need to find a short-term source of funds to pay such invoices. In that event the Society could seek to raise a loan the repayment of which could come from grant instalment payments or from the projected income of the Society in which case a loan of up to £50,000 could be afforded. In the first instance we would apply for a grant/loan from the Plunkett Foundation; More Than A Pub: The Community Pub Business Support Programme.

5.5 Use of Shareholder (Members) Funds

The minimum share subscription has been set at £100,000 and in the event of this being the total raised then it would be expended as follows:

To take ownership of the property

a. Purchase prices	£40,000
b. Legal Fees and land registration associated with the property purchase	£4,000
c. Professional costs necessary to take us to HLF grant application Stage 1 (Project Development) followed by grant application Stage 2 (Project Delivery)	£5,000
d. Scaffold Repair and Upkeep – based on estimates from scaffolding contactors	£3,900
e. Insurance – based of quotations received from insurance brokers	£3,600
f. Society running costs – based on the cost of running The Society in the first nine months of 2017	£1,600
g. Cost of ownership of the George before construction work begins.	£10,000

To fund the marketing of a second share offer following the first award of a major (Tier1) grant

h. Marketing the second tranche Share Issue and later marketing the Pub Launch	£15,000
Total	£89,100

In the event of the share subscription reaching the maximum set of £425,000 then there will be £335,900 available to offset any short fall in grant funding.

5.6 Financial Projection

5.6.1 The Society

The Society's business model is based upon the appointment of a tenant who will run The George as a business which pays rent to the Society.

The Society's income is largely derived from community share investment and grants to rebuild the George and then when it is open for business the rent paid by the tenant.

The rent will be set at a level which ensures continued viability of the Society but allows the tenant to make a reasonable income in the early years while incentivising him to grow the business.

This model results in a financial projection which has two distinct parts; the period when the building programme is taking place followed by the George trading as a business.

The George Community Pub (Wickham Market) Ltd - Income, Expenditure & Profit Statement								
	2018	2019	2020	2021	2022	2023	2024	2026
Income								
Comminuity Shares	£300,000							
Grants	£37,341	£632,353	£612,077					
Sponsorship	£5,000	£5,000	£10,000					
Other	£2,100	£2,100	£100	£1,500	£1,500	£1,500	£1,500	£1,500
The Society's Rental Income				£15,000	£30,042	£31,395	£32,768	£34,161
Total	£344,441	£639,453	£622,177	£16,500	£31,542	£32,895	£34,268	£35,661
Costs								
Property Purchase Provision	£70,000							
Design & Construction Costs	£237,060	£545,120	£533,120					
Inflation		£24,358	£24,358					
Conigency/Risk	£8,060	£36,750	£36,750					
Society running cost per year	£515	£530	£546	£563	£580	£597	£615	£633
Building Mntc & Upkeep	£3,900			£500	£515	£530	£546	£563
Insurances	£1,506	£1,551	£1,598	£1,646	£1,695	£1,746	£1,798	£1,852
Marketing	£5,000	£10,000	£5,000					
Legal Costs	£2,000							
VAT	£6,400	£11,144	£10,805					
Total	£334,441	£629,453	£612,177	£2,708	£2,790	£2,873	£2,960	£3,048
Surplus before interest & withdrawals	£10,000	£10,000	£10,000	£13,792	£28,752	£30,022	£31,308	£32,613
Interest paid to Shareholders (*)				£0	£6,000	£9,000	£15,000	£15,000
Interest as % of Share Capital (*)				0%	2%	3%	5%	5%
Funds available for share withdrawals				£0	£0	£12,000	£12,000	£12,000
Society Cumulative Reserves	£10,000	£20,000	£30,000	£43,792	£66,544	£75,565	£79,873	£85,486
* Assuming £300,000 Share Capital								

The rent the tenant will pay is set as follows; in the first year a concessionary rent of £15,000 set at a low level to offset the start-up nature of the pubs business. In the second year the basic rent is increased to what is deemed as the market rate of £22,000 plus 1% of the previous year's turnover. In subsequent years the basic rent is inflated at 3% per year plus 1% of turnover. The other income is expected to come from event which the Society together with the Tenant may hold in the George.

Based on this projection, interest payments to shareholders will begin in 2022, while share withdrawal can begin to be allowed in 2023. In future years beyond 2025 the Society will endeavour to maintain a level of reserves in the region of £85,000, necessary to ensure that the Society always has sufficient funds to meet anticipated liabilities, including a contingency to meet share withdrawals.

Interest on shares will not be payable until the Society's reserves have reached a level that is deemed by the Management Committee to be sufficient to meet the Society's liabilities and guard the Member's interests. Based on this projection it is felt that an interest of 5% is affordable after 4 years of trading. The payment of interest can only be funded from the Society's surplus income and not from shareholder capital.

While Members are not entitled to withdraw their shares, the Management Committee can at its discretion allow the withdrawal of a limited amount of shares each year and a provision has been made for these circumstances setting aside 4% of share capital after three years of trading assuming that the share capital is £300,000.

When the construction work is complete we anticipate that the Balance Sheet for the Society will show a Tangible Fixed Asset at 'initial trading' valuation of £320,000 and cash at c£30,000. This will be represented by Share Capital of £300,000 and reserves (including a valuation surplus) of £50,000. However, we anticipate that part of the grant funding might be retained for a short while,

so this retention will be a debtor with the possible need for a short-term loan as set out in the 'Loans' section above. The exact presentation of the costs of Assets and grant funding may differ, and we will have to be guided on accounts presentation at the time, but the principle will be as set out here.

When the George has been up and running for 18 months we have been informed that the valuation will increase to £425,000, so the valuation reserve will increase. In time the cash reserves will accumulate as the retained grants are received.

5.6.2 The George

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 Business Plan and may differ from other models/assessments of the business when the George is actually operational in the future.

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 projections use 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. 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. 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 58% of the custom the questionnaire is predicting.

At this level of custom, the model predicts that the George can be profitable from and including the first year of trading net of VAT.

Year	2021	2022	2023	2024	2025
Sales	£268K	£291K	£314K	£337K	£347K
Expenditure	£238K	£249K	£258K	£268K	£272K
Tenant's Profit	£30K	£42K	£56K	£69K	£74K

This projection is based upon assumptions some research was carried out during the Feasibility Study which compared the project figures for the George to a similar operating pub in Suffolk; details on other local community pubs are set out in 7.1.

Further confidence in this model comes from the Valuation Report commissioned by The Society to assess the value of the George. 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	£268,054
Costs	£223,134	£237,669

By comparison therefore, The Society's model is more conservative for the turnover than local pubs and the Christies & Co prediction. It can therefore be argued that the 58% 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.

6 Marketing

6.1 Marketing the Community Shares

The share offer is set to raise a target of £300,000 with a minimum of £100,000 and a maximum offer of £425,000.

Our target market will be Wickham Market and the wider community it serves. This wider area traditionally includes 24 smaller villages that have relied on Wickham Market as their hub for services. The 24 villages have a combined total of around 3,000 households with Wickham Market having approximately 900.

We will not however restrict our marketing to the local communities but also include local businesses, identified high net worth individuals and a much wider audience across Suffolk, nationally and even overseas.

The George is Grade II listed and is regarded as of high importance by many heritage groups and this feature is to be focused upon where appropriate in the Society's marketing campaign.

The marketing plan includes:

- A public open day to provide information on feasibility and viability with question and answer session.
- Share Launch prospectus which will be posted into every household in Wickham Market together with a covering letter and a set of 'save the George' beer mats.
- A save the George Newsletter that will be produced and distributed to households throughout the 24 Villages in the area. The content of the newsletter will give project history and why the community have shown the need for a pub. What it will be like when open and how it's to be used and guidance into how to buy shares.
- Advertorial campaigns using a Suffolk and North Essex newspaper group
- Campaigns using social media, Facebook etc.
- PR Campaigns to cover local and nation news in printed media, radio and online.
- Banners and posters will be put up locally for a 6-week campaign at launch and again when we acquire the pub.
- Consideration will be given to using a Crowd funding campaign
- Continuous mailing campaigns to friends of the George on pub events and activities.
- Regular events and educational lectures about the Heritage and rebuilding skills needed for the Grade II listed building involving schools and heritage enthusiasts.
- Encourage future user groups to take part in fund raising activities.

6.2 Marketing the George

We will work with the Tenant to develop a marketing strategy to meet customer needs, provide quality products and great customer service. This will be at the heart of the pub's business ethic. Here is a list of key principles we are aiming for:

- a. Excellent beers, artisan and guest beers, ciders and lagers
- b. Excellent range of wines and non-alcoholic drinks
- c. A focus on food and local seasonal produce
- d. Warm welcoming atmosphere and well-trained staff
- e. Comfortable and well decorated interior

Reaching our target markets

The first part of the marketing strategy will be to raise awareness of the new Community Pub and the facilities on offer. This will be done through an extensive outward facing marketing campaign incorporating all forms of media including print media, social media and pub events.

Other opportunities to be explored might include developing a series of walks or bike rides as leaflets or booklets which take in The George Pub en-route.

Increasing the frequency of visits

Creating a welcoming and attractive atmosphere

We will encourage locals to feel it is their pub. It should be an important part of the community. Having attracted customers initially through the door, our main marketing tool will be to create a great impression and build a positive reputation to encourage repeat visits.

A regularly changing food menu and drinks offer will also help to retain customer interest, attracting repeat visits on an ongoing basis.

Events & Activities

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

TripAdvisor and other online travel forums

Maintaining a watching brief on review websites such as TripAdvisor will enable the tenant to respond to any negative reviews / comments quickly and directly, showing the wider potential customer base that we are engaged and committed to improving services.

Increasing the value of each visit

Increasing the facilities available under one roof

Previously, The George functioned only as a small pub business mainly in wet sales. Lack of investment and facilities limited the revenue generation opportunities, as well as the audience likely to enter the building. By rebuilding and extending the footprint, we aim to attract a wider audience to the facility, increasing the value of revenue generated from each visitor. For example, those that may not otherwise visit the pub may be encouraged to do so by first visiting as a daytime customer when the bar is closed, converting into a customer of the pub through a better understanding of the facilities on offer.

Increasing the time spent in the Community Hub

One way to increase the value of each visit made by customers is to increase the amount of time spent in the facility; people popping in for a drink may be persuaded to stay for a meal or snack by prominently displaying an eye catching and tempting menu, whilst those visiting just for a coffee may be enticed to return for a drink after seeing a range of craft beers on offer. Newspapers can be used to encourage longer dwell times and good WIFI connections can also encourage visitors to stay longer, particularly those who do not have access to this elsewhere, e.g. tourist visitors. Ultimately, creating a comfortable and pleasant environment, that meets the needs of the customer, will encourage longer, more valuable visits.

7 Assessing Risk

Set out in the following section are the risks which have been identified and the steps to be taken by the Society.

The risks to the Society's business plan falls under one or more of five categories:

1. Community share funding.
2. Grant funding.
3. The George business viability.
4. Demand for Community Share withdrawal.
5. Shareholder interest.

7.1 Community Shares

If the set minimum subscription of £100,000 has been reached at the end of the subscription timeslot defined in the Share Offer, then the subscription funds will become available to fund the project.

If the set minimum subscription has not been reached, then de facto the share offer has failed.

In those circumstances the Management Committee will reject all of the (Membership) applications and return subscriptions in full to the applicants. Management Committee may then be forced to liquidate the Society.

In that event the option to buy the George will be declined and the future of the site will be a matter for the owner, Spencer Valentine Limited.

However, we are confident that we can raise the required share capital as 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.

In addition, we will actively market the share offer both directly and through the media.

7.2 Grant Funding

The majority of grant funding is anticipated to come from the HLF and should this grant not be awarded the gap in funding will be too large to fill by other means. The Society will own the site and property but be unable to proceed with the project of reconstructing the pub and it would then consider two options:

- a. Make a second application to HLF. Other organisations have done this and been successful, helped by HLF notifying the reason for failure on first application. However, due to a strategic review by HLF later in 2018 application dates have not been declared and the timing of this option can't be predicted.
- b. Maximise the value of the site, sell it and return the income to the shareholders. This might include demolition of the existing structure and selling on with attached planning permission. Such an option would require approval from SCDC planning authorities.

Even if we are successful with our HLF grant application, we may still fall short of the required £1,600,000. This could be because the Community Share issue and other grant applications fail to raise sufficient funds. In this event we would apply for additional grants as they fall available, or have a second share offer or a combination of both – with a consequential lengthening of the project timescale.

In the event of the Society being unable to raise sufficient funding to enable it to embark upon the proposed rebuilding programme, there are two possible scenarios under which the Society could wind up its affairs; selling the property for redevelopment or waiting for the Local Authority to serve a Compulsory Purchase Order. The length of time that either of these two outcomes will take to come about will have a direct effect on how much funds would be available for reimbursing shareholders in the event of the Society being wound up.

An estimate of the cost of ownership of the site before proposed rebuilding programme begins is in the region of £70,000 in 2018 and £8,000 a year thereafter.

For Development

For the site to be sold for development the Local Authority would need to remove the listed status for the building to allow demolition. The process by which the building could be de-listed is uncertain and likely to be time consuming and could be costly to the Society. However, as soon as the property is de-listed its value as a property development site has been put at £100,000 to £200,000 which could cover the full cost of ownership up until that time and so allow most, if not all, of the shareholders' funds to be reimbursed.

Compulsory Purchase Order (CPO)

If SCDC does not allow demolition they would have the option to serve a CPO. In this situation they would need to have a route which would retain the historic nature of the building.

The CPO process is likely to take a long time. Additionally, it could prove costly to the Society because the value of the property in its current state is £0 and so the CPO price may be £0.

In this event the remaining funds in the Society account would then be distributed among the shareholders and the Society would dissolve and shareholders may not get all or any of their investment back.

In order to mitigate the funding shortfall risk we are to:

1. **Engage Architects.** Engage an architect in taking projects to RIBA Stage 3 as input to successful Lottery grant applications will be engaged.
2. **Have a dialogue with HLF.** Enquiries with HLF has confirmed eligibility. Continuing dialogue with HLF representatives and the Society's heritage advisors will be maintained throughout the application process.
3. **Use Professional Consultant.** Engage with a professional consultant who has successfully assisted in a number of HLF grant applications, always achieving success on the first application.

7.3 Business Viability

The Society's financial projections for George are conservative and it is likely that the pub will be run profitably.

However, in the event of this not being so the Society will need to examine the reasons for that failure and take appropriate action to enable the George to return to profitability. These will include looking at other models for running the pub.

If viability is ultimately not possible then the Society may decide to close the George and sell it on the open market. The estimated value of the property is £425,000 as a going concern but could be higher that this if change of use to a dwelling was allowed.

In that event if the share capital value is below the net cash balance of the Society after it has met all of its debts and liabilities, then the resulting cash balances will be returned to the shareholders.

In making its grant award HLF has stated that they require to make a charge on the property to allow them to "... have a say in the use of the property in a manner sympathetic to the heritage objectives of the project...".

7.4 Tenant Reliability

The importance of recruiting the right Tenant cannot be over emphasised and although the Tenant will be bound by a tenancy agreement this does not prevent the Tenant quitting without reason or notice.

If this unlikely event were to occur, then the Society would draw one of the options in its contingency plan which are:

1. Hire an interim manager to run the George.
2. Put in place a Member of the Society to manage the George and who has received adequate and proper training.

Both of these measures are temporary solutions which would give the Society time to advertise and recruit a new Tenant.

7.5 Demand for Share Withdrawal

The Society may experience an unpredicted demand from Members to withdraw their shares.

In that event the Management Committee would take a view as to how the Society could meet such a demand but if it was not able to do so then it would refuse withdrawal requests.

7.6 Shareholder Interest Payments

The Society's financial projections demonstrate that the interest payable on shares could reach 5%. However, if the Society's income is insufficient to fund interest payment at this level then payment will be reduced to a level which is affordable.

7.7 Cashflow

During the period when building and reconstruction is being carried out there may be a risk that the payment of grants does not keep in step with the stage payments stipulated in the construction contracts. In that event the Society may need to raise loans to cover short term cash flow deficits.

Loan of up to £50,000 are affordable, however, this would be at the expense of the shareholders who would suffer decreased interest payment until the loan has been repaid.

8 Timeline

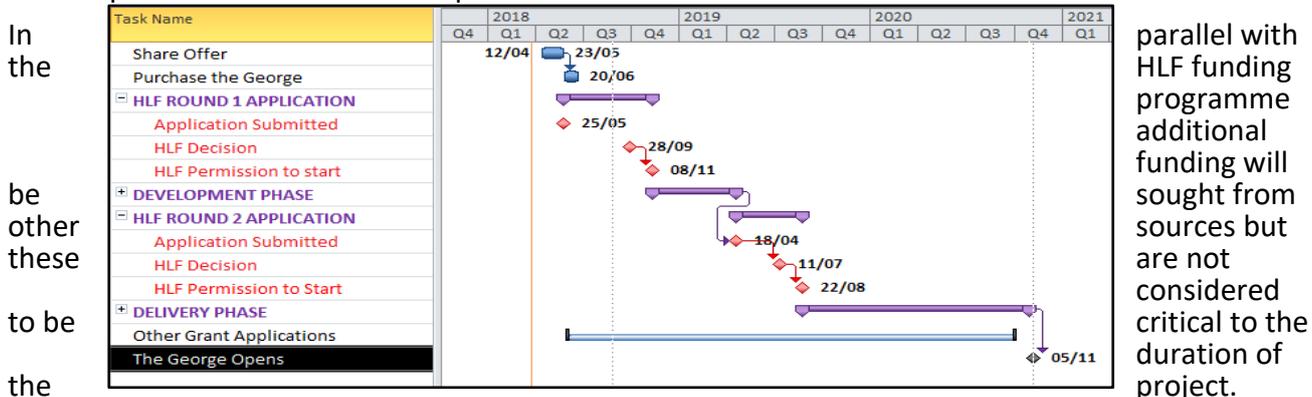
It is estimated that the fund-raising programme will have been completed by December 2019 and reconstruction by November 2020 with the George opening for business in December 2020.

There are two components to the project with their own timelines.

The first is to sell the community shares to fund the purchase of the George. The Share Offer is scheduled to begin on 12th April and to be open for 6 weeks. On closure of the offer period the income will be crystallised and used to purchase the pub. The formal and legal Offer to Purchase has been signed and completion to purchase is estimated at 4 weeks.

The second component embraces raising the funds and their expenditure in rebuilding and restoring The George. The timescales are driven entirely by the HLF grant application process which is divided into two rounds. The first-round funds a Development Phase which covers details of the project objectives and planning proposals. The second-round funds the Delivery Phase which covers the actual work on site to deliver the reconstructed pub.

The timeline below shows the durations of the HLF application process and the estimated durations for completion of each of the two phases.



9 Useful Links

Our Campaign website www.wmgeorge.co.uk contains lots of useful information and links, including the Rules governing the Society.

The Plunkett document 'A Better Form of Business' explains the principles of community ownership: www.plunkett.co.uk/better-business-reports

Community Benefit Societies are regulated by the FCA

CAMRA is working to protect pubs from closure: www.camra.org.uk

Pub is the Hub helps pubs to diversify: www.pubisthehub.org.uk

For information about community shares go to www.communityshares.org

The Community Shares Standard Mark is Awarded by the Community Shares Unit to offers that meet national standards of good practice. For more information about Community Shares go to www.communityshares.org.uk

10 Appendices

10.1 Appendix 1 – Village Questionnaire

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				

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)

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

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

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

Person 1	
Person 2	
Person 3	
Person 4	

A Community owned pub for Wickham Market?

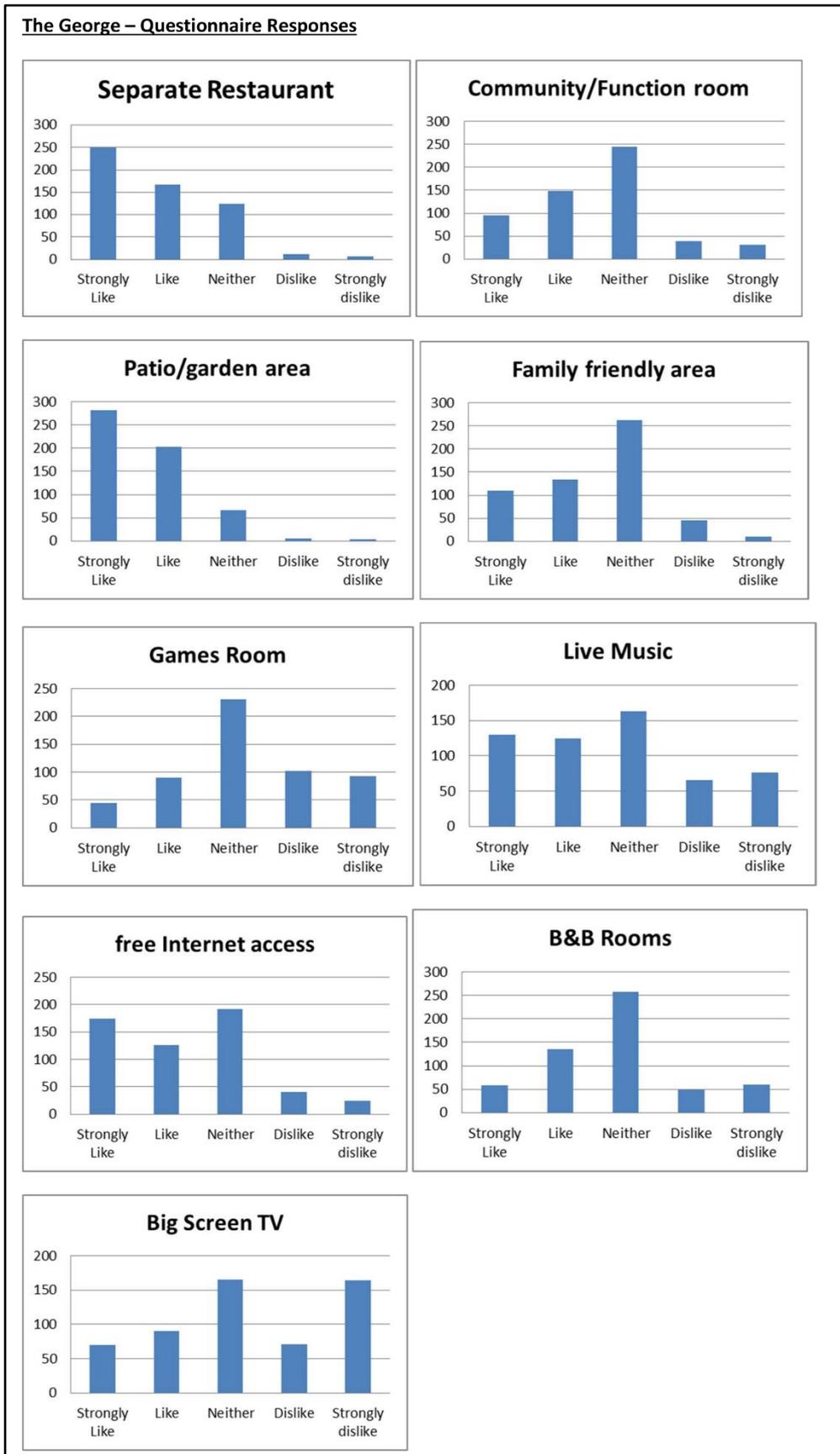
For most villages a pub is a vital service; it is a meeting place, a communication centre and an important lynchpin of village life. Much of the appeal of our village rests on its sense of community. The presence of a community pub in Wickham Market would we feel, greatly reflect and enhance that community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

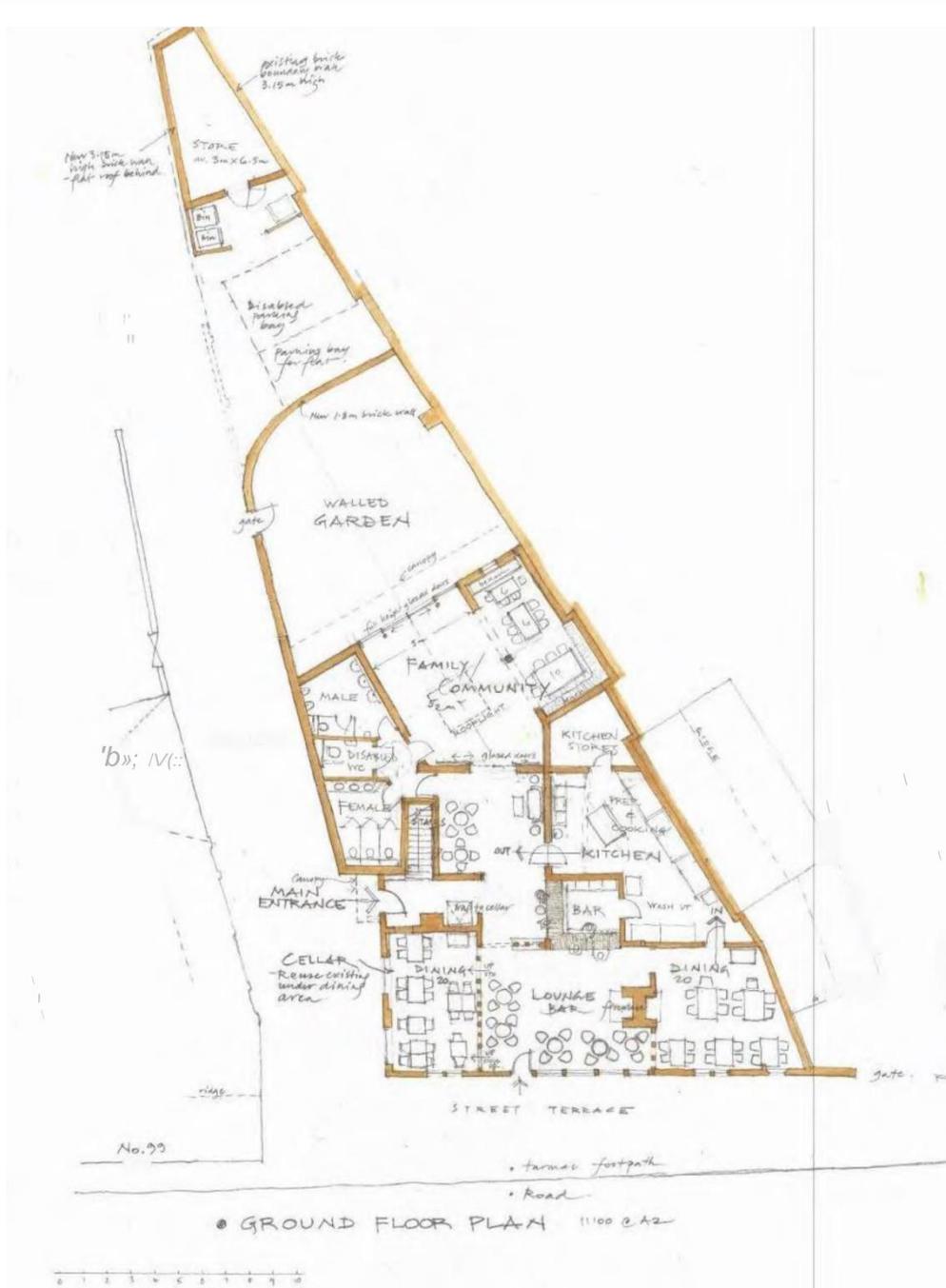
10.2 Appendix 2 – Questionnaire Responses



10.3 Appendix 3 – Conceptual Layout Drawings
Appendix 5 of the Architects Conceptual Design Report

Appendix 5: Conceptual Layouts

a) Ground floor Layout



b) First floor Layout and North and East Elevations



10.4 Appendix 4 - Quantity Surveyor Building Costs Summary

01256 The George Wickham Market								Budget Estimate		
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	2%
1.1	Substructure		38,300	38,306.00	9,700	9,720.25	-	-	48,000	5%
2.1	Frame		7,500	7,500.00	20,000	20,000.00	-	-	27,500	3%
2.2	Upper floors		3,000	2,994.00	11,100	11,095.25	-	-	14,100	1%
2.3	Roof		49,500	49,516.05	33,300	33,300.00	-	-	82,800	8%
2.4	Stairs		2,500	2,500.00	2,000	2,000.00	-	-	4,500	0%
2.5	External walls		40,200	40,207.50	19,700	19,650.00	-	-	59,900	6%
2.6	Windows & external doors		32,200	32,150.00	21,600	21,550.00	-	-	53,800	5%
2.7	Internal walls & partitions		11,200	11,160.00	11,200	11,160.00	-	-	22,400	2%
2.8	Internal doors		6,000	5,950.00	4,400	4,400.00	-	-	10,400	1%
3.1	Wall finishes		23,800	23,800.00	18,500	18,505.00	-	-	42,300	4%
3.2	Floor finishes		22,300	22,301.00	18,700	18,748.00	-	-	41,000	4%
3.3	Ceiling finishes		11,600	11,550.00	10,900	10,900.00	-	-	22,500	2%
4.1	Fittings		41,000	41,000.00	1,000	1,000.00	-	-	42,000	4%
5.1	Sanitary appliances		10,100	10,050.00	8,300	8,300.00	-	-	18,400	2%
5.2	Services equipment		-	-	-	-	-	-	-	0%
5.3	Disposal installations		2,500	2,500.00	1,000	1,000.00	-	-	3,500	0%
5.4	Water installations		15,000	15,044.25	14,100	14,140.10	-	-	29,100	3%
5.5	Heat source		5,000	5,000.00	-	-	-	-	5,000	0%
5.6	Space heating & air treatment		15,000	15,044.25	14,100	14,140.10	-	-	29,100	3%
5.7	Ventilation systems		10,000	9,971.75	3,700	3,713.10	-	-	13,700	1%
5.8	Electrical installations		20,800	20,830.50	19,600	19,578.60	-	-	40,400	4%
5.9	Fuel installations		-	-	-	-	-	-	-	0%
5.10	Lift & conveyor installations		-	-	-	-	-	-	-	0%
5.11	Protective installations		7,400	7,406.40	7,000	6,961.28	-	-	14,400	1%
5.12	Communication installations		4,600	4,629.00	1,100	1,087.70	-	-	5,700	1%
5.13	Special installations		-	-	-	-	-	-	-	0%
5.14	BWIC		1,600	1,634.55	2,300	2,324.04	-	-	3,900	0%
8.1	Site preparation works		-	-	-	-	5,000	5,000.00	5,000	0%
8.2	Roads, paths, pavings & surfacing		-	-	-	-	27,400	27,445.00	27,400	3%
8.3	Soft landscaping		-	-	-	-	2,500	2,500.00	2,500	0%
8.4	Fencing, railing and walls		-	-	-	-	14,200	14,200.00	14,200	1%
8.5	External fixtures		-	-	-	-	-	-	-	0%
8.6	Drainage		-	-	-	-	15,600	15,617.50	15,600	1%
8.7	External services		-	-	-	-	21,000	21,000.00	21,000	2%
8.8	Minor building works		-	-	-	-	17,600	17,600.00	17,600	2%
9.2	Preliminaries	15.0%	57,900	57,915.00	40,200	40,245	15,500	15,495	113,600	11%
10	Contractor on-cost	12.5%	55,500	55,500.00	38,600	38,563	14,900	14,850	109,000	10%
13	Risk	7.5%	37,500	37,462.50	26,000	26,033	10,000	10,028	73,500	7%
Total Projected Construction Costs			£ 537,000	536,922.75	£ 373,100	£ 373,113	£ 143,700	£ 143,735	£ 1,053,800	100%
Client direct costs										
11	Professional & other fees								205,000	
14	Inflation	3.9%							48,716	
Total Projected Project Costs									£ 1,307,516	

10.5 Appendix 5 - Grant Schedule

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.

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

The George Community Pub
(Wickham Market) Limited
A Community Benefit Society



THE GEORGE
Community Pub

Business Plan

April 2018



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk

The George Community Pub (Wickham Market) Limited

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FCA Mutuals Public Register No. 7462