

Business Plan – The Pub at Grafham

1. Executive Summary

Grafham is an attractive village in the west of Cambridgeshire which suffers from an almost complete lack of amenity. In response to the 2011 Village Plan a committee was formed to facilitate the setting up of a community shop. This shop has traded successfully for almost three years. Also noted from the Village Plan was the residents' desire for a village pub, Grafham's last pub closed in 2000 and has subsequently traded as an Indian Restaurant. A beer festival has been organised annually by the village for the past three years. It is held in the grounds of the village hall and is very successful. Pop-up pub events have been held in the past and, again, these have proved very popular. On the back of the success of and support for these events and for the Community Shop, there is now a movement devoted to setting up a pub in a prefabricated building and operating it for the benefit of the community.

Proposal

A pub will be created in Grafham which will fulfil the following main aims:

- ⤴ Provide a social meeting point for the local community without the need to drive out of the village
- ⤴ Use of local brewers and wine merchants to promote the community/local feel of the enterprise
- ⤴ Provide some work opportunities for local residents both voluntary and paid

The pub will be run for the benefit of the community.

Section 2 contains an introduction to Grafham village and information about the surrounding area.

Section 3 looks at the business opportunity for a profitable pub

Section 4 sets out the proposals for advertising the facilities to be offered and how we intend to promote use of the pub.

Section 5 is an operations plan setting out legal and logistical basics. The pub will operate from a pre-fabricated building in the grounds of the village hall.

Section 6 includes brief CVs for the current management committee and proposed directors.

Section 7 looks at risk management, analysing some of the possible risks to a successful venture and how these can be avoided or managed

Section 8 is the financial plan. It includes details of start-up costs, funding sources and cash flow projections. Also included is a profit and loss forecast based on a 70% gross margin assumption and a further profit and loss forecast assuming a 65% gross margin. There is also a trading cashflow forecast for the first year.

Section 9 sets out the Equality Policy to be adopted by the Company.

2. Introduction to Grafham Village

Grafham is a village in Cambridgeshire with 267 households. It has an Indian restaurant with a small bar area, a village hall, a playing field, a church and a caravan site. There is good community spirit in Grafham and currently some of the regular activities and groups that meet include the Cricket Club, Book Club, Grafham and Ellington Art Group, The Church Flower Club, WI, Wildlife Conservation Group, a Sewing Group and several keep-fit classes. Events organised by a voluntary group in aid of the restoration of the village church have been well attended and very popular. The Grafham Beer Festival has become almost an institution. This is a very successful event, held in the village hall over two days and attended by many people from the village and surrounding areas. In addition, a monthly newsletter called the Grafham Gossip is circulated to every household and a website www.grafham.org.uk provides information about all village events and issues.

Grafham Water is a reservoir owned by Anglian Water. The parkland surrounding it is a designated Site of Special Scientific Interest covering 2400 acres. There is a 9 mile cycle route around the reservoir which is well used by visitors to the area, both walkers and cyclists. The cycle route takes in part of the village through- road. Grafham Water is also a popular destination for fishing and sailing.

The caravan site in Grafham has 68 pitches on an area of 6 acres. It is managed by The Caravan Club and has a heated swimming pool and a children's play area. It currently has a very small shop with only very basic camping goods. Campers are very important to trade in the community and are often looking to go to a local pub, without having to drive.

The nearest town to Grafham is Huntingdon which is approximately 7 miles away. Cambridge is 25 miles to the east of Grafham and is a popular tourist destination.

3. Business Opportunity

The nearest pubs to Grafham are in neighbouring villages to which it is necessary to drive i.e. Ellington (a bistro/pub), Perry and Buckden.

The nearest pubs to Grafham are in Buckden, which is 3 miles away, or Perry, which is 3.5 miles away. Perry has a popular pub/restaurant while Buckden has a pub and two hotel/restaurants. Neither are within a realistic walking distance and as pavements stop outside the village, walking can be hazardous also. There is currently no option for villagers who want to engage socially outside of their homes, other than to get in a car and drive. Public transport options are very limited. There is one bus service a day which is shortly to be cut completely. There are no services in the evenings.

We intend that the pub will stock a full range of beers, wines and spirits and will use the produce of local breweries as used at the beer festivals and also stocked in the Community Shop.

Both Grafham Water and the campsite bring tourists in to the village. The cycle route around Grafham Water is along Church Hill and Church Road. A well placed sign would direct potential customers to the pub where we envisage selling snacks as well as the usual beverages.

Surveying the residents

A leaflet was distributed to every household and people were invited to attend an open meeting in which the various issues and questions could be raised. The meeting was reasonably well supported and although there were people that could not make the date or time, messages of support from them were received. Matters discussed included the potential funding for the project, its viability and its intended relationship with the community shop. The proposed management/ownership of the project was also covered.

Following the meeting, several people came forward with offers of support in terms of share purchases, volunteering and willingness to sit on a management committee.

Grafham is a small village, and word of mouth is an important source for transmitting information. Also, there is a Grafham Village Friends Facebook page, where opinions on everything are shared. There has been a very small amount of opposition, but the committee has taken great pains to allay any fears that anyone has concerning noise and other potential for nuisance. The village has an almost zero crime rate and is considered to be a pleasant and safe place to live. The Pub at Grafham has no intention of allowing anything to change this.

To date the committee has received pledges of share purchases to the value of £10,100. We believe this is a true indication of the popularity of the project.

Competition and the surrounding area

There is no plan to try to compete with pubs in neighbouring villages. It is fully expected that the vast majority of custom will be from Grafham's residents and their visiting friends and family.

As previously stated, the surrounding villages have pubs in their villages. These pubs are considerably larger than the one we plan for Grafham and they have restaurant facilities which we are unable to offer. The Pub at Grafham is offering somewhere for a quiet night out with a drink and the newspaper, and the opportunity to meet other residents of the village. It is also possible that we will offer traditional pub games and quiz nights. We do not anticipate that we and the neighbouring pubs will be in competition.

4. The Marketing plan

Our marketing strategy is that our pub is run by the community for the community. Shares are offered to anyone over 16 and share ownership gives the opportunity to vote on key issues and have a voice on how the pub is run. Dividends on investments may also be paid, subject to the usual statutory restrictions. Local beers will be on offer in a friendly atmosphere with the opportunity to meet with friends – old and new.

Before launch

We see our main marketing drive before launching the pub as a communication exercise with the people in Grafham and nearby villages. We will be writing a number of regular articles for our local parish magazine which will give updates on progress so far and we invite comments and suggestions from everyone. We also include information and news on the village website at www.grafham.org.uk

After launch

We will ensure prominent signage is displayed directing passing trade including those cycling or walking the cycle-route around Grafham Water. We will regularly advertise in the Grafham Parish magazine. More permanent poster-type advertising will be placed at the Grafham Water Visitor centre and the Caravan Park. As this is essentially a community enterprise, we don't intend to advertise anymore widely than the immediate community and its regular visitors.

5. Operations Plan

Legal structure

Subject to professional advice, it is intended to establish the Pub at Grafham as a Community Interest Company. The pub will be run by the management committee, two or three of whom will be directors of the company. Any profits earned will be used primarily to benefit the community, re-invest into the business and lastly to distribute as dividends in accordance with any dividend caps in force.

The building and location

A pre-fabricated log cabin will be erected in the car park of the village hall. This location already provides good space, easy access and car parking facilities in the unlikely event that people wish to drive to the pub. It is a safe environment with pavement allowing easy pedestrian access. A lease from the Parish Council for the area of land ensures future stability for the pub. The community shop is also located here, so all community facilities are in the same area.

Staffing

A paid manager will be appointed to manage the day to day running of the pub, plus one other person to staff the bar. Also, provision is made for the wages of cleaning staff. We also have an indication that some people may wish to support the pub by volunteering services rather than by purchasing shares.

Staff and volunteers will receive an induction course in using the till system, food safety, health and safety and age related sales. Regular refresher training will be provided and there will be monitoring and mentoring from the pub manager. The manager will report to the board of directors and management committee.

6. The Management Committee **TO BE UPDATED**

Adrian Love – Director

Adrian is currently employed as a Trading Standards Officer and is a former police officer. He has lived in the village since 1979 and has been a member of the cricket club for 44 years!

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Kevin Sharp – Director

Kevin has worked for Beds, Herts and Cambs Police for ten years, having previously served 23 years in the RAF. Kevin has been a Parish Councillor for Grafham for seven years and lives in Grafham with his family.

Lucy Maurice – Director

Lucy works for Cambridgeshire County Council in Children's Social Care. She has lived in Grafham for 11 years with her husband Kevin, who has been one of the originators of the Grafham Beer Festival.

Chris Brown - Committee member

Chris works for a major UK company in the chemicals industry and has a passion for supporting village sports, events and enterprises. Chris has lived in Grafham with his family for 9 years.

Margaret Life – Secretary

Margaret is a fully qualified Certified Accountant, currently retired. She has lived in the village for more than 20 years and is also secretary to the management committee of the Community Shop. Margaret has been the Parish Clerk for more than 10 years.

Chris Woodhall – Committee member

Chris worked in IT for many years as a freelance business/systems analyst and programmer. He now runs his own wine and spirits business with a shop selling wine, beer and spirits to retail customer and supplying restaurants, pubs and events on a wholesale basis.

Paul Bate – Committee member

Paul has a strong background in customer service and retail. He has lived in Grafham for two years and is very community- focused. He is also one of the managers of the Community Shop.

Tina Theodorou – Committee member

Tina has lived in Grafham for 33 years this year with her husband. Her background is in general Sales & Marketing and she has worked for some large PLC companies and LLP organisations during her working career.

7. Risks and counter measures

Risk	Counter measure
insufficient demand	ensure we are offering what the customers need and want. Sufficient signage and advertising will make sure people know where we are.
loss of volunteers or volunteers with lack of necessary skills	good training will help to ensure there is a sufficient pool of volunteers possible use of incentives
loss of funds through dishonesty	efficient accounting, systems and spot checks. Consider CCTV
litigation/prosecution	ensure risk assessments are conducted, thorough staff training, full legal compliance, adequate insurance
increase in competition	having customers that are members can help

	ensure loyalty. Our proposed location makes it unlikely that retail businesses would open any closer than existing competition.
public theft of stock	work with police, consider CCTV and ensure insurance is sound
risk of armed robbery and burglaries	Banking daily and publicising no cash held on site overnight. Promote use of credit/.debit cards Ensure sound systems of security and alarm are installed

8. Financial Plan

Estimated start-up costs

Purchase and installation of log cabin	£38,353.54
Electronic till and POS system	£ 2,000 est
Furniture, fixtures and fittings	£1,500
Initial stock	£1000
Administrative costs	£500
Initial Cash requirement	£ 1,000
TOTAL	£44,353.54

Funds will be raised via the following sources:

All residents and others who support the project will be invited to become shareholders. Shares will be offered at £100 each

We will invite and accept gifts from individuals who do not need to be members.

We will apply for Grant funds from Big Lottery, Grafham Parish Council, Huntingdonshire District Council, Cambridgeshire County Council, Awards for All and the A14 road improvements project

Community fund-raising events include the Grafham Beer Festival,

TRADING PROFIT and LOSS: expected margin average 70%

Gross profit	<i>year 1</i>	<i>year 2</i>	<i>year 3</i>	<i>year 4</i>	<i>year 5</i>
Total sales Net of VAT	48,000	49,248	50,036	50,837	51,650
Cost of sales	14,400	14,774	15,011	15,251	15,495
Gross profit on sales	33,600	34,474	35,025	35,586	36,155
Gross margin	70%	70%	70%	70%	70%
Expenditure	<i>year 1</i>	<i>year 2</i>	<i>year 3</i>	<i>year 4</i>	<i>year 5</i>
Wages + NI	23,920	25,355	26,876	28,489	30,198
Rent	1	1	1	1	1
Business rates	240	244	248	252	256
Insurances	1,000	1,016	1,032	1,049	1,066
Water and sewerage	600	610	620	630	640
Electricity	1,440	1,463	1,486	1,510	1,534
Repairs, renewals, maintenance	600	610	620	630	640
Marketing/Advertising	450	457	464	471	479
Communications	600	610	620	630	640
Waste disposal	540	549	558	567	576
Professional fees	250	254	258	262	266
Security	260	264	268	272	276
Contingencies	490	498	506	514	522
Total operating expenses	30,391	30,879	31,373	31,875	32,384
Profit	<i>year 1</i>	<i>year 2</i>	<i>year 3</i>	<i>year 4</i>	<i>year 5</i>
	3,209	3,595	3,652	3,711	3,771

TRADING PROFIT and LOSS: expected margin average 65%

Gross profit	<i>year 1</i>	<i>year 2</i>	<i>year 3</i>	<i>year 4</i>	<i>year 5</i>
Total sales Net of VAT	48,000	49,248	50,036	50,837	51,650
Cost of sales	16,800	17,237	17,513	17,793	18,078
Gross profit on sales	31,200	32,011	32,523	33,044	33,573
Gross margin	65%	65%	65%	65%	65%
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Expenditure	<i>year 1</i>	<i>year 2</i>	<i>year 3</i>	<i>year 4</i>	<i>year 5</i>
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Surplus	<i>year 1</i>	<i>year 2</i>	<i>year 3</i>	<i>year 4</i>	<i>year 5</i>
	809	1,132	1,150	1,169	1,189

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Trading Cashflow Year 1

	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018
Receipts												
Share sales	5000	2000	2000	200	200	100	100	100	100	100	100	100
Pub sales	3500	3500	4000	4000	3500	3500	4000	4500	4500	4500	4500	4000
	8500	11210	5871	6923	7712	6903	5843	7532	6973	7063	7812	7063
Payments												
Stock purchases	1050	1050	1200	1200	1050	1050	1200	1350	1350	1350	1350	1200
Wages + NI	1993	1993	1993	1993	1993	1993	1993	1993	1993	1993	1993	1993
Rent	1											
Business rates	20	20	20	20	20	20	20	20	20	20	20	20
Insurances	1000											
Water and sewerage	50	50	50	50	50	50	50	50	50	50	50	50
Electricity	120	120	120	120	120	120	120	120	120	120	120	120
Repairs and maintenance	50	50	50	50	50	50	50	50	50	50	50	50
Marketing/Advertising	150	50	50				100	50	50			
Communications	50	50	50	50	50	50	50	50	50	50	50	50
Waste disposal	45	45	45	45	45	45	45	45	45	45	45	45
Professional fees	20	20	20	25	20	20	20	20	25	20	20	20
Security	150	10	10	10	10	10	10	10	10	10	10	10
Contingencies	40	40	40	40	40	40	50	40	40	40	40	40
Cash float	1000	0	0	0	0	0	0	0	0	0	0	0
	5739	3498	3648	3603	3448	3448	3708	3798	3803	3748	3748	3598
Balance b/f	0	2761	6219	5587	5931	6419	6029	5330	5603	5208	5542	5978
Net cash inflow/(outflow)	2761	7712	2223	3320	4264	3455	2135	3734	3170	3315	4064	3465
Balance c/f	2761	6219	5587	5931	6419	6029	5330	5603	5208	5542	5978	5598

Assumptions

- VAT is calculated at 20%. All figures in trading profit and loss are shown net of VAT.
- Inflation is assumed to be 1.6% per annum.
- Sales growth is assumed to be 1% over inflation in year two, but limited to assumed inflation in subsequent years.
- A trading profit and loss model with an expected average gross profit margin of 70% shows modest profits on a monthly basis. The object of trade is not to make large profits, but rather to plough profits back into the business by way of investment in the services offered to the community.
- The profit and loss model based on an average gross profit margin of 65% still produces profits.
- Rent is included at a notional £1 per annum as stipulated in the lease agreement with the Parish Council for the land in the Village Hall car park on which the premises will stand.
- We do not propose to offer discounts on sales to staff or to members.
- We have made use of the experiences of existing, successful businesses to produce these figures.

9. Equal Opportunities Policy

This policy sets out the commitment of The Pub at Grafham to a policy promoting equality in employment opportunity, community involvement and service provision

The policy applies specifically to equality of opportunity and the promotion of good community relations irrespective of age, ethnicity, gender, religion, sexual orientation or disability.

This policy is intended to address equality issues in their widest context and with specific reference to the Equality Act 2010, which seeks to address unlawful discrimination against a person or group of people because of their age, ethnicity, gender, religion, sexual orientation or disability.

Who this policy applies to

This policy will apply to everyone who receives a service or is contracted to deliver a service for the Company either as a contractor, supplier, Committee member or as a member of staff. Its purpose is to ensure that all are treated with dignity and respect.

Principles

The principles that guide this policy are:

- The promotion of a culture of equality of opportunity and diversity within the Company and our community
- All staff will have a duty to comply with and support the policy and to report instances of discrimination to the Pub Manager at the earliest opportunity.
- Promoting an environment that is free from discrimination, bullying and harassment
- Taking strong action against direct and indirect discrimination, harassment and victimisation
- Taking into account equality and diversity when designing and delivering services, adopting policies and in our employment practices
- Monitoring the composition of our staff and residents and Committee and In doing so we will be mindful of their composition and aim for these to be reasonably balanced
- Ensuring that the needs of disabled people are recognised in the provision of services, particularly in making areas accessible and free from barriers wherever possible
- Making reasonable adjustments in relation to the employment of people with disability
- Providing appropriate training and adequate resources to support these principles
- Ensuring that legal and regulatory equality and diversity requirements are met

This policy is effective immediately, will be reviewed annually and amended as necessary to reflect changes in legislation, codes of practice or special issues of local concern.

The Board and Committee has overall responsibility for the management and revision of this policy. The Pub Manager will be responsible for its day-to-day application and to reporting any breaches to the Management Committee.