

THE PLOUGH INN LONGPARISH



BUSINESS PLAN

PART 1

“THE PLAN”





The Plough Inn circa 1910. The sign advertises good accommodation for cyclists and motorists with teas provided.

ACKNOWLEDGEMENTS

This business plan is authorised by the Longparish Community Pub Ltd (LCPL) Management Committee, which is grateful for the help, advice and funding, as well as ongoing support, it has received from The Plunkett Foundation, Locality, Longparish Parish Council and Test Valley Borough Council during the course of its preparation.



DISCLAIMER

This document contains forward-looking statements, including forecasts relating to the financial position of the Society. The Management Committee believes that the forecasts reflected in these statements are reasonable but will involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Society, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Part 2 Appendix 4 (Risks) set out in this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this document are made on the date of this document, and the Society and the Management Committee is not under any obligation to update those forward-looking statements in this document to reflect actual future events or developments.

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PREFACE – COVID-19

The Plough has served our community since the early 1700's, and right now we have a once-in-a-lifetime opportunity to buy it. In community ownership the way we use the property can be adapted to meet the community's needs as they change, both in the short-term and over future generations.

This business plan is about how we expect the Plough to operate in 'normal' times. Today, all pubs are closed because of Covid-19. But the Plough will need significant refurbishment work before we can re-open, so we plan to be closed for the first few months anyway while that work is done.

Our aim is to re-open in Spring 2021, when we hope times will be returning back to normal. But if they aren't, and social distancing is still the rule, we can open in a low-key way, keeping overheads to a minimum and taking advantage of the lovely, large garden.

The Parish Council has started a process to enable it to become owners of the property. That means the business can keep its finance costs low and also ensure that in time there will be more profits available for the benefit of the village.

We will need to raise at least £230,000 through our community share offer to be able to make a fair offer to buy the Plough. If we raise more, then our overheads would be even less, as we wouldn't need the commercial loan included in the plan. We can do that. Many communities about the same size as ours have successfully attracted share investments of over double this figure.

Investing in community shares is all about investing in the long-term social fabric of where we live. Returns come from the satisfaction in seeing your investment helping your local community, and also knowing that just a bit of the local pub is yours!

More normal times will return. If we take this opportunity now to create a community owned asset, then the Plough will continue to serve our community, whatever the future holds. If we fail to do so through a short-term fear of an uncertain future, then that opportunity could be lost for ever.

ABBREVIATIONS

<i>ACV</i>	<i>Asset of Community Value</i>
<i>AMM</i>	<i>Annual Members Meeting</i>
<i>CAMRA</i>	<i>Campaign for Real Ale</i>
<i>CBS</i>	<i>Community Benefit Society</i>
<i>CGT</i>	<i>Capital Gains Tax</i>
<i>FCA</i>	<i>Financial Conduct Authority</i>
<i>HMRC</i>	<i>HM Revenue & Customs</i>
<i>LCA</i>	<i>Longparish Community Association</i>
<i>LCPL</i>	<i>Longparish Community Pub Ltd</i>
<i>MTAP</i>	<i>More Than a Pub (Plunkett Foundation programme)</i>
<i>PWLB</i>	<i>Public Works Loans Board</i>
<i>SITR</i>	<i>Social Investment Tax Relief</i>

1 OVERVIEW

1.1 Introduction

In 2018, the Plough Inn (the Plough) in Longparish was threatened with permanent closure and an application was submitted to convert this valuable community asset into a residential dwelling. A number of concerned Longparish residents formed a steering group, 'Plough Ahead', to oppose the planning application and explore how to return the Plough to the community. With the planning application refused, Plough Ahead registered Longparish Community Pub Limited (LCPL) in December 2018 to acquire and operate the Plough as a community owned pub. The Plough's owner has recently put the property back up for sale for use as a public house. This business plan sets out LCPL's vision to take this historic building into community ownership and reopen it as 'More Than a Pub'.

1.2 Vision

LCPL's aim is to secure the future of the Plough as a thriving community and destination pub. Underpinning this plan is a desire for the building to become much more than a pub, but also for use as a social hub offering facilities and services to bring the community together. Under community ownership, the Plough will provide a warm and welcoming venue for Longparish and its surrounding villages.

1.3 Investment

LCPL has calculated the total investment needed to acquire and reopen the Plough is £630,000. Funding for this investment will come through a combined loan and grant of up to £100,000 from the Plunkett Foundation's More Than a Pub (MTAP) programme, at least £230,000 from community share funding, plus Longparish Parish Council (the Parish Council) are seeking to borrow £300,000 at very low interest rates from central government.

1.4 Community Ownership

Subject to agreeing legal terms, the Plough freehold would be owned by the Parish Council¹. LCPL will pay the Parish Council a rent for the exclusive use of the property. Rent payments would cover the Parish Council's loan repayments and all their additional costs arising from their ownership of the Plough. LCPL would be solely responsible for the ongoing costs of insurance, maintenance and upkeep of the property, as well as the day to day operation of the pub business, while the Parish Council's only involvement would be as the owner of the property.

1.5 Community Share Offer

A significant proportion of the investment needed is expected to be raised through a community share offer seeking to raise at least £230,000. Details on how to invest are available in the Community Share Offer, published separately.

The Parish Council and LCPL aim to have the finance in place as soon as possible to demonstrate to the current owner and other interested parties that the community's offer to purchase the Plough is fair, serious and credible.

¹ The exact legal terms are still to be agreed. See Part 2 Appendix 7 for more details.

1.6 The Plough as a Community Hub

LCPL will run the Plough as a community owned pub. This will improve social cohesion and community development. Financial profits will be re-invested and used for community benefit, and the most significant benefit would be the positive social effects on our village community.

As well as being a village pub, the Plough will provide facilities for local residents, the wider community and visitors of all ages. It will help reduce social isolation, provide employment and volunteering opportunities and benefit the wider local economy. It might also include an ad-hoc meeting venue for local groups. There is huge potential to use the existing outbuildings and outdoor space for community and social purposes.

In order to support the aim of creating a social hub for the community, first and foremost the Plough must be able to succeed as a pub business. The financial projections in this plan show that the business would return a profit in the first year of operation, and thereafter expect to return a sustainable profit allowing for reinvestment into the business and the local community. Although owned by the community, the day to day running of the pub will be undertaken by an experienced and salaried manager with the relevant skills to make it a success. There will be opportunities for volunteers to assist with the day to day running of the Plough, but paid staff, just as in any other normal pub business, will carry out the majority of the work.

1.7 Management Committee

The direction, shape and over-sight of the community pub business will be the responsibility of the LCPL Management Committee. Their direction will come from the shareholders – the majority of whom are expected to be local community residents. The community will ultimately determine the direction and shape of the community venture.

1.8 For the Whole Community

Everyone from the local community and anyone with an interest in the Plough will be encouraged to be a part of this once in a lifetime opportunity to secure the future of the Plough for the community today and for the foreseeable future.

Having a large and engaged membership base provides:

- ◆ A larger number of people with financial interest in the pub who are therefore more likely to use it regularly.
- ◆ A greater number of people to get involved with the Management Committee, attend meetings and positively contribute to the business' overall direction.
- ◆ A more accessible pool of people to draw on when committee numbers are falling, or when extra volunteers are needed.





THE PLAN

2 INTRODUCTION

The Plough forms an important part of Longparish’s historic and cultural identity. It is a highly valued asset that has served the community for nearly three hundred years and contributed to the overall vibrancy of the village.

Formerly owned by Hammans of Andover, Strongs of Romsey [from 1919], Whitbread [from 1969] and latterly EI Group, the Plough has, in the past, been a thriving pub. It attracted custom from Longparish and more widely across Hampshire and further afield as a destination pub. It had a deserved reputation for hospitality, good food and a very pleasant ambience. The pub was often the first point of contact for those who subsequently chose to move into Longparish.



The Plough is one of two public houses in Longparish, with the Cricketers Inn sited in the north part of the village about two thirds of a mile away. The Plough and the Cricketers have coexisted in the village, offering both local residents and visitors a choice of two high quality pubs. In recent years, the success of the two pubs has been complementary, with the Cricketers Inn reporting its best successes when the Plough was also at its most successful. With the right offer to attract customers, both pubs should be able to thrive, each serving the community in its own way, providing choice, and adding value to the local community and beyond.

More information about Longparish for those who are unfamiliar with the village can be found in the *Business Plan: Part 2 – Appendix 1 - Longparish & The Plough Inn*

2.1 Recent History

In recent years, high rents and restrictive terms imposed by EI Group, together with a continuing lack of investment, have undermined the business: The Plough has been closed since December 2015 - except for a brief spell under a final tenant in September/October 2016. A property development company bought the Plough in February 2017 from the EI Group (formerly Enterprise Inns). In May 2018, the owner applied to change its use to a residential dwelling. There was strong local opposition, the Plough was registered as an Asset of Community Value (ACV) and the local authority turned down a planning application for change of use. That decision, which means the Plough must only be used as a pub, was upheld at a planning appeal hearing in October 2019.

2.2 “For Sale”



The Plough was put on the open market in December 2019 as a closed public house. However, as an ACV, there is a period of six months when the owner can only sell the Plough to a recognised community group. After the six months, it is possible a buyer who is prepared to invest in reopening the Plough as a pub may be found elsewhere, but the expectation of that happening is unlikely. The asking price of £550,000 (+VAT) is significantly higher than the independent market valuation commissioned by Plough Ahead, which was also confirmed by another industry valuer familiar with the property. Once funding has been secured, the intention is to submit a conditional offer of £395,000 to purchase the Plough. The price offered will be a ‘fair’ price, based on previous independent market valuations reflecting the work needed before it can be run as a pub again. The community will need to demonstrate they have funding available before the current owner and their agents will consider an any offer.

2.3 Freehold Property

With the freehold now being free of tie, and under community ownership, the Plough will have freedom to differentiate. The Plough will offer a broad range of locally sourced food and drinks and is also be well placed to offer services that are attractive to the numerous cyclists and walkers that frequent the area. This is a unique opportunity to secure such a key facility for both the current village residents and for future generations.

2.4 Legal Entity

LCPL was formed as a Community Benefit Society (the Society) and registered in December 2018 with the Financial Conduct Authority (FCA), registration number 7951. Owned by its community of shareholders, LCPL will be the legal entity with ‘limited liability’ that will operate the community pub business, and protect the individuals running the business.



3 LONGPARISH COMMUNITY PUB LIMITED

3.1 Legal Structure

- ◆ LCPL Society rules are available here <https://www.ploughahead.co.uk/documents>
- ◆ An FCA published note regarding Registered Societies and the responsibilities of their governing bodies is here <https://www.handbook.fca.org.uk/handbook>

The Plunkett Foundation recommends that a community project such as this should adopt a legal structure which enables and ensures genuine community ownership with equal democratic control; open and voluntary membership; one member, one vote; business interests to be linked into community control; and no one member has greater control than another.

Plough Ahead selected the Community Benefit Society (CBS) model because a CBS is run primarily for the benefit of the community at large, as opposed to a Cooperative Society which is run for the mutual benefit of its members. This means a CBS must have an overall community purpose that reaches beyond its membership.

The CBS rules make clear that it will not directly benefit individual members and is acceptable for most types of grant funding. Another important feature of a CBS is a statutory asset lock written into the rules. This is designed to prevent an enterprise from distributing assets amongst members on solvent dissolution over the value of their share. Instead surplus assets can only be transferred to another organisation that supports the objectives of the CBS.

As a registered CBS with the FCA, LCPL is an incorporated entity and the liability of its members is limited to the value of their shareholding. The value of a member's community shares will never go up, but the value may go down and there is a risk that members may lose some or all of the money they have invested. On the other hand, investors should approach the project in the main expectation of receiving a social dividend rather than a financial return.

3.2 Role of Members

The CBS membership is open to anyone aged 18 or over who purchases the minimum number of shares, supports the Society's purpose and whose application is accepted by the Management Committee. Shares will be paid for in full on application and are not transferrable except on death or bankruptcy. Shares may be withdrawn by members who have held them for at least three years at the discretion of the Management Committee, subject to available funds and in accordance with the CBS rules.

Each member has one vote to exercise at the Annual Members' Meeting (AMM), or any special meetings, regardless of how many shares they hold. Members own and control the CBS, and at the AMM they exercise their ownership rights by electing members onto the Management Committee. Any member can stand for election onto the Management Committee.

All members will be provided with an annual report, which will set out details of the operation of the CBS and how it has developed its activities over the previous year. The report will include a record of the accounts and activities during the previous financial year, including the social impact of the Plough on the community and the continuing benefits of keeping the pub

in the village. The rules also provide for other ways in which the membership may hold the Management Committee accountable for the running of the CBS, including calling a special members' meeting if required.

Corporate bodies and associations which support the CBS objectives can also become shareholders and members of the Society, and such bodies and associations must nominate a named individual to represent them at members' meetings (i.e. they will have one vote, the same as a private individual).

3.3 Management Committee

The first members of the CBS were the four people who signed the application for FCA registration and who also became the founding members of the LCPL Management Committee (listed in the following section). The committee will consist of a minimum of three and a maximum of ten shareholders, of which up to only a quarter may be co-opted from within the membership – i.e. not voted in by members.

The founding members subsequently appointed the first Management Committee and the present committee will serve until the first full AMM that occurs after the share offer and first year end in April 2020, and will be no later than the end of October 2020.

At that meeting, all the existing members of the Management Committee will stand down, although they are eligible to stand for re-election. Any other members of the Society who wish to do so may also stand for election.

The members will then elect a new Management Committee from amongst the candidates standing and the newly elected Management Committee will take office.

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

- ◆ Organise and supervise refurbishment works and ongoing property maintenance.
- ◆ Ensure agreed rental and other payments are paid to the Parish Council.
- ◆ Determine the right operational model through business planning and appoint the manager (or tenant).
- ◆ Oversee the manager (or tenant) agreement and manage the relationship between the Society and the manager (or tenant).
- ◆ Be responsible for the marketing strategy for the share offer and the Plough business.
- ◆ Monitor and manage the CBS financial affairs on behalf of the community;
- ◆ Ensure the CBS complies with all applicable regulations, including the General Data Protection Regulations (GDPR). LCPL's Privacy Statement is available to read on its website.
- ◆ Encourage community activities within the pub.

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 business is performing well, is solvent and complies with all its obligations.

In order to protect the CBS, LCPL will take out 'Director and Officer' liability insurance for the Management Committee and secretary (this is also called 'management protection' insurance).

The founder committee members who have established the project come from a variety of backgrounds and have a range of relevant experience, skills and reasons for volunteering. Brief summaries of these are provided below:

ANDY JOLLIFFE Chairman

My Day Job: Retired, formerly sales director with a major IT Communications group

My reason for getting involved

As Chairman of the Longparish Community Association I immediately recognised both the loss to our community that would result from the permanent closure of the Plough, and also the huge potential for the Plough to be so much more than a pub if operated as a community owned venture. Having seen other community pubs in operation, I passionately believe this is the right thing for Longparish, both now and for future generations.

DAVID MARKLEW Vice Chairman

My Day Job: Owner, Inn at Home Ltd, award winning craft beer, wines & spirits retailer.

My reason for getting involved

I am involved because I believe wholeheartedly that a well-run vibrant pub brings life and soul to a village. The Plough has the potential to add so much more to the community than an occasional watering hole. The team we have assembled have the skills and capability to deliver a fantastic pub and an on-going source of engagement with wider benefits to the local area.

ALISON COOPER Founder Member

My Day Job: Writer

My reason for getting involved

The Plough is a significant part of Longparish and its community. It has a long history and has, in the past, enjoyed an enviable and renowned reputation as a pub, restaurant and village hub. I would love to see the Plough come back to life as a community run pub so that it can play these roles again.

GRAEME FRANCIS Company Secretary

My Day Job: Corporate Lawyer for over 40 years, Director of family manufacturing business

My reason for getting involved

I have lived in Longparish for over 26 years and do not want to see the long-established pub lost to the community. The opportunity to acquire The Plough Inn for the benefit of the community is a once in a lifetime event and I was pleased to be invited to offer my legal and other experience to the enterprise.

Additional committee members have been appointed by the founder committee members to assist with the preparation of the business plan, share offer and launch of the business.

CHRISTOPHER DUXBURY Committee Member

My Day Job: Retired Soldier, Corporate Business Manager and Special Purpose Company Director with a leading Support Services and Construction Company.

My reason for getting involved

Former Parish Councillor and Chairman, I have lived in Longparish, close to the Plough, for over 30 years; and have been a regular customer. I have seen the Plough in its hey-day during the mid 1980s and watched its up and downs since. I am convinced that Longparish needs to save the Plough and that it can be successful as a community owned pub.

MARK REYNOLDS Committee Member

My Day Job: Co-Founder and operations director of Three Cheers Pub Company - a small collection of handsome pubs in London. Founded in 2002 we have organically grown the business to 9 pubs in southwest and southeast London which include boutique bedrooms, beautiful gardens and stunning private rooms.

My reason for getting involved:

I have lived in Longparish since 2013 and have always loved the fact that we have had pubs in the village. Pubs are the “beating heart” of Britain and provide the community with a place to socialise, drink, eat and come together. It would be sad to lose the Plough and since I run a group of pubs in London, I felt that I might be able to help in some way to keep this wonderful community asset alive.

STUART MONTAGUE Committee Member

My Day Job: Business Development Director and (Part time) house restorations

My reason for getting involved

Having lived in villages similar to Longparish that had their pubs converted to residential use, I can attest to the fact that when a village loses its pub, it loses a piece of its heart that cannot easily be replaced. I believe passionately that the Plough can be our community hub and more and I would like to help make that happen.

JEREMY BARBER Treasurer

My Day Job: Retired tax specialist

My reason for getting involved

The Plough has served our village for over 200 years. I miss it and want to help make it a flourishing community pub. I served on the Parish Council for nearly 30 years including 10 as chair and have worked to upgrade our school and improve our village hall. Both these projects made significant improvements to our village life. Having the Plough as a community pub will do the same.

David Marklew and Mark Reynolds have declared there is no potential conflict of interest arising from their personal business interests with regard to their holding a position on the Management Committee.

3.4 LCPL Assets

From its formation in July 2018, Plough Ahead has been acting as a community steering group with limited assets. LCPL received the assets of Plough Ahead (just over £1,700) in June 2019, and LCPL's funds stand at around the same level today. Details of income and expenditure can be downloaded from www.ploughahead.co.uk. LCPL's first end of year accounts will be submitted following its first full year end on 30 April 2020.



4 OBJECTIVES

4.1 LCPL's aim is to re-establish the Plough as a viable community pub, that

- a) has a good reputation for the value and quality of its service, food, drink and other service offerings to support the local community; and
- b) is recognised, as it used to be, as a destination venue of choice, attracting customers from outside the village.
- c) Generates profits that will benefit local community groups and projects.

4.2 The primary focus of the Plough will be the creation of a rural community business that will flourish and in due course return its profits back to the community. Its success will have its foundations based on the provision of food and drink that is reasonably priced, supported by a friendly environment and welcoming staff. The food will be good quality traditional pub grub using locally sourced ingredients to attract both local residents and people from further afield. The drinks will include real ales sourced, where possible, from local breweries with the aim of the Plough being listed in the Good Beer Guide.

4.3 Other services and offerings will be continually explored driven by the consensus of the local community. These may include such things such as a cafe, delicatessen outlet for local produce, Bed & Breakfast accommodation, micro-brewery, parcel-drop and other services which would extend its appeal to a wider group.

4.4 Experience from other rural pubs has shown that to prosper the Plough must get a proportion of its revenue from customers living outside the village and to achieve this it must have a reputation for good quality and value for money food and drinks, delivered with excellent service.

4.5 As control of business direction in the early stages is so important, LCPL has determined that the best approach is to appoint a manager for the first three or four years until the direction, style and sustainability of the business are established – and only then potentially consider appointing a tenant. The critical roles are the manager and the chef, both of which will be salaried roles. In addition to salary, the possibility to further incentivise the key staff by way of a profit share will also be explored. The bar, waiting and cleaning staff would report to the manager. More information on the selection of operating model can be found in the *Business Plan: Part 2 – Appendix 2 - Operating Model - Managed v's Tenant*

4.6 It is important that the cost of financing the project is managed at a level that can be supported from expected profits. This will rely on the current owner's willingness to accept a price that reflects the Plough's current situation as an empty property requiring refurbishment. It is equally important to raise sufficient finance from the community share offer, so as to limit the amount of funding required from commercial borrowing. This is also important to ensure the borrowing costs do not exceed the potential income from a future tenant, should the option of a tenancy be explored in the future.

5 SUCCESS FACTORS

Business:

- *Selecting the right legal structure:* The CBS model was chosen because it encourages large numbers of people locally to have a vested interest in the success of the pub;
- *Choosing the right operational model:* Manager or tenant is a key decision; LCPL has elected to employ a manager as this approach ensures that the Management Committee will retain oversight on business direction and culture. This is felt to be especially important in the early years of operation as the community hub focus will be a key element, and an area that needs to be flexible to adapt to the needs and wishes of the wider community. A tenant, or tenant couple, would effectively manage their own business within the premises and is felt to be less likely to be open to significant changes if or as required while the 'hub' elements are establishing.
- *Effective business planning:* The Management Committee will regularly review business plans, ensuring the pub is customer led and, where necessary, that services are diversified to meet local customer and community needs;
- *Access to Finance:* Successful community pubs access finance in multiple ways, such as shares, donations, grants, income from tenant pubs or access to loan finance which is facilitated by having a convincing business plan. Community share funding is expected to form a significant and important part of the funding, ensuring community 'buy-in' and support. However, other sources of funding have also been investigated including grants, match funding and loans (including Public Works Loan via the Parish Council). For the purposes of this business plan, viability has been assessed on the basis of securing funds through shareholding from the community and with support from the Parish Council in its taking ownership of the Plough.

People:

- *Committed, hard-working and skilled Management Committee members:* It is anticipated that LCPL can build support from the local community and maintain a strong connection. Collectively, LCPL will need to be resilient in the face of setbacks, with representatives who have a good understanding of business and HR and secure support from within the community members with strong financial literacy to manage costs and further develop the business plans. *Details of the current committee can be found in section 3.3 of The Plan*
- *Effective Governance:* Successful governance will depend on maintaining a core management structure that is manageable in size and build sub groups to focus on specific areas of the business. LCPL's committee will be from 3 to 10 members.
- *Strong working relationships:* This will be underpinned by the committee that will have clear roles for each member and between the appointed manager and the committee to facilitate quick and effective decision making, as well as protect the manager from every member expressing their own opinion or agenda directly.

- *Dedicated staff and volunteers:* Having dedicated volunteers to help refurbish and get the pub running is important, not just for financial savings, but to build the sense of involvement and community achievement. Once the Plough is open, having paid staff supporting the manager and dedicated to delivering good customer service encourages repeat custom.

Community and External Environment:

- *Community buy in and support:* Community buy in is essential, as the success of this business plan will be dependent on the assumption that local people will make use of the pub and contribute to its income. To encourage the widest possible membership from the local community, the minimum investment required to take part in community share offer has been set at £50.
- *Support from local leaders and public bodies:* This will be essential to help with any planning difficulties, navigating legislation and grants etc. From the outset LCPL has received strong support from the Parish Council, Caroline Nokes MP, the Plunkett Foundation, Councillor David Drew and Test Valley Borough Council.
- *Support from specialists in the pub sector:* This is also recognized as essential, even if not always represented on the Management Committee, access to experience within the community and further afield will be vital. The growing network of other community owned pubs and ongoing support for organisations such the Plunkett Foundation under their 'More than a Pub' programme will be a valuable source for information and ongoing support.

It is still a relatively young sector, but as far as can be ascertained, there have been no community owned pub closures in the UK to date, so it has maintained a survival rate of 100%. This compares extremely positively with data for other UK businesses, which have an estimated 5-year survival rate of 41% (Office for National Statistics).

A SWOT and Risk analysis can be found in the *Business Plan: Part 2 – Appendix 3 - SWOT Analysis, & Part 2 – Appendix 4 - Risk Analysis*

According to national charity Plunkett Foundation (Dec '19):

- ◆ *The community pub sector grew by 13% during 2018, with 11 new Plunkett sponsored pubs opening during the year;*
- ◆ *95 known Plunkett sponsored community pubs were trading across the UK at end 2018;*
- ◆ *The amount raised by all 11 newly opening community pubs was approximately £3.5 million;*
- ◆ *Over half of all start-up costs in 2018 were sourced from community shares, with the remainder coming from grants, loans and other funding;*
- ◆ *No community pubs ceased trading, maintaining an impressive survival rate of 100%.*

6 SOCIAL IMPACT

- 6.1** The demographics of Longparish village, and responses to the last census document, show that the largest group (1/3) of people are aged 40-64, with more than a quarter of the population over 65, along with a significant number of younger residents. Nearly a quarter of Longparish households are occupied by just one person. Although the area scores well on the national Indices of Deprivation, its rural location places Longparish in the bottom ten percent for 'Geographical Barriers'.
- 6.2** The high number of older people in the area, along with the projected increase in life expectancy, and the risks associated with social isolation and loneliness (social, mental, physical) all emphasise the importance of reducing these risks. Although most villagers own a car, a significant number of people are reliant on local facilities such as the shop, post office, village hall and pubs, both for the services they provide, and the opportunities they create for social interaction. The infrequent bus service to Andover or Basingstoke, makes even the simplest trip a major challenge for some. A vibrant pub and hub would go a long way towards reducing social isolation in Longparish and the surrounding villages.
- 6.3** Acquisition of the Plough will benefit the whole community: Experience elsewhere shows people will feel they are part of the project that saved their "local" - and take an active interest in the future prosperity of the pub and hub, which will increase village cohesion.
- 6.4** It is anticipated that as a community enterprise the Plough will:
- ◆ Combat social isolation by providing a meeting place for the community, both in terms of a traditional Pub but also a place where new and existing groups can meet casually both during the day and evenings, perhaps offering a memory café in conjunction with a local Alzheimer's group.
 - ◆ Support and complement other village facilities such as the
 - Village Hall (e.g. providing catering facilities to support commercial hirers looking for a venue for seminars and training courses)
 - Church (A meeting place before, or after weddings, christenings and funerals)
 - School (Safe off-road parking, meeting place and café)
 - ◆ Work closely alongside Longparish Community Association (LCA) offering
 - A convivial venue for older people's lunches and more frequently than the current once per month. (Currently held every month in the village hall)
 - Regular charity fund raising events
 - Internet support sessions for the less tech-savvy
 - ◆ Provide an accessible meeting space for both existing and new community groups, which would be supported by the manager (or managed by the LCA)
 - Currently small group meetings often need to be held in member's homes – e.g. LCA committee.
 - Encourage the creation of new community groups – Sustainable Longparish, Crafts, Men's shed, Quiz team etc.
 - ◆ Provide a base for walking and cycling groups to meet and socialise afterwards, and for users of the playing field immediately behind the Plough.

- ◆ Offer an opportunity for people to volunteer and engage, both during the refurbishment and later when in operation, to feel they are directly helping the community in a very tangible way
- ◆ Support the community’s “can-do” attitude and increase the numbers of people willing to serve on such bodies as, for example, the Parish Council, or Community Association
- ◆ Offer casual employment opportunities (especially for older teens and young adults)
- ◆ Offer regular part time employment opportunities (e.g. servicing B&B rooms)
- ◆ Enhance property valuations and make houses easier to sell
- ◆ Provide flexible premises and space to accommodate potential future community needs.

6.5 A key measure of social success will be in terms of the number of villagers supporting the pub and hub, either as customers, or as volunteers. Villagers who are shareholders will have a direct say in the future of the Society, through members’ meetings and representation on the Committee. LCPL will work together with, and be sensitive to, the other community groups and activities within the village.



Community Pubs

A better form of business
2019



7 THE LOCAL MARKET

Longparish sits at the head of the Test Valley, one of the loveliest areas of Hampshire, with the town centres of Andover 6 miles away and Winchester 10 miles away. Nestled between Winchester, Salisbury and the New Forest, the Test Valley boasts beautiful countryside, chocolate box villages, the famous River Test and the market towns of Andover, Stockbridge and Romsey.

7.1 Catchment Area

The Plough is centrally located in the village. It is on a very popular cycle route, and during the summer months car and motorcycle rallies regularly pass by the pub. Walkers enjoy the 44-mile Test Way, which passes through the grounds of the Plough and the village footpaths leaflet attracts walking groups.

The pub is sited just under a mile away from the A303 so is convenient for traffic passing to and from the West Country to make a stop there. The service station just before the Longparish junction with the A303 is often full to capacity during peak times. The Plough has previously proved to be a popular destination pub with visitors from neighboring villages and towns, as well as further afield.

There are some significant new residential developments in Andover including Picket Twenty - 1200 new homes, with no plans for a pub at present, and Picket Piece - 900 new homes. Neither of these estates had been built when the Plough closed, and both are just 2.5 miles away from the Plough. In Winchester there is Barton Farm (2000 new homes) sited to the north of the city, which is less than twenty minutes from the Plough by car. Research by the Campaign for Real Ale (CAMRA) suggests that people are prepared to commute up to ten miles to a good destination pub.

7.2 Adult Population:

The 2011 Census puts population of Longparish at 716. The 2016 Hampshire County Council Small Area Population Forecast estimates that it's 732. Most of the residential area of Longparish lies within one mile of the Plough.

POPULATION ESTIMATE (2017)		
Village / Town	Distance	Population
Longparish	< 1 Mile	732
Hurstbourne Priors	1½ Miles	356
Barton Stacey	2 Miles	994
Wherwell	3 Miles	492
Chilbolton	3½ Miles	1,033
Whitchurch	3½ Miles	4,985
St Mary Bourne	4 Miles	1,339
Sutton Scotney	4 Miles	897
Andover	5 Miles	48,038

7.3 Community Survey

A community survey was carried out in Longparish during May & June 2019. A third of households completed the questionnaire, which is considered a significant, meaningful response; 85% of the responses consider the reopening of the Plough as important (marked 4/5 on a scale of 1-5); 75% said they would be interested, or very interested, to receive information about community funding once it's made available; and two thirds said they would use the Plough at least once a week.

7.4 The Local Market for the Pub and Restaurant

Rural pubs depend not only on attracting local residents for their business, but more importantly by being 'destination' pubs attracting business from further afield.

There are four other village pubs within a three miles radius. The nearest of these is the Cricketers Inn, located in the north of the Longparish village settlement near the village shop. The Plough is situated in Middleton approximately two thirds of a mile south and is close to the Church, School, Village Hall and village football field. The village cricket ground lies about half- way between the Plough and the Cricketers Inn.

The Cricketers Inn operates as a tied pub, owned by a pub company, Red Oak Taverns, who took ownership after recently acquiring the pub from Wadworth Brewery. In recent years the Cricketers Inn has offered traditional pub food with a limited range of beers, and has received mixed reviews. A new tenant landlord has recently taken over and when it reopens is promising to provide a more attractive customer offer.

Historically Longparish has demonstrated it can support two thriving pubs. For either of the village pubs to succeed they will need to attract customers from outside of the local village. The Management Committee intend to work closely with Cricketers to develop a complementary offer for customers. Expectation is that the Plough will provide a quality dining experience with an emphasis on locally sourced ingredients along with a regularly changing selection of local real ales. Offering Bed & Breakfast accommodation will provide a key differentiator for the Plough, with two ensuite guestrooms planned for the first floor. There is potential space in the grounds for further guest accommodation units to be considered in the future. With the popular Test Way long distance path passing through the pub grounds this also offers an opportunity to attract walkers looking for a base to start or finish, or a refreshment stop when passing through.

The closest villages to Longparish are Hurstbourne Priors, Barton Stacey, Wherwell and Chilbolton. The nearest, Hurstbourne Priors, does not have a village pub. Barton Stacey, which is approximately 2 miles away, has the Swan Inn, which operates as a freehouse and provides good quality food. The Abbots Mitre in Chilbolton is also a freehouse serving good quality food. Both of these pubs appear to be very busy throughout the week, demonstrating that this model works well in the area. However, neither of these pubs offer rooms, which provides another market opportunity for the Plough. While the White Lion in Wherwell does offer rooms, it is a tied pub (Punch Taverns) and is limited on the range of beers it can offer. Slightly further afield, the Wonston Arms has recently been turned around, and is now operating as a community pub serving a good range of local real ales. It was awarded CAMRA's National Pub of the Year for 2018, demonstrating there is a local demand for good quality real ales; however, it doesn't offer either food or rooms.

In summary, the local area already supports a number of rural village pubs, but there is capacity for a pub like the Plough to differentiate with a warm welcome to all ages with traditional good quality, fairly priced locally sourced food and ales, along with the potential to offer B&B accommodation.

Local canvassing and community feedback indicate that residents in the new estates such as Picket Twenty (just outside Andover) will frequent a nearby rural pub. More information on wider UK market background can be found in the *Business Plan: Part 2 – Appendix 5 - Market Background*

7.5 The Potential Market for a Café

There is potential to use either the main pub building or one of the outbuildings as a café. It could offer a comfortable and relaxed environment for residents; for parents before or after school drop off and for retired residents to meet with friends.



This would improve social wellbeing of local people and also provide an additional revenue stream. It would attract walkers and cyclists that pass the pub and encourage them to stay or return at another time for a meal.

7.6 The Potential Market for B&B Accommodation

There is a high demand for alternative accommodation from businesses in the Andover and Winchester areas, as well as visiting fishermen, tourists and passing motorists. The main building has two large rooms on the first floor suitable for conversion to provide B&B guest rooms with en-suite facilities. Planning permission was approved in the 1980's for additional motel style rooms to be built in the grounds behind the pub. There is also space to potentially provide a small number of luxury cabins or yurt style rooms in the pub grounds (subject to new planning permission).



7.7 The Potential Market for a Shop

Longparish is currently well served by a village shop and Post Office at Acre Stores (Londis). The current owners are committed to running the shop and Post Office for as long as is practical, but recognise that their senior years will eventually lead to its closure. As the shop currently forms part of their dwelling, it is uncertain whether it would be possible to continue to run a village shop from that location.

The Plough has a number of outbuildings that could provide an alternative retail space within the village, offering a valuable 'safety net' should the community ever find itself without a shop.

Responses to the village survey show that there could be demand for a retail facility selling a range of produce that is not currently available in the Londis Store. This could be in the form of a delicatessen or supplying local produce. Whatever form it might take, it is very important that any retail activity should not compete with the existing Londis Store.

7.8 Other potential additional services



These could include parcel drop-off & collection point. Also the provision of electric charging points for cars would attract motorists passing along the A303.



8 THE PROPERTY

8.1 Description

A significant, substantial, detached three storey property on the main street constructed of brick and flint banding with a pitched tile roof. It has a series of linked extensions and outbuildings of a later date to the rear with a pub garden and car parking for some 30 cars. The 'Test Way' passes through the grounds and car park. The building has four bedrooms and scope to convert at least two of them into paying guest rooms with en-suite facilities.

8.2 Ground Floor

The trading area is an open plan, partially partitioned area. Currently it is unoccupied and empty of contents. The bar servery is to the rear wall of the trade area. This is a very welcoming space with a timber floors, an inglenook fireplace, timber beam ceiling and leaded light windows.

8.3 First & Second Floors

The private accommodation is located on the first and second floors, which is also empty of equipment, fittings and fixtures, save for a limited number of bathroom fittings:

8.4 Outside

The outside area of the property comprises a ground floor beer cellar area (equipment removed), outbuilding and a further outbuilding partially furnished with cabinets and water supply.

8.5 General Condition

A survey carried out as part of a Business Buyers Report confirmed that the premises are suitable for on-going use as a pub. Visual inspection of the inside carried out in September 2018, again in September 2019, and in January 2020 suggests the property is weather tight and in a reasonable condition of repair overall when considering the time it has been closed. A more detailed pre-acquisition survey will need to be carried out on the property to confirm the assumptions used for the refurbishment (below) are valid. Additional property details and the floor plans can be found in the *Business Plan: Part 2 – Appendix 6 - Additional Property Details & Floor Plans*.

8.6 Refurbishment

While overall the property appears to be in reasonable condition, there are a few sections that are in a poor shape and have been badly maintained which will require repair before reopening as a pub. The objective for the initial refurbishment is to undertake essential works required to allow the pub to reopen as soon as possible, and to also complete any works that would be potentially disruptive to trade if carried out after reopening. The intention is to achieve high impact at minimal cost to provide a refreshed, warm welcoming environment for drinkers and diners, and quality B&B guest room facilities on the first floor.

8.7 Roof

Significant areas of the tiled roof will require restoration or replacement over the next few years. However, the building is currently watertight, and so the initial restoration will be limited to resetting and replacing tiles to the worst affected areas only. The business plan allows for maintenance and roof restoration to be funded after year one.

8.8 The reopening works are expected to comprise:

- ◆ Essential 'day one' repairs as identified by the Building Survey.
- ◆ Reinstate/repair electrical, plumbing and heating systems as required, plus any other works required from a health and safety perspective.
- ◆ Restore and re-lay wooden floors in the trade area and manager's accommodation
- ◆ Internal and external decoration and new soft furnishings.
- ◆ Deep clean and fit out the kitchen, and cellar area.
- ◆ Refurbish and modernise public area toilets.
- ◆ Refurbish and equip the outbuildings for community use.
- ◆ Convert two rooms on first floor for en-suite B&B guest room use..
- ◆ Refurbish staff accommodation.
- ◆ General site clean, tidy up, including garden areas.

INITIAL ESTIMATE OF COSTS FOR REFURBISHMENT		
COST ITEMS	Outsourced Cost	Using volunteers or rental
Initial Roof Repairs	£2,000	£500
Windows repairs as necessary	£3,000	£1,000
Essential external redecoration	£3,000	£1,000
Essential car park, grounds repairs & garden	£2,000	£1,500
Essential outbuilding repairs	£1,000	£500
Community area (refurbish & equip)	£5,000	£4,000
Refurbishment of Bar and Trade Area	£5,000	£3,000
Trade Area fixtures and fittings	£15,000	£2,000 ²
Refurbishment of commercial kitchen	£5,000	£1,000
Commercial kitchen fittings	£25,000	£8,000 ³
Public Toilets upgrade including fixtures	£8,000	£4,000
Refurbishment of Cellar [excl. Brewer equip]	£3,000	£1,000
Electrical repair	£4,000	£1,500
Heating system repair	£8,000	£5,000
Initial plumbing repairs	£3,000	£1,000
Refurbishment to Managers flat/function room	£5,000	£2,000
Restoration and fitting out two 1 st floor guest rooms with en-suite B&B	£50,000	£20,000
Total Estimated Phase 1 Refurbishment Costs	£147,000	£57,000

² Using rental for majority of the bar area fixtures

³ Using rental for majority of the commercial kitchen equipment

8.9 First floor guest rooms

One of the most significant refurbishment costs will enable the two large rooms and bathroom on the first floor to be repurposed as two high quality letting rooms with en-suite facilities. This work would be carried out before the pub business opens to avoid potential disruption during operation. The addition of two letting rooms would provide an additional income stream for the business not only from the room letting revenues, but also anticipated additional bar and restaurant sales.

8.10 Future development

The Plough offers significant potential for future expansion and in due course, ideas to further modify, improve and enhance the existing property will be considered.

The intention for the outbuildings is to support the community hub elements of the project. The buildings appear to be sound and functional, and would be restored during the initial refurbishment. It is hoped this would include a community room suitable for a wide variety of purposes such as supporting local club activities, or a private meeting room. If and when future funding permits there is scope to enhance the outside space further to include a café area, B&B cabins, office working/meeting spaces, or conservatory dining area. There is also potential space available for a village shop should this ever be needed.

From a review of potential sources, it is possible that grant funding may be available from a number of bodies and charitable organisations to support such development plans e.g. TVBC, LEADER, the Prince's Countryside Fund, etc.



9 FINANCIAL SUMMARY

9.1 Financial

The financial headlines for years 1-4 of the business plan are set out below:

ANTICIPATED Trading P&L (60% GM)				
COST ITEMS	Year 1	Year 2	Year 3	Year 4
Revenue from business	£271,415	£343,228	£396,857	£429,035
Associated costs	£111,766	£142,849	£165,169	£178,561
Gross Contribution	£159,649	£200,379	£231,688	£250,474
Running Costs (incl. rental) ⁴	£140,034	£172,960	£188,910	£196,885
Net income (Before finance costs)	£19,615	£27,419	£42,778	£53,589

To ensure long term security for the Plough it is of course essential that any financial borrowing costs can be covered by the potential net income. For the amounts involved, the cost of borrowing money on the open market would place additional pressure on the business plan.

LCPL has approached the Parish Council with a request to help fund the purchase of the Plough property. The Parish Council has agreed to seek permission to borrow up to £300,000 from the Public Works Loan Board (PWLB).

Parish Council borrowing from the PWLB would be at a much lower rate and for a longer term than would normally be available from commercial lenders (currently 2.7%⁵ for a fixed rate interest loan repaid over 50 years). LCPL will pay rent to the Parish Council, to cover the Parish Council's loan repayments and all their additional costs arising from their ownership of the Plough.

To protect the Parish Council, LCPL will undertake to hold a contingency cash fund equivalent to at least 18 months' rental payments. LCPL's interest in the property will be through a long-term lease granted by the Parish Council. A legal agreement will ensure that in the event a situation arises where LCPL could no longer afford to pay rent the Parish Council will be able to take back full control of the property unencumbered by the lease. For more information on the outline terms expected to form part of the legal agreement between the Parish Council and LCPL please see *Business Plan: Part 2 – Appendix 7 – Parish Council Agreement*

To fund the remaining amount needed for the purchase of the property and to cover the initial costs of the project, will require £330,000. The Plunkett Foundation has extended a conditional offer for a combined loan and grant under their 'More Than A Pub' program for up to £100,000 (split £50k grant & £50k loan). A minimum of £230,000 will therefore need to be raised through a public offer for community shares in LCPL.

Throughout the business plan there are a number of opportunities where it would be reasonable to expect to reduce costs, both during start-up and operation. However, to provide a conservative approach the higher costs are used throughout the business plan. Examples of how savings would affect the profitability of the project are explored in the *Business Plan: Part 2 – Appendix 8 - Financial Sensitivity*.

⁴ Running costs from year 2 include building maintenance costs. Full details are available in section 10.

⁵ This rate can vary daily. This is normally only small adjustments, unless the Bank of England base interest rate changes. The interest rate would be fixed at the rate applicable on the day the loan is taken out. (Rate on June 17, 2020 was 2.68%)

Capital Costs

The initial purchase costs have been estimated at £437,325 (excl. VAT) and include a contingency which would be set aside to protect both the business and the Parish Council from unforeseen issues that affect the ability for LCPL to continue to pay rental payments to the Parish Council. The costs are summarised as follows:

CAPITAL COSTS		
	£	£ (Reclaimable)
Purchase Price	£395,000	
VAT		£79,000
Searches	£625	
VAT		£125
Stamp Duty Land Tax	£13,200 ⁶	
Property Survey	£1,500	
Other Fees	£3,000	
Contingency	£24,000	
Totals	£437,325	£79,125

Start-up Costs

It will take time to get the refurbishment, setting up and recruitment process in place and in this financial plan it is assumed the Plough will open 4 to 6 months after taking vacant possession. However, the intention is to open the facility as soon as is possible – ideally with the re-opening timed to take full advantage of the busier late spring and summer trading period. Up until that time, there will be some costs relating to rates, insurance, heat, light etc. as well as the refurbishment costs of up to £147,000. To allow for this, the cost for 6 months insurance, fuel and rates charges are also included within the start-up costs. Once the pub is open, estimated stock and working capital of £25,000 will be required to ensure positive cash flow as trade begins to build.

START UP COSTS	
Remedial Works	£147,000
Compliance/Training	£4,000
Fuel (LPG)	£1,800
Business Rates	£2,370
Insurance	£1,500
Rent	£6,000
Loan repayments	£5,000
Stock & Working Capital	£25,000
Totals	£192,670

Notes:

- Price of freehold is at owner's discretion / to be negotiated
- Numbers are exclusive of VAT.
- LCPL has modelled both a professional service refurbishment with purchased equipment and an alternative based on using significant volunteer effort with rental of some equipment (which creates a significant saving on start-up costs) See 9.8 – LCPL has assumed the former (worst case) in this business plan.

⁶ SDLT is payable on purchase VAT. This amounts to an additional £3,950 net

VAT

The business will be registered for VAT at the time of acquisition, enabling LCPL to make taxable supplies; thus LCPL will be able to reclaim the VAT on the refurbishment and improvement works.

VAT will need to be paid on the property purchase. The Parish Council expect to register for VAT in order to be able to reclaim the VAT payable upon the purchase costs. The funding required to cover the VAT will only be required for a relatively short period. LCPL propose to help the Parish Council to cover the initial VAT outlay from LCPL's available cash reserves prior to commencing trading. This element of funding and cash flow has been excluded from the business plan as it will be needed only for a very short term and can be considered separately.

FUNDS REQUIRED	
Capital Costs	£437,325
Start-up Costs	£192,670
Total project funding	£629,995

9.2 Funding Requirements

LCPL aim to raise a minimum of £230,000 from a community share offer. Further funding will be available through a loan/grant package from the Plunkett Foundation's More Than a Pub programme. These funds will allow the Parish Council to purchase the property, and for LCPL to pay for the refurbishment work required, and provide working capital for the community pub business. If the community share offer raises more than the minimum level, this would potentially allow LCPL to reduce costs by reducing the amount drawn from Plunkett Foundation as part of the Loan/Grant package⁷.

These funds will be used to:

- Help the Parish Council to purchase the freehold of the pub property.
- Carry out works needed to get it ready to be reopened.
- Provide sufficient working capital to enable early stage cash positive trading.
- Manager recruitment, adviser costs and contingency.

FUNDS OVERVIEW	
LCPL Share Capital	£230,000
Loans & Grants inc MTAP	£100,000
Parish Council	£300,000
	£630,000

It's possible the total funding required could be reduced to £540,000 by relying on volunteer help and make savings in material costs and hire some equipment instead of buying it. See 9.8. However, the Business Plan assumes that £630,000 funding will be required, in case such savings can't be made.

⁷ The Plunkett Foundation MTAP grant offer requires a loan for an equal amount is taken from Cooperative & Community Finance Bank at 8% per year repayable over 7 years. (E.g. £50k grant, plus £50k loan)

10 FUNDRAISING

10.1 Parish Council support

The Parish Council supports LCPL's aim to restore the Plough as a community hub and operational public house. A resolution has been passed to seek to borrow up to £300,000 to help buy the Plough Inn. The Parish Council is able to borrow from the Public Works Loan Board at a very competitive rate, fixed over a period of up to 50 years.

The intention was that LCPL and the Parish Council would jointly own the Plough. However, based on legal advice, a purchase in the sole name of the Parish Council would be the preferred (and far simpler) arrangement.

The balance of the purchase price and associated legal costs, stamp duty etc. would be funded by LCPL, in return for which the Parish Council would grant LCPL a long-term lease of the Plough at a much lower than market rent. The rent charged will be sufficient to enable the Parish Council to fund its loan repayments (including interest), and associated expenses. LCPL would be responsible for refurbishing and developing the property as well as being responsible for all ongoing maintenance, and the running of the community pub business.

10.2 Share Offer



A significant part of the remaining funding required is expected to be generated through the sale of shares in the Society. Individual share value will be £10 with a minimum holding of £50. Each member will have an equal vote in the Society irrespective of their shareholding, following the key Society principle of 'one Member, one Vote'. Many local residents have links to family members and friends in other areas who may well wish to participate. The opportunity to purchase shares in a traditional English village pub with a history stretching as far back as the early 1700's is likely to appeal to many people.

An application is being submitted to HMRC for advance assurance that LCPL meets the conditions required to be a qualifying company under Social Investment Tax Relief (SITR). If advance assurance is provided by HMRC, and so long as you are a UK taxpayer, you should be eligible for tax relief on your investment, provided that you leave your shares in the Society for at least three years.

A separate application will be submitted for the Seed Enterprise Investment Scheme (SEIS). If accepted under the scheme SEIS is very similar alternative to SITR for the earliest qualifying investors with additional benefit of higher tax relief.

Subject to HMRC rules, individuals making an eligible investment can deduct a percentage of the cost of their investment from their income tax liability, either for the tax year in which the investment is made or for the previous tax year. The investment must be held for a minimum period of three years for the relief to be retained. The reliefs are currently 50% under the SEIS scheme, limited to the first £150,000 investments in any enterprise, or 30% under SITR. SEIS will be offered to potential shareholders in the order of the date on which investment monies are received.

If individuals have chargeable gains in that tax year, they can also defer their Capital Gains Tax (CGT) liability if they invest their gain in a qualifying social investment. Tax will instead be payable when the social investment is sold or redeemed. They also pay no CGT on any gain on the investment itself, but they must pay income tax in the normal way on any dividends or interest on the investment.

The actual amount of tax relief you can claim will depend on your personal tax circumstances.

FOR EXAMPLE: Freda decides to invest £10,000 in the tax year 2019-20 in SITR qualifying shares. The SITR relief available is £3,000 (30% of £10,000). Her tax liability for the year before SITR relief is £7,500 which she can reduce to £4,500 (£7,500 less £3,000) as a result of her investment.

Applications for tax relief are made to HMRC by the individual investor, not by LCPL. In the event LCPL receive advance assurance from HMRC, LCPL cannot guarantee that an investment will qualify. HMRC's web site explains the application procedures but, if you are unsure, please seek professional advice.

The minimum share funding level needed from community share funding is £230,000. Achieving this level for community funding will demonstrate local commitment to the project required for the allocation of grant and loan funding, which alongside investment from the Parish Council using Public Works Loan finance would allow the project to go ahead. The owner may however refuse to sell, or could accept another offer. If after raising the finance, it then proves impossible to buy the Plough any funds raised by LCPL through the community share offer will be returned, and the Parish Council would not take out any PWLB loan.

For full details please read the Share Offer Prospectus.

- ◆ For more information on Community Shares see <http://communityshares.org.uk/>

10.3 More Than A Pub

Plunkett has granted a conditional offer under their More Than A Pub (MTAP) loan and grant program for a combined £100,000 grant and loan. This is split 50:50 with the loan part provided by Co-Operative and Community Finance bank at a fixed rate of 8% repayable over a maximum of 7 years. This package would need to be drawn down within the next few months, so is in effect conditional upon LCPL agreeing terms for the purchase with the current owner by the end of June 2020.

10.4 Other Sources

Additional funds will be also sought through additional grants which if successful would help to reduce commercial borrowing costs. However, this has not been included in the business plan as there is no certainty that these would be successful, or that the timing will be right.

10.5 Fighting Fund

A fighting fund was set up at the start of this project and to date has received grants from TVBC of £900, and Longparish Parish Council of £150. Plough Ahead was also awarded a £2,500 bursary from the 'More than a Pub' programme administered by The Plunkett Foundation, plus further funding to support developing the business plan and community share offer and a grant from Locality to assist with the planning appeal for £1,500.

11 FINANCIAL PROJECTIONS

11.1 12 Month Forecast – Cashflow / Profit & Loss

As the Profit and Loss figures below are more detailed than usual for this type of plan, we have not included a separate cashflow analysis.

YEAR 1 – CASHFLOW / PROFIT AND LOSS STATEMENT (GM=60% for Pub Sales)													
PLOUGH INN, Longparish													
INCOME	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	1 ST YEAR
<i>Seasonal Revenue</i>	9%	9%	10%	11%	11%	10%	6%	6%	10%	5%	5%	8%	100%
Wet Sales	9,353	9,494	10,707	11,954	12,133	11,196	6,818	6,920	11,707	5,941	6,030	9,793	112,047
Food (Dry) Sales	12,302	12,486	14,082	15,722	15,958	14,725	8,967	9,102	15,398	7,814	7,931	12,881	147,368
B&B Room rental	619	711	890	914	1,130	1,210	1,345	1,330	1,197	1,028	862	763	12,000
TOTAL	22,274	22,691	25,678	28,590	29,221	27,131	17,131	17,352	28,302	14,784	14,824	23,437	271,415
EXPENSES													
Cost of goods sold	9,164	9,333	10,544	11,709	11,964	11,100	7,091	7,186	11,593	6,219	6,204	9,659	111,766
Gross Contribution	13,110	13,358	15,134	16,882	17,257	16,030	10,040	10,167	16,708	8,564	8,620	13,778	159,649
<i>% of Sales</i>	58.9%	58.9%	58.9%	59.0%	59.1%	59.1%	58.6%	58.6%	59.0%	57.9%	58.2%	58.8%	58.8%
Salaries	7,391	7,391	7,933	8,474	8,474	7,933	5,765	5,765	7,933	5,223	5,223	6,849	84,353
Fixed costs	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	16,381
Rental	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Variable Costs	2,184	1,365	1,365	1,365	1,365	1,911	2,184	3,276	4,095	2,730	2,730	2,730	27,300
COSTS (total)	11,940	11,121	11,663	12,205	12,205	12,209	10,314	11,406	14,393	10,318	10,318	11,944	140,034
Net income before interest	1,171	2,237	3,471	4,677	5,052	3,822	-274	-1,240	2,316	-1,754	-1,698	1,834	19,615
Loan repayments	779	779	779	779	779	779	779	779	779	779	779	779	9,352
Profit / Loss	391	1,458	2,692	3,898	4,273	3,042	-1,053	-2,019	1,536	-2,533	-2,477	1,055	10,263
Opening Cash	15,055	15,446	16,904	19,596	23,494	27,767	30,809	29,756	27,737	29,273	26,740	24,263	
Closing Cash	15,446	16,904	19,596	23,494	27,767	30,809	29,756	27,737	29,273	26,740	24,263	25,318	

11.2 4 Year Forecast – Profit & Loss

FOUR YEAR - PROFIT AND LOSS FORECAST (£)				
PLOUGH INN, Longparish				
INCOME	First Year	Second Year	Third Year	Fourth Year
Wet Sales	112,047	137,904	159,452	172,380
Food (Dry) Sales	147,368	181,376	209,716	226,720
Cost of goods Sold	103,766	127,712	147,667	159,640
B&B Rentals	12,000	23,948	27,689	29,935
Resulting B&B Contribution	4,000	8,811	10,188	11,014
Gross Contribution	159,649	200,379	231,688	250,474
Salaries	84,353	102,428	114,479	120,504
Operating Costs - Fixed	⁸ 16,381	25,381	25,381	25,381
Operating Costs - Variable	27,300	33,150	37,050	39,000
Rent	12,000	12,000	12,000	12,000
Total Costs	140,034	172,960	188,910	196,885
EBITDA	19,615	27,419	42,778	53,589
Loan repayment	9,352	9,352	9,352	9,352
Interest on Community Shares ⁹	0	0	0	6,900
Share withdrawal (buy-back) ¹⁰	0	0	0	6,900
Profit before Tax	10,263	18,067	33,426	30,437

⁸ First year costs do not include maintenance and roof repair costs, as essential works will have been carried out during refurbishment

⁹ 3% discretionary interest paid on community shares after year 3

¹⁰ 3% discretionary allowance made for community share repurchase after year 3

11.3 4 Year Forecast – Balance Sheet

FOUR YEAR - BALANCE SHEET (Summary)						
PLOUGH INN, Longparish						
	At Purchase	Pre Opening	First Year	Second Year	Third Year	Fourth Year
Fixed Assets						
Base Property ¹¹	£95,000	£200,000	£200,000	£200,000	£200,000	£200,000
Capital Equipment		£40,000	£32,800	£25,600	£18,400	£11,200
<i>Depreciation Capital Equipment (Accum)</i>		£0	(£7,200)	(£14,400)	(£21,600)	(£28,800)
Total Fixed Assets	£95,000	£240,000	£232,800	£225,600	£218,400	£211,200
Current Assets						
Cash	£192,675	£25,005	£25,319	£37,626	£66,867	£91,411
Contingency (Cash) ¹²	£24,000	£24,000	£24,000	£24,000	£24,000	£24,000
Stock ¹³		£9,950	£9,950	£14,160	£15,308	£15,308
Total Current Assets	£216,675	£58,955	£59,269	£75,786	£106,175	£130,719
TOTAL ASSETS	£311,675	£298,955	£292,069	£301,386	£324,575	£341,919
Current Liabilities						
Suppliers accounts payable		£9,950	£0	£0	£0	£0
Corporation Tax		£0	£1,550	£3,038	£5,892	£6,693
Total Current Liabilities	£0	£9,950	£1,550	£3,038	£5,892	£6,693
Long Term Liabilities (1yr+)						
Commercial Loan	£50,000	£50,000	£44,451	£38,442	£31,935	£24,887
TOTAL LIABILITIES	£50,000	£59,950	£46,001	£41,480	£37,827	£31,580
Equity	£230,000	£230,000	£230,000	£230,000	£230,000	£223,100
TOTAL Liabilities & Members Equity	£280,000	£289,900	£276,001	£271,480	£267,827	£254,680
Retained Earnings	£31,675	£9,005	£16,067	£29,906	£56,748	£87,239

¹¹ Base Property - shows summary nett potential value in the property asset were it to be sold after the Parish Council charge on the proceeds.

¹² Including 18 months property rental payments

¹³ Assumes 14 days stock

11.4 Operating Costs

The base level operating costs have been estimated using a combination of available information from such sources as 'Pub is the Hub', British Beer & Pub Association, CAMRA, professional pub trade advisors and other local supporters that have experience within the licensed trade.

OPERATING COSTS				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Business Rates	4,731	4,731	4,731	4,731
Rent to Parish Council	12,000	12,000	12,000	12,000
MTAP loan repayment	9,352	9,352	9,352	9,352
Insurances	3,000	3,000	3,000	3,000
General Maintenance	¹⁴ 0	6,000	6,000	6,000
Roof replacement fund	¹⁵ 0	3,000	3,000	3,000
Sundry costs/Consumables/Other	5,880	7,140	7,980	8,400
Services – Fixed	8,650	8,650	8,650	8,650
Services - Variable	21,420	26,010	29,070	30,600
Monthly Wages & Casual labour ¹⁶	84,353	102,428	114,479	120,504
TOTAL COSTS	149,386	182,311	198,262	206,237

Further details and breakdown of costs are shown in the *Business Plan: Part 2 – Appendix 9 - Detailed Operating Costs*

11.5 Shareholder interest payments and buy-back

If profits allow, interest may be paid to shareholders and LCPL may be able to allow some shareholders to withdraw some or all of their shares. This would depend on the Management Committee deciding that the business had sufficient funds to allow for such payments to be made without harming the business.

The above financial forecasts demonstrate sufficient profits and retained earnings allow for such payments to be made after year 3. However, should sales fail to meet expectations, or profits fall below expectations then the Management Committee could decide that such payments were not sustainable and choose not to pay any interest for any year. More details of how increased overheads of a reduction in sales could affect profitability are available in the *Business Plan: Part 2 – Appendix 8 - Financial Sensitivity*

¹⁴ No costs assumed during 1st year of trading

¹⁵ No costs assumed during 1st year of trading

¹⁶ Offset value for use of the accommodation by the Manager is included in these figures. Figures include National Insurance.

12 OPERATING THE PLOUGH

12.1 Recruitment of Key Staff

The appointment of the right manager for the Plough is a critical element of the business. Advice is being sought on the best ways to go about this; It is planned that the recruitment process will start as soon after the acquisition as is possible, so that a manager and chef can be ready to start prior to the 'grand opening'.

12.2 Getting Ready to Operate

Once purchased, in addition to building refurbishing works, there will also be a level of initial work that will need to be completed before the Plough is ready to operate e.g. licences, insurances, Wi-Fi installation, fire and food hygiene certificates etc.

12.3 Creating the Right Reputation

As a new community enterprise, the Plough will quickly attract local users from its former customer base, plus over 200 local people likely to be members of LCPL and shareholders in the business, who will be even more committed to using the pub themselves and to bringing their friends and family with them. Building the reputation in the area as an appealing venue for real ale, good quality food, friendly service plus entertainment will in time attract customers from further afield. The pub will seek to attract passing motorists, ramblers, cyclists and visitors to the area and would seek to provide the necessary facilities to do so e.g. providing a cycle rack, energy snacks, water refill point, electric vehicle charging points etc.

12.4 Community Hub

The community hub will be an integral part of the business and is expected to encourage locals to visit frequently by offering a range of community services, that might include parcel drop-off, click-and-collect delivery point, providing easy access to a range of drinks and snacks for community and club meetings. Also working in partnership with the community association, village hall, church and other village amenities to support their aims and add value without detracting from their activity.

12.5 Finer Details

Wi-Fi will be available. It is also anticipated that take-out food and drink would also be provided where practical.

12.6 Events

The Plough will provide a venue for birthday, anniversary and christening celebrations as well as for parties, receptions and wakes etc. It is expected to be attractive to local groups for ad-hoc group committee and organiser meetings such as LCA committee, Fete committee, Friends of Longparish School (FoLS), etc. and will support the village with charitable activities. It is also expected the Plough will offer catering for users of the nearby village hall.

13 PUB AND RESTAURANT

13.1 Type of Pub



It is proposed that the Plough will be a real ale pub offering a varied and changing range of ales with a strong local element. The pub will offer well cooked and presented locally sourced (where possible) and value for money pub grub. To support the aim of becoming a destination pub of choice, the intention is to explore establishing an initial unique selling point – perhaps offering an interesting range of locally produced venison dishes. It is also proposed that there will be an artisan gin bar with locally produced gins.

13.2 Licensing Hours

It is expected that the initial licensing hours would be late morning to late evening Tuesday to Sunday. Market experience and advice from trade professionals suggests that closing all day Monday and with earlier closing Tuesday to Wednesday and on Sunday might be appropriate, especially during the winter months.

13.3 Menu

It is proposed that there would be a brunch style menu on Saturdays and Roast Lunches on Sundays. Food generally would be served lunchtimes and evenings Tuesday to Saturday and lunchtime and afternoon on Sundays. A Sixty Plus menu to be available Tuesday to Friday lunchtimes.



13.1 Micro Brewery



Establishing a micro-brewery could be a medium-term project.

14 CAFÉ

14.1 Beverages

It is anticipated that a café will be open during the week and summer weekends to provide a range of quality coffee and tea choices. A professional/commercial coffee machine will be provided and would ideally be located within the bar area. A small selection of newspapers will be available for browsing, as would books from a small library/ book exchange.



14.2 Light Lunches/Snacks



The café would be expected to sell snacks such as cakes, scones, sandwiches and soup at times when the pub is not serving food. It could be located in the pub area or an outbuilding allowing for flexible use of staff particularly during quieter periods.

14.3 Themed Events

Themed coffee mornings as suggested in the village survey responses are also envisaged. These could include: book club; gardening club; photography, art, bridge and chess clubs.



14.4 Internet Sessions

Running regular computer/internet sessions in collaboration with third parties could help the older residents in the community, and those less tech-savvy.

14.5 Memory Café



A monthly 'memory' café could be run, with support from the local Alzheimer's Society. The café will also support Macmillan coffee mornings etc.

14.6 Drop-in Café

Additional regular community services could be attracted to run in the pub, for example, drop-in 'surgery' meetings supported by local councillors, Citizen's Advice, GP surgery, etc..

15 MARKETING

Publicity prior to buying the Plough will focus on the campaign to raise funds to acquire the pub. This will draw public attention to the village plan to have a community pub, B&B and potential café. Details of the Community Engagement plan for the Share Offer can be found in the *Business Plan: Part 2 – Appendix 10 - Community Engagement*.

The plan is to market the Plough as a traditional village pub, which fully meets the locals' and visitors' idea of a country pub. This requires good quality real ales (where possible brewed locally), guest beers, artisan gin bar, good quality pub food, log burner, a friendly and welcoming atmosphere and traditional pub entertainment when appropriate. It will be a meeting place for villagers, friends and family and will attract visitors.

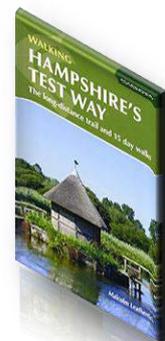


The marketing plan for the Plough will aim to:

- Build the customer base - attract new and old customers.
- Build customer loyalty - increase the frequency with which customers use the facilities.
- Build customer value - increase the value of each visit made.

The target market segments to attract to the Plough are:

- Local people (families, young and older people) – from Longparish, and the surrounding villages.
- Tourists, including those staying locally.
- Day visitors to the area, particularly walkers, fishermen and cyclists.
- Town dwellers – driving out for a good meal in a rural pub.



15.1 Increasing the Number of Customers

The first part of the marketing strategy relies on raising awareness of the new Community Hub and the facilities on offer. This will be done through an extensive outward

tripadvisor facing marketing campaign incorporating all forms of media (print, social media, word of mouth). For example, articles placed in local papers and in special interest publications (for cyclists, walkers and fly fishing). An engaging website along with Twitter and Facebook, targeting special interest groups such as cyclists and walkers. Also working with local businesses, groups and clubs to raise awareness of the project amongst their customers, users and visitors.



The local school, opposite the Plough, offers an important marketing channel to engage parents picking up and dropping off children. Once operating, the B&B would be also be promoted both locally and through other online channels.

15.2 Increasing the Frequency of Visits

Having attracted customers initially through the door, the most important thing to encourage repeat visits will be to create a welcoming atmosphere, great impression and build a positive reputation. Key to retaining customer interest, and attracting repeat visits on a regular basis will be –

- ◆ Investing in favourable terms and conditions for staff and offering on going training to enable them to provide a great customer experience.
- ◆ Ensuring the fabric of the building provides the kind of environment that customers expect.
- ◆ Serving customers promptly and with a friendly manner, and dealing with any complaints swiftly to reach a satisfactory outcome for the customer.
- ◆ A regularly changing food menu and drinks offer.

A series of activities and events aimed at engaging all sections of the local community, as well as visitors will be developed. In addition, working closely with the community association to run events such as regular community barbecues and hog roasts on bank holidays or national days of celebration, and supporting community events.

Customers will be encouraged to submit reviews. Maintaining an active watch on review websites such as TripAdvisor will enable LCPL and the Plough's manager to appreciate positive reviews and respond to any negative reviews / comments quickly and directly, showing the wider potential customer base that the business is engaged and committed to improving services.

15.3 Increasing the Value of each Visit

One way to increase the value of each visit made by customers is to increase the amount of time spent in the facility: people popping in for a drink may be persuaded to stay for a meal or snack by prominently displaying an eye catching and tempting menu; whilst those visiting to use other services such as parcel drop-off may be enticed to stay for a bite to eat after seeing a display of delicious cakes and smelling the freshly brewed coffee.



Encouraging passing walkers and cyclists with a free drinks bottle refill station, healthy snack options and welcoming outdoors seating areas, providing charging points for electric cars, and secure bicycle racks will make it attractive for visitors to stay longer.

Newspapers and second-hand books can be used to encourage customers to spend longer in the Plough, and games and toys can help to create a child-friendly environment, retaining family visitors for longer. Good Wi-Fi connections can also encourage visitors to stay longer, particularly those who may not have access to this elsewhere such as tourist visitors. Ultimately, creating a comfortable and pleasant environment, that meets the needs of the customer, will encourage longer, more valuable visits.

16 SOME FINAL THOUGHTS

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.

A Community Benefit Society owned pub is owned by the community, for the community. It isn't something that is imposed from outside. It has its roots within the community, and binds 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 simply pass the time of day in what is truly their own pub.

In order to survive, any business, any pub, has to be commercially viable. Assessing that viability is a vital part of the process and community ownership can contribute significantly to that viability. CAMRA recently reported that there are currently around 120 community owned pubs in the UK and all are still trading today. This is despite many of these pubs operating in areas where previously private owners had struggled; a powerful statistic.

Comment regarding Longparish's community response to the Covid19 lock down.

"The residents of Longparish clearly have a passion to protect rural services, as we can see in their efforts to save the local pub. It is impressive to see how quickly they have managed to spur local volunteers into action and keep their local shop up and running, and importantly keeping vital supplies available for those most in need.

"This kind of can-do spirit will surely serve them well as they strive to take their local pub into community ownership. Issues such as loss of amenities and isolation in rural areas are well known. And we know from the many pubs we have supported that when they are in community ownership, they can do so much more than just be a pub as they help tackle these issues."

James Alcock, Chief Executive, the Plunkett Foundation

