

Business Plan for the Anglers Rest Bamford

Prepared by the Bamford Community Society

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1. Executive Summary

This business plan presents a proposal for the operation of the Angler's Rest, Bamford, as a community-owned hub. The existing pub's activities will be diversified to create a mixed use facility additionally including a café, the village post-office, and accommodation.

Our vision is to create a central focal point for village life which will act as a catalyst to re-ignite the economy and sense of community in Bamford.

The Angler's Rest has been a thriving pub in the past. However, over the last two decades it has declined under the ownership of successive large pub operating companies that have not invested in the building, in marketing, or in business development.

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

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

To enable the purchase and operation of this facility an Industrial and Provident Society for the Benefit of the Community has been formed (FSA registration number 31710R). This Society is known as The Bamford Community Society, and is a form of co-operative.

Capital to purchase the building (freehold) and update the premises will be raised through a community share offer. Shares will be nominally £1, and the minimum shareholding will be £250. The maximum individual investment allowed legally is £20,000.

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

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

The aim is to open the Angler's Rest immediately on taking possession only carrying out essential refurbishment and redecoration of the café area and staff living accommodation and creation of the post-office counter prior to opening.

Medium to longer term works would be paid for from the trading surplus, grant funding and volunteer input as appropriate. Such works include refurbishment of the bar area, kitchen, and toilets, plumbing and heating, electrics, roof work, and upstairs accommodation.

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

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

2. Introduction

2.1. Business Plan Purpose

This business plan has been developed to support development of a Community Hub for Bamford village (including Thornhill, Shatton and Yorkshire Bridge) together with the surrounding area in Derbyshire. The Community Hub is intended to house local facilities including a public house, post office and cafe, as well as offering bunkhouse accommodation for visitors to this part of the Peak District. The Community Hub is intended to safeguard these facilities by retaining a vibrant, economic heart to the village.

2.2. Structure of the document

This business plan sets out the proposals for the realisation of this community facility. The plan is divided into the following sections:

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

3. Project Development

3.1. Introduction

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

3.2. The Background to the Project

The Angler's Rest Public House

Despite being the final operational pub in the village, the Angler's Rest, owned by Admiral Taverns, struggles to retain tenants, with anecdotal evidence suggesting that up to ten have tried to sustain a viable business during as many years, each without long-term success. In the closing months of 2011 the pub closed its doors after the then tenants moved on.

As a result of the closure an initial group of concerned villagers began discussions about how to prevent the permanent loss of a pub in the village and an Open Meeting was arranged to explore the options for saving the facility. This meeting took place on 13th February 2012 and was attended by about 50 residents. The meeting concluded with the formation of a steering group to explore the options.

The Angler's Rest used to be a thriving pub attracting visitors from Sheffield and the surrounding areas as well as serving the local community. However, about 15-20 years ago, it was bought first by a large brewery, and then a succession of Pub Ownership Companies (Pub Co's). There then followed a long period of under investment which has meant the pub has deteriorated and is no longer an attractive venue to either visitors or the majority of the local community. This has had the inevitable knock-on effect of it losing custom and failing to make a profit thereby leading to further under investment whilst only the Pub Co profited from the business.

Following the pub's closure, an interim manager was recruited by Admiral Taverns and later, was replaced by a tenant. Despite being tenanted, The Angler's Rest was placed on the open market with an asking price of £325,000. In January 2013 the pub owners, Admiral Taverns, were purchased by a private equity company. This is only likely to increase the pressure to divest themselves of business entities which are not making an acceptable return. These factors create an imperative for action to prevent the loss of this asset to the community.

Following resignation of the tenant in early 2013, an interim manager again ran the pub, with a new tenant arriving in April 2013. At the time of writing a tenant is running the pub.

Bamford Post Office

Alongside this threat to the pub, there is now a threat to the village Post Office. As part of the Network Transformation Programme, many Post Offices are being co-located within other, existing businesses to reduce costs and improve viability. In Bamford village centre however, no suitable alternative premises currently exist with the only viable option being a move to the local garage (Sickleholme Garage), nearly a mile outside the village, along a main road – creating a barrier for use by those without access to a car. At the time of writing we are awaiting the outcome of our application to operate the Post Office counter from

within the community-owned Angler's Rest. If successful, The Post Office will pay for the refit of any premises to enable delivery of Post Office services up to the value of £12,000.

Other Opportunities

The building could provide a home for a number of other retail and leisure opportunities within the village in the future according to the needs of the local community.

Local Consultation

At the Parish Council open meeting held in April 2012, village residents voted to develop a new Village Plan for Bamford as a follow up to the previous one which was developed 10 years earlier. The aim of this was to create a focus for gathering and acting on suggestions for improving the village. The community was also aware of the advent of the Localism Act 2011, and opportunities presented by Neighbourhood Planning to influence local developments. This village planning process is ongoing and the informal (non-statutory) Village Plan may eventually feed into a statutory Neighbourhood Plan if residents feel this is appropriate. The village is supported in this by the Peak District National Park Authority's Neighbourhood Planning Officer.

To inform the development of the Village Plan, the Parish Council held two workshops in November 2012 for local people. The workshops were attended by around 100 people over the two events. When asked "What would you like to save / preserve in the village?", the Post Office and Pub were the top two answers, for example:

"[the] Post office is an essential part of the glue that holds rural society together"

In response to the question: "What would make Bamford even better?", the most frequently cited response was "new or improved amenities". Suggestions for new amenities included a community operated pub and / or shop, a cafe, allotments or other food growing projects, and a village car park.

The vast majority of these suggestions could be provided through the community purchase of the Angler's Rest building, effectively solving many of the key problems identified by residents, and preventing the loss of both the pub and Post Office in Bamford and securing the pub car park to ensure adequate parking in the village.

3.3. The Local Community

Situated alongside the River Derwent in the Upper Derwent Valley of Derbyshire, the Parish of Bamford with Thornhill consists of Bamford, Yorkshire Bridge and Thornhill with a number of outlying farms and houses. The parish also lies within the picturesque Peak District National Park. However, whilst many of its neighbouring villages have capitalised on this location to attract significant quantities of visitors, a lack of facilities means that Bamford does not have a strong tourist profile. The village is located on both the main rail and road links between Sheffield and Manchester making it a convenient centre for commuting, particularly as it retains a railway station. Whereas these links make Bamford highly accessible by road and rail (with reasonably frequent train services to both Sheffield and Manchester and good bus services to Sheffield), this can also present a challenge to local businesses, competing for custom with urban supermarkets and other shops located near residents' places of work.

According to the most recent census (March 2011) the parish of Bamford with Thornhill is characterised by:

- Fewer young people within the 20-40 age group compared to the national average (17% of the population compared to 27% for England).
- Greater numbers of 40-80 year olds (57% of the population compared to 45% for England).
- Higher levels of retirees than the national average (21% of the population compared to 16% for England).
- Significant pockets of deprivation. 47% of households are deprived in at least one dimension (economic, social, environmental etc), which, whilst less than the national average of 57%, is still a significant proportion of households.

The lack of a strong tourist profile and competition for the patronage of local commuters makes the business environment within the village challenging, yet there remains a need to provide local services at a reasonable cost to cater for the significant numbers of older people and households facing deprivation (both of whom may be less mobile, more reliant on public transport and living on minimal incomes and therefore unable to travel large distances to cheaper urban supermarkets), as well as to provide greater choice for all residents.

The difficulties faced by individual businesses within the village is made clear from the 2002 Village Plan for Bamford, which listed three public houses and a doctor's surgery amongst the businesses in the village. In 2013 two of the three pubs have closed and the doctor's surgery is now a holiday home. The one remaining pub is now also at risk of closure, as is the local Post Office, further threatening the viability of this rural community.

3.4. The Current Position

Developing a Sustainable Business

Whilst Bamford has a thriving community scene of groups and active volunteers, it is clear that its businesses and services are under threat. It is challenging for any business to survive in a rural location with a limited market and it has become clear during the development of this business plan that co-location of businesses under one roof, with shared overhead costs, offers an innovative solution to the threat of business closure. Furthermore, if the accommodation could be community owned and operated, the chances of them being run for the benefit of local needs would be so much greater. The Community Hub would support the local economy, providing local employment, as well as purchasing local produce, goods and services, supporting local food producers and other service providers.

To progress this proposal, the steering group set up in the wake of the Christmas 2011 closure of the pub have:

- Set up a legal entity, known as The Bamford Community Society.
- Registered the Angler's Rest as a community asset, protecting it through the Localism Act's Right to Bid legislation;
- Sought pledges of support over a 3-month period, totalling £114,500 from 126 people in mid-June.
- Agreed a sale price with Admiral Taverns.
- Secured an offer of a commercial loan with terms and interest rate compatible with this business plan.
- Had confirmation from HMRC that investors will be eligible for tax-relief under the Enterprise Initiative Scheme.
- Submitted an application to operate the Post Office counter from within the Angler's Rest.
- An interim manager has been identified with pub and post office management experience, who will run the Angler's Rest for the first 6 months.

The steering group has been supported in this by Co-operatives UK, High Peak CVS, Pub Is The Hub, Derbyshire County Council's Community Leadership Grant Scheme and Business In The Community's Pro-Help programme, demonstrating wide ranging endorsement of the plans.

3.5. The Future

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

Community ownership of the pub would also offer a solution to housing the Post Office within the centre of the village so that the project could be a real catalyst for the economic

and social development of the village, achieving transformative community-led service delivery under one roof.

4. Vision, Aims & Objectives

4.1. Introduction

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

4.2. The vision for the project

The vision for the project is:

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

4.3. Project aims and objectives

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

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

Objectives:

- a. To provide a community facility in the village to offer somewhere to go and something to do
- b. To facilitate access to essential services, especially for older people and those who may be less mobile
- c. To provide economies of scale by locating several services under one roof

Aim Two: To protect essential services for the village

Objectives:

1. To protect access to a post office within the village centre, for banking, postage, and other essential needs
2. To provide a location for the development of other services which have been lost to the village, including health services
3. To support local producers in the area to help maintain a vibrant local economy and generate jobs
4. To provide a car park in the centre of the village that can be used for the benefit of the village facilities, provide potential income from long stay car parking and provide a space for special events including markets and fairs

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

Objectives:

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

The next section considers the most appropriate way to meet the vision, aims and objectives.

5. Proposals

5.1. Introduction

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

5.2. The Project Proposals

The vision we have for the Angler's Rest is for it to become a focal point of the community through the provision of various services which are:

- **As a traditional local village pub** serving real ale and sensibly priced wholesome food. We want the pub to embrace the community and therefore provide food and facilities for the whole family. Themed nights would help to harness the talents in the village including music and folk nights, book nights, poetry evenings, themed food nights and guest speakers. Re-engaging with pub sports teams (pool and darts), sponsoring local sporting events and having a regular quiz night would also help engage the community.

The pub would serve the local community and passing visitor trade as well as supporting other local businesses (eg bed and breakfasts, bunk house accommodation and the caravan site) by providing added reasons to stay and enjoy Bamford.

- **As a place to meet / daytime café** for village residents who currently do not have anywhere within easy walking distance to meet and chat. This is particularly important for the older residents who do not have access to a car and so cannot access the other relatively local cafes. It could also offer internet access for people who do not have a provision at home. The facility would help to connect people such as parents dropping off and picking up children from Bamford primary/pre-school which is located across the road from the Angler's Rest. This would help bring the community together again.
- **As a Post Office**, making it completely accessible for all and provide car parking right outside. The pub would also allow the post office to have longer core opening hours which in turn would mean that it could be used by a wider section of the community who at present are at work in the day while at the same time ensuring the provision is retained within the village centre.
- **As accommodation through rental of the attached bunkhouse that** would offer regular income to the Hub as well as providing affordable accommodation within the Peak District for education groups and sports clubs. The accommodation would be co-promoted with the nearby Bamford Institute, a community hall, to jointly offer facilities for overnight courses and evening events within the village, building the income stream of the local charity that operates the hall.

- **As a resource for visitors**, we want the building, not only to meet the needs of local people, but also embrace the multitude of travellers who currently pass through the village. The pub is situated within the Peak District and is one of the nearest pubs to nationally recognised climbing areas, yet there are no local pubs which really serve this type of visitor. We would hope that by offering good quality but reasonably priced food and providing a welcoming venue and attractive venue for climbers, walkers and cyclists we can build up a good outdoor clientele by word of mouth which would not be as dependant on the seasonal tourist trade as these pursuits are carried on very much year round.

There are also plans to encourage a series of walking and mountain bike routes around the nearby Ladybower, Derwent and Howden Reservoirs. Again, we could capitalise on this by offering secure bike friendly parking.

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

- **As a resource for regeneration of the village**, attracting more visitors to the village can only be a good thing as it will provide more customers for the existing bakery and village shop. We are conscious that villages such as Bamford require a ‘critical mass’ of businesses that can feed off and support each other. If the facilities go below that level, a downward spiral can develop. We are confident that the Community Hub will provide a means for retaining village centre facilities that the other, existing businesses can benefit from.

5.3. Business Model

We believe that the best way of achieving our aims for the Anglers Rest is to buy it and operate it as a community hub.

We believe that the best way of doing this is to form a co-operative which could, through a share issue, purchase the pub for the village and members of the co-operative. A co-operative – the Bamford Community Society (BCS) - has already been established as a legal entity to enable this to happen should the village support the idea.

The benefits of this are:

- The local community would own the building in perpetuity
- People will feel more committed to the facilities offered by the hub
- Setting up a co-operative will allow us to attract grant aid
- Purchasing shares may provide a modest annual return by way of interest payable to members

5.4. Future options

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

- First responder point to redress the loss of the doctor's surgery
- Open exhibitions for local artists
- Farmers markets and craft markets on the adjacent car park
- Development of a micro-brewery
- Luncheon club / meals on wheels service / school meals service
- Shop / deli selling local produce
- Dry cleaning collection and drop off point
- Internet cafe
- Tourist Information Point

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

5.5. Shares issues by the Bamford Community Society

As a means of raising the required capital, shares in the project will be issued by Bamford Community Society (BCS) and will be made available once an agreement is in place to purchase The Angler's Rest. Unlike shares on the stock market these shares cannot increase in value so trading in the shares is solely between the BCS and the individual investor. It should be noted that shares can decrease in value if the BCS were to dissolve but this is mitigated by the majority of the investment being locked into the capital of the building itself.

The cost of each share is £1 but, for practical purposes, the minimum amount which can be invested is proposed to be set at £250. There is (by law) a maximum investment of £20,000 per member. Owning a share automatically entitles the member to having a say in how the community society is managed. Being a co-operative, each member would retain one vote no matter how many shares they own.

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

There is a tie-in period associated with the shares, yet to be decided but at least 3-5 years in order to maintain the level capital. After that there will be a period of notice required prior to any withdrawal. The Directors will have discretion in exceptional circumstances to allow shares to be withdrawn sooner than the requisite time.

6. Building & Renovation

6.1. Introduction

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

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

- **Post Office.** To create safe working environment and to provide suitable space for an essential service. This will be funded, up to £12,000, by the Post Office
- **Cafe area.** To refurbish part of the pub for use as an all-day cafe.
- **Kitchen.** Although the kitchen is adequate as it stands, a small allowance has been included for any improvements to ensure that food can be produced compliant to current food hygiene standards.

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

6.2. Short Term Works Required

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

- **Toilets.** Some work required to bring them up to standard.
- **Repairs.** General routine maintenance work (e.g. gutters to be cleared)

Medium to Long Term Works Required

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

- **Bar area.** Redecoration to make the area welcoming and attractive to villagers and target visitors.
- **Roof/gutters/windows/external stonework and pointing.** General repairs.
- **Upstairs living accommodation.** Refurbishment work
- **Bunkhouse.** Work needed to make accommodation suitable for a bunkhouse.
- **Electrics.** May need complete rewire
- **Plumbing and heating.** Generally upgraded.

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

7. Marketing Plan

7.1. Introduction

The marketing plan for the Anglers Rest is based on three fundamental aims:

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

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

- Local people, including families, young people and older people – both from Bamford and the wider Hope Valley;
- Tourists, including those staying in holiday accommodation locally;
- Day visitors to the area, particularly walkers and cyclists.

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

7.2. 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 facing marketing campaign incorporating all forms of media including:

Print media

Articles in the run up to the launch of the new facility will be placed in local print media, for example, the Bamford News, Peak Advertiser, Profile magazine, Derbyshire First (Derbyshire County Council's newspaper), Sheffield Telegraph, Sheffield Star, plus others to ensure good coverage across Bamford, the Hope Valley and into Sheffield. The aim of the marketing campaign will be to create awareness and interest in the facilities, by emphasising the community aspect of the project and our belief that this is the first project of its kind within the High Peak area. The ultimate goal of the activities will be to convert readers from a general awareness to active interest in visiting.

Other opportunities to be explored will include running articles in special interest publications, particularly those for walkers and cyclists, two key target markets who are likely to be interested in using the facilities. Developing a series of walks or bike rides as leaflets or booklet which take in the Anglers Rest en route (as well as potentially other local facilities) could help attract this user segment.

Social media

Mirroring the print media campaign, the social media campaign will help raise awareness amongst potentially a different demographic to the printed word, generating awareness and interest amongst a younger, and more geographically diverse audience. Website articles (on

our own, and other's websites) will be used, along with twitter feed, facebook group, specific marketing to special interest groups such as cyclists and walkers, and marketing emails directly to those who have expressed an interest in being kept informed about the project.

Local businesses, groups and clubs

We will seek to work with local businesses, groups and clubs to raise awareness of the project amongst their customers, users and visitors. This will be done through leaflets / posters within local businesses, and through giving talks and presentations to local groups. The local school, which is located opposite the Anglers Rest, offers an important marketing channel to engage parents picking up and dropping off children. Local tourism businesses, particularly holiday lets, will also be important in advocating with their own customers to raise awareness of the facilities, and one way of achieving this may be to offer discounts / promotions as an incentive.

7.3. Increasing the frequency of visits

Creating a welcoming and attractive atmosphere

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

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

Events & Activities

A series of activities and events aimed at engaging *all* sections of the local community, as well as visitors will be developed, including regular day and evening events (e.g. book clubs, darts / pool competitions, quizzes, music nights) as well as larger one-off events such as seasonal markets, film showings, speciality food evenings and beer festivals. The events will complement other local events to benefit from the promotions and marketing carried out for those events, such as Carnival, Christmas Carols, Sheep Dog trials etc.

Promotions / Loyalty Cards

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

Loyalty cards offering discounts or freebies may also be offered to entice users to return on a regular basis.

Tripadvisor and other online travel forums

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

7.4. Increasing the value of each visit

Increasing the facilities available under one roof

Currently the Anglers Rest functions only as a pub business. This limits the revenue generation opportunities, as well as the audience likely to enter the building. By co-locating a number of services and facilities under one roof we aim to attract a wider audience to the facility, increasing the value of revenue generated from each visitor. For example, those that may not otherwise visit the pub may be encouraged to do so by first visiting as a customer of the cafe or post office, converting into a customer of the pub through a better understanding of the facilities on offer.

Increasing the time spent in the Community Hub

One way to increase the value of each visit made by customers is to increase the amount of time spent in the facility; people popping in for a drink may be persuaded to stay for a meal or snack by prominently displaying an eye catching and tempting menu, whilst those visiting to use the post office may be enticed to stay for a bite to eat after seeing a display of delicious cakes and smelling the freshly brewed coffee. Newspapers and second hand books can be used to encourage longer dwell times, and games and toys can help to create a child-friendly environment, retaining family visitors for longer. Good wifi connections can also encourage visitors to stay longer, particularly those who do not have access to this elsewhere e.g. tourist visitors. Ultimately, creating a comfortable and pleasant environment, that meets the needs of the customer, will encourage longer, more valuable visits.

8. Management & Operation

8.1. Introduction

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

8.2. The Bamford Community Society

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

8.3. Management & Operation of the Community Hub

Bamford Community Society (BCS)

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

Day to day operation

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

9. Financial Forecasts

9.1. Introduction

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

9.2. Five-year income and expenditure forecasts

INCOME	Year 1	Year 2	Year 3	Year 4	Year 5
BEVERAGES					
Drinks per year	30,000	34,000	40,000	40,000	40,000
Drinks per week	577	654	769	769	769
Drinks per day	82	93	110	110	110
Per drink (£2.50 ex VAT)	2.50	2.57	2.64	2.71	2.78
Sales	75,000	87,295	105,473	108,321	111,245
FOOD					
Covers per year	11,700	13,260	15,600	15,600	15,600
Covers per week	225	255	300	300	300
Covers per day	32	36	43	43	43
Per cover (£7.50 ex VAT)	7.50	7.70	7.91	8.12	8.34
Sales	87,750	102,102	123,396	126,672	130,104
CAFÉ					
Covers per year	8,190	9,282	10,920	10,920	10,920
Covers per week	158	179	210	210	210
Covers per day	23	26	30	30	30
Per cover (£4.50 ex VAT)	4.50	4.62	4.74	4.87	5.00
Sales	36,855	42,883	51,761	53,180	54,600
ACCOMMODATION					
Beds per year	328	372	438	438	438
Beds per week	7	8	9	9	9
Beds per night	1	2	2	2	2
Per bed (£8.33 ex VAT)	8.33	8.55	8.78	9.02	9.27
Sales	2,733	3,181	3,846	3,951	4,060
POST OFFICE					
Post office & sorting office	13,000	13,351	13,711	14,081	14,461
Other PO sales	12,000	12,324	12,656	12,998	13,349
Sales	25,000	25,675	26,367	27,079	27,810
TOTAL TURNOVER	227,338	261,135	310,842	319,203	327,820
Beverages 55% GP	41,250	48,012	58,010	59,576	61,184
Food 65% GP	57,037	66,366	80,207	82,336	84,567
Cafe 65% GP	23,955	27,873	33,644	34,567	35,490
Accommodation 100% GP	2,733	3,181	3,846	3,951	4,060
Post Office 100% GP	13,000	13,351	13,711	14,081	14,461
Post office sales 25% GP	3,000	3,081	3,164	3,249	3,337
GROSS PROFIT	140,975	161,864	192,582	197,760	203,099

EXPENDITURE					
WAGES & SALARIES					
Wages & salaries	77,100	83,331	91,979	94,457	97,007
Ni and On-Costs (10% + 3% pension)	10,023	10,833	11,957	12,279	12,610
Sub Total	87,123	94,164	103,936	106,736	109,617
OTHER COSTS					
Repairs and maintenance	3,410	3,917	4,663	4,788	4,917
Business rates	5,313	5,456	5,603	5,755	5,910
Utilities	11,367	13,057	15,542	15,960	16,391
Insurances	2,273	2,611	3,108	3,192	3,278
Marketing & promotions	3,410	3,917	4,663	4,788	4,917
Communications	1,137	1,306	1,554	1,596	1,639
Waste/cleaning	4,547	5,223	6,217	6,384	6,556
Professional fees	2,273	2,611	3,108	3,192	3,278
Bank charges	1,137	1,306	1,554	1,596	1,639
Equipment (replacement/renewal)	2,273	2,611	3,108	3,192	3,278
Interest on Loan	4,800	4,800	4,800	4,800	4,800
Contingency	2,273	2,611	3,108	3,192	3,278
Sub Total	44,214	49,426	57,029	58,435	59,883
SHARES, LOANS & TAX					
Loan Repayments	0	2,266	2,266	2,266	2,266
Interest on Shares Rate	0%	3%	3%	4%	4%
Number of Shares	250,000	250,000	250,000	250,000	250,000
Interest on Shares	0	7,500	7,500	10,000	10,000
Corporation Tax 20%	0	0	1,910	1,104	1,306
Sub Total	0	9,766	11,676	13,370	13,572
TOTAL INCOME (GROSS PROFIT)					
	140,975	161,864	192,582	197,760	203,099
PRE CORP TAX EXPENDITURE					
	131,337	153,356	170,731	177,437	181,766
BALANCE					
	9,639	8,507	21,850	20,322	21,333
TOTAL EXPENDITURE					
	131,337	153,356	172,641	178,541	183,072
PROFIT / LOSS					
	9,639	8,507	19,940	19,218	20,027
CASHFLOW					
SHARE CAPITAL	250,000	0	0	0	0
LOAN	80,000	0	0	0	0
INCOME	140,975	161,864	192,582	197,760	203,099
	470,975	161,864	192,582	197,760	203,099
PURCHASE + REPAIRS + W/CAPITAL	330,000	0	0	0	0
EXPENDITURE	131,337	153,356	172,641	178,541	183,072
	461,337	153,356	172,641	178,541	183,072
CASHFLOW					
	9,639	18,146	38,086	57,304	77,332

9.3. Assumptions

INCOME	
Beverages	The assumptions on beverage sales have been informed by discussions with Admiral Taverns, a previous successful landlord and the most recent tenant, regarding best and worst case beverage sales. Our assumptions are based on a mid-way point between these scenarios and assume sales of around 30,000 drinks per year in year one, rising to 40,000 by year three at an average spend per beverage of £2.50 ex VAT.
Food	Discussions with a previous successful landlord of the Anglers have revealed that on average sales of food would be in the region of 300 covers. We have therefore assumed sales of 225 covers per week in year one, rising to 300 by year three. We have assumed income per cover of £7.50 ex VAT based on comparator venues. The split between food and beverage sales is in the region of 60/40 and this is comparable to other similar venues.
Café	We have assumed the cafe will provide 70% of the number of pub food side covers at an average spend of £4.50 ex VAT based on comparator venues. For example, recent research (Nov 2011) for Northumberland National Park Authority found that visitors spent on average between £4 - £6.48 on food and drink per person per visit, whilst research for Whinlatter Forest in the Lake District (2003) found that the average spend within the café at Whinlatter is £3.75.
Accommodation	We have assumed a charge per bed of £8.33 ex VAT (£10 including VAT). This compares favourably with local providers of similar accommodation, for example, the Homestead & Cheesehouse ¹ in Bamford charge between £7.00 - £12.00 per person for bunkhouse accommodation. Research for Exmoor National Park (2010) found an average occupancy rate for non-serviced accommodation of 53% and whilst research for the Lake District found occupancy levels as high as 60% for self-catering accommodation (2004). We have assumed an average occupancy rate of 30% for the 4 bed bunkhouse accommodation. This may be low but is also prudent.
Post Office	Discussions with the Post Office have suggested that a PO counter and sorting office income of around £13,000 is likely in the first year, plus £12,000 for ancillary PO sales. This assumes a significant reduction of income from current levels. We would, however, expect income from the post office to grow due to easier car parking, increasing footfall over time and the longer opening hours compared to present arrangements. This would make the Post Office more convenient for some that do not currently use it. However, for the purposes of prudent business planning we have retained post office income at a modest level in the plan.
GROSS PROFIT	
Gross Profit Margins	We have applied industry standard Gross Profit margins for Food (65%), Beverages (55%), Cafe (65%).
COSTS	
Salaries & Wages	Staffing assumptions comprise the following: A full time live-in management couple to manage the pub and food side of the business, assuming this will cover both kitchen and front of house management. Initially a fulltime transition manager to cover site management, business development and responsible for managing the post office and café. Additional staff costs, based on industry accepted percentage of 15% of turnover. This will be a pool of staff that can be brought in on a flexible basis to cover peak times for

	<p>each element of the business. NI & pension costs for all staffing are assumed to be 13%.</p>
Other Costs	<p>Most <i>Other Costs</i> are based on industry accepted standard percentages of turnover as follows: Repairs & Maintenance – 1.5% annually Utilities – 5% Insurance – 1% Marketing – 1.5% Communications – 0.5% Waste / cleaning – 2% Professional fees -1% Bank charges – 0.5% Equipment replacement / renewal – 1% Contingency – 1% Business Rates are based on actual costs following discussions with High Peak Borough Council.</p>
Start-up costs	<p>These costs include essential initial repairs and upgrade (including a secure door for the post office), a deep clean (of the kitchen in particular), initial stocking, purchase of equipment for the café (including crockery, cutlery, coffee machine, soup kettle and toaster etc) and sufficient working capital to provide for the initial costs of trading.</p>
Shares, interest and loans	<p>Loan repayment costs are based on the bank loan offer in place at the time of this business plan revision (based on a 20-year term at 5% APR with interest-only paid in the first year). Interest payments on shares are variable depending on the surpluses generated by the business. The financial forecast is based on a rate of between 3-5% paid from year two onward. Corporation Tax is set at 20% of the surplus after loan and interest payments, with payments phased as per current HMRC rules.</p>

10. Risk Analysis

10.1. Introduction

This section identifies the key risks associated with the project. The risks are assessed according to the likelihood of occurrence and level of impact on the project should they occur. For those risks considered to be a significant threat to the project (those with a medium or high likelihood of occurrence and medium or high impact should they occur) a risk avoidance strategy has been developed, to prevent the risk from occurring and mitigation strategy also given, to reduce the impact of the risk, should it occur.

10.2. Analysis of the key risks to the project

This section considers the risks to the project:

- Lower than expected share capital raised
- Budget overspend
- Failure to attract sufficient customers to cover operational costs
- Failure to offer a wide enough range of activities to attract users from across all sections of the community
- Departure of directors / key skills within the Society Steering Group
- Unforeseen operating costs or increases in costs

The following chart plots the likelihood of occurrence and impact of each risk:

		Likelihood		
		Low	Medium	High
I m p a c t	H i g h	Low risk <ul style="list-style-type: none"> • Failure to offer a wide variety of activities 	Medium risk <ul style="list-style-type: none"> • Lower than anticipated usage • Unforeseen increases in operating costs 	High Risk
	M e d i u m	Low risk <ul style="list-style-type: none"> • Capital budget overspend 	Medium risk <ul style="list-style-type: none"> • Lower than expected share capital 	Medium Risk
	L o w	Low risk	Low risk <ul style="list-style-type: none"> • Departure of directors / loss of key skills 	Low risk

At the time of this business plan revision the minimum share equity target had been exceeded, so the project is able to proceed with the purchase. The remaining capital funding risk to the project relates to the final ratio of debt financing to share equity (gearing). If the total share capital raised does not significantly exceed the minimum needed the business would be left with a high proportion of loan financing, that would require higher minimum levels of trading to cover interest payments. The financial scenario shown above is based on a capital base comprising £250k community share equity and £80k loan financing.

The essential capital expenditure relates to the works necessary to create the post office and cafe. This is limited in scope and so has been categorised as having only a medium impact. However, until the project manager has been appointed and detailed estimates prepared, this remains a medium likelihood of occurrence. Any other capital expenditure can be programmed to take place as resources permit which is, in turn, dependant on trading conditions.

The impact on revenue income, linked to a lower than anticipated usage or a failure to offer a wide variety of activities, would be high. Similarly, in the medium to longer term, significant increases in operating costs would have a high impact. However, considerable consultation with the potential users has been undertaken and the range of experience available on the steering group (including past management of the sort of facilities being proposed) has been fully utilised in the assumptions contained within this business plan, in order to mitigate this risk. Notwithstanding this, lower than anticipated usage and unforeseen increases in operating costs are included at a medium likelihood of occurrence with the failure to offer a wide variety of activities included as a low likelihood. Contingency has been provided in the business plan forecast to provide latitude for such higher than anticipated costs.

As the project has become more of a reality, membership of the steering group has expanded, bringing a wide range of skills, knowledge and experience to the project. It is therefore felt that the loss of any members of the steering group would be compensated by sufficient breadth and depth in the remaining project team to sustain the project, and there is significant further expertise in the village community presently coming forward.

Should Society members wish to leave and withdraw their community shares after the end of the three-year moratorium period, the experience of other community pub schemes has been that these withdrawals have been made-good by new member share investments.