

## **1. Introduction / Overview**

### **a. Brief history / background**

The New Inn at Norton Lindsey has been the village pub since the 18th century and is the only pub in the village. Following a decision by the then owner Enterprise Inns to put the freehold of the New Inn up for sale in June 2016 and the pub subsequently stopped trading and shut the doors at the end of July 2016.

In August 2013 the Norton Lindsey Parish Council was successful in listing the New Inn as an Asset of Community Value (ACV) under the Localism Act 2011. In July 2016, following two very well attended village meetings at which the community gave their overwhelming support to saving the pub, the Parish Council submitted their Expression of Interest to submit a bid to buy the pub, in line with the ACV regulatory procedure. This consequently triggered a 6-month moratorium period until 8<sup>th</sup> December 2016 during which time Enterprise Inns could not sell the property to anyone other than a community group.

A Steering Group was set up in late July 2016 to oversee the work to save the pub and they registered a Community Benefit Society (CBS) called Norton Lindsey Community Pub Limited (NLCP) Registered Number 7412 to submit a formal bid to Enterprise Inns to buy the pub. A Business Plan was prepared in October 2016 and a Share Offer was launched in November 2016 to raise the necessary funds to acquire the pub. After an intense fundraising effort, sufficient funds were secured from both the local and wider community which enabled the acquisition of the freehold of the New Inn to be completed by NLCP on 12<sup>th</sup> December 2016.

### **b. Current position**

Since the community took ownership of the New Inn in December 2016, the Management Committee have been gradually implementing the Business Plan, and have made good progress in many areas. Some examples include creating an Enchanted Garden to entertain and educate young children within our Nurturing Nature programme which runs events throughout the year. We have installed two little libraries, one for adults and one for children, to promote book exchange and recycling. We have created six circular walks from the pub, ranging from 2 to 7 miles, to encourage an active lifestyle. We hold and host many events during the year to engage with the community including a car & motorcycle festival, quiz nights, a sausage & cider festival, Halloween and Bonfire Nights, a book club, and various charitable events.

Our impact in and on the community is recognised locally, regionally and nationally and has led to us winning a number of awards, of which we are very proud.

It is clear that Covid-19 has presented the hospitality sector with economic challenges never witnessed before, but at the same time it has strongly demonstrated the need and desire for facilities and services within the local community. The pub has continued throughout the pandemic to support our community, in the early stages providing a takeaway service and access to some basic grocery essentials, and more recently enabling the community to meet in the pub garden following the installation of appropriate external facilities.

The provision of a community shop was a clear objective within the original Business Plan, however the proposed use of one of the existing outbuildings (previously used as a garage) was ruled out due to it being in poor condition and not suitable for storing grocery items. The Management Committee has decided that the installation of a purpose-built shop building in place of that garage is the most cost-effective, simple and low risk way of providing such a facility.

### **c. Aims & objectives**

The pub-hub, of which the community shop is an integral part, will work to build on the social cohesion of the community, minimise social isolation and help to bridge gaps between social groups and different generations. It will be a place where informal networking can take place, helping to shape the economic future of the businesses within the community, and will be a comfortable place to be for everyone.

Key outcomes would be:

- providing additional services and facilities not currently available in the village eg. shop, café, parcel and dry cleaning pick up & drop off,
- providing a hub to strengthen the sense of community
- enabling the elderly and those with transport or mobility problems easy access to essential grocery items
- creating opportunities for employment
- injecting money into the local economy

### **d. Planned development**

The original Business Plan envisaged the New Inn pub transforming into a community hub with the addition of additional facilities and services such as a shop, café, parcel and dry-cleaning drop-off & collection, children's play area, book exchange, micro-brewery. So far, the book exchange and a superb children's play area, the Enchanted Garden, have been delivered and in the future, if finances allow, further enhancements to the pub and its facilities and services are envisaged.

## **e. Management / governance and organisation**

Norton Lindsey Community Pub Limited (NLCP) is a Community Benefit Society registered with the Financial Conduct Authority. It was set up with the aim of purchasing the New Inn and reviving it for the benefit of the community, the people that live or work in the area, or visitors that pass through.

The Rules of the Society state that the Society exists in order to carry on business for the benefit of the community. The rules on Governance are detailed in Clause 2 of the Rules and these state that the Management Committee manages the affairs of the Society. Clause 5 of the Rules details the composition and duties and responsibilities of the Management Committee. The Management Committee is made up of eight members plus one co-opted member, all of whom bring a broad range of relevant skills and experience to the effective management of the Society.

The New Inn is managed by a paid manager who reports to the member of the Management Committee responsible for operational oversight, with the Management Committee providing high level business supervision and governance. It is proposed that Snitterfield Stores will run the shop, with the Management Committee using the same operational oversight, supervision and governance structure as for the New Inn.

## **2. Project Proposal**

### **a. Description of project**

This project seeks to provide a suitable facility with the appropriate space and environment to operate a small community shop within the curtilage of the New Inn. This will be achieved by erecting a purpose-built 'farm shop' style building (see architect's drawing in Appendix 1) on the site of an old block-built garage that is not in good condition nor in keeping with the aesthetic improvements that have been made to the site during its community ownership.

### **b. Rationale for project; evidence that supports the need for the project**

In the original Business Plan for the acquisition of the New Inn, the vision for the pub was to make it the hub of the village, a pub providing facilities and services that bring the community together, in other words 'making the pub the social hub of the village'. This vision was clearly supported and endorsed by the community given the overwhelming success of the Share Offer which raised sufficient funds to enable the community to proceed with the acquisition of the pub.

Two surveys, one carried out in 2017 and a follow-up in January 2019, confirmed the local community's need and enthusiasm for having a grocery shop on the site of the New Inn. Responses also identified a number of additional services that could be provided by the shop which would further be of value to the community. Evidence from many sources suggests that the recent Covid pandemic has awakened many communities to the need for stronger local supply chains with

many community shops seeing significant growth in business, a considerable percentage of which is forecast to remain post-pandemic. We believe that this sentiment underlines the need for our proposed shop and will have strengthened community support for it.

**c. Phases / works programme**

The project will be split into three phases:

- Phase 1      demolition of existing outbuilding
- Phase 2      install foundations, build shop building, install services and interior finishing, and install storage equipment and fencing
- Phase 3      fit-out as community shop

It is anticipated that from commencing demolition (Phase 1 above) the building and fit-out works (Phases 2&3) will be completed in 16 weeks.

**d. Key partners**

We have reached agreement with Snitterfield Stores regarding running a satellite of their store in our new facility at the New Inn. They would deal with all aspects of stocking and staffing. As well as leveraging their considerable experience of running a successful village shop, which increases the chance of our success and reduces the commercial risk, the arrangement would also provide NLCP with a modest rental income. Snitterfield Stores will also be responsible for the costs of Phase 3 of the project, the shop fit-out, which will ensure that the internal facilities meet their requirements whilst reducing our total project costs.

We intend to use OpenSpace, a reputable and successful local company, as our building contractor and as much of the other materials from local businesses as possible. We will also use local tradesmen to carry out the other minor works required. This will ensure that as much of the grant funding as possible is directed into the local economy.

To raise the finances necessary to enable the project to proceed we have approached WDC and Pub Is The Hub for funding support, the latter having already confirmed a grant of £3,000.

**e. Milestones**

1. gain approval for grant funding from WDC: date to be confirmed by WDC
2. place contract for shop building construction: WDC approval date + 1 week
3. demolition of existing outbuilding complete: WDC approval date + 3 weeks
4. shop building contractor start on site: WDC approval date + 5 weeks
5. foundations and shop building structure complete: WDC approval + 12 weeks
6. services and internal finishing complete: WDC approval + 14 weeks
7. shop fit-out complete: WDC approval date + 16 weeks
8. community shop opening: WDC approval date + 18 weeks

The above milestones assume no delay beyond the 4 weeks we anticipate for the availability of a building contractor to start the works.

#### **f. Outcomes**

NLCP's Social Impact Plan, details the outcome of providing a shop as:

*The village has a large number of elderly residents and poor public transport. The creation of a local shop will give them a source of essential items. It will also prevent other villagers having to travel to shops outside the village to pick up essentials thus helping the environment by reducing the number of miles covered. The shop will also increase employment within the area as it will have to be staffed.*

### **3. Marketing and Promotion**

#### **a. Description of current marketing plan**

Our aim is to make the New Inn the hub of the village, a pub providing facilities and services that bring the community together. In addition to its role as a village pub it is proposed that the New Inn would incorporate a shop and a café and would provide several other facilities to local residents, the wider rural community, and visitors of all ages.

As a new community enterprise with an attractively refurbished facility both inside and outside, the pub has quickly attracted back the local users from its former customer base as well as gaining many new customers from communities wider afield. With over 200 local shareholders in NLCP, they will be even more committed to using the pub and its hub facilities themselves and to bringing their friends and family with them. In addition, a range of activities, facilities, clubs and events have all contributed to bringing in customers, old and new, with many of the latter becoming regular visitors.

We believe that as the pub becomes more of a hub with the addition of the shop there will be considerable 'self-marketing' as customers visiting one facility are attracted to using one of the other facilities whilst there. We would expect this 'cross fertilisation' to increase as the 'footfall' to the pub-shop-hub grows.

A marketing sub-committee of the Management Committee focuses on ensuring that we maximise the opportunities to market the activities and events at the New Inn to bring in new and existing customers. We use both traditional and social-media based marketing, using platforms such as our website, Facebook page, email newsletters, PR coverage (TV, radio and print media), parish magazines and leaflets.

We have also been very successful at winning recognition for our endeavours including 'Midland Pub of the Year Award' (Countryside Alliance), 'Heart of the Community Award' (British Institute of Innkeeping) and listing in the 'Good Beer Guide' (Campaign for Real Ale - CAMRA). These accolades, plus the PR we

generate from them, puts the New Inn in the spotlight as a destination for new customers.

**b. Future service offer options;** market definition, community need, target audience

To provide input to the NLCP business plan during the pub acquisition phase, the Steering Group conducted a survey of the village (1) to identify the anticipated usage of possible services within the pub-hub and (2) to determine the age banding of residents. The results of the survey were as follows:

| Age Groups in Norton Lindsey | % of village |
|------------------------------|--------------|
| 0-7                          | 12%          |
| 8-17                         | 14%          |
| 18-25                        | 6%           |
| 26-35                        | 6%           |
| 36-45                        | 13%          |
| 46-55                        | 13%          |
| 56-65                        | 16%          |
| 66-80                        | 15%          |
| 81-85                        | 3%           |
| 85+                          | 3%           |

|                                | Daily | 2-3 times week | Weekly | Every 2 Weeks | Every Month | Every 3 Months | Every 6 Months | Less Often | Never |
|--------------------------------|-------|----------------|--------|---------------|-------------|----------------|----------------|------------|-------|
| <b>Pub</b>                     | 6%    | 19%            | 30%    | 18%           | 12%         | 8%             | 3%             | 4%         | 0%    |
| <b>Restaurant</b>              | 0%    | 3%             | 12%    | 25%           | 37%         | 20%            | 2%             | 1%         | 0%    |
| <b>Shop</b>                    | 3%    | 43%            | 35%    | 4%            | 5%          | 2%             | 2%             | 6%         | 1%    |
| <b>Café</b>                    | 2%    | 8%             | 28%    | 20%           | 13%         | 5%             | 4%             | 8%         | 12%   |
| <b>Parcel Drop Off/Collect</b> | 1%    | 5%             | 17%    | 7%            | 25%         | 13%            | 11%            | 9%         | 12%   |

Looking at the breakdown of ages in households responding to our survey, 37% are aged over 56 with 21% being over 66 and it is for these residents, who are more likely to have mobility / transport problems, that a community shop would provide such a vital service. This assertion is supported by the survey response

that 46% would use the shop at least 2 to 3 times a week (highlighted yellow in the table above), which equates to about 165 visits a week, demonstrating a clear need for this facility. This level of 'footfall' could well increase as people come to use the shop for additional purchases rather than just emergency items.

A follow up survey was carried out in January 2019 which showed that there was still enthusiasm for the shop with the responses regarding using the shop on a weekly basis being reasonably consistent with the results above.

In addition, the range of services the shop can offer could be extended to include drop-off / collection of parcels and dry cleaning, both services returning positive feedback in the community survey.

**c. Competition;** similar service offerings within the local area, within the district, within the county

A mix of value and high-end supermarkets are available in Warwick and Stratford-on-Avon with village shops available in Snitterfield and Claverdon. We believe however that there is a need to provide essential items for when people run out (milk, bread etc.) plus a good range of basic and popular items, saving them having to get into their cars or indeed possibly having to do without the items.

It is clear that Covid-19 has strongly demonstrated the need and desire for facilities and services within the local community. In the early stages of the pandemic the pub continued to support our community by providing access to basic grocery essentials, something that was widely welcomed and valued. The evidence from many sources, including the influential Plunkett Foundation, suggests that the value and impact of the community shop sector has been widely recognised as being hugely important and beneficial to local communities during the pandemic. It is also proposed that such facilities will play an increasingly important part in building local supply resilience and a cleaner, greener economy in rural areas.

**d. Community engagement;** consultation, involvement with the organisation

The local community have been consulted and have shown strong support for the provision of a community shop (see 3b). There are 230 investors (members) in NLCP, most whom are from the local community, which gives a very broad base of support for the pub-hub concept and its consequent success.

**e. Planned marketing activities;** be as specific as possible, include timescales and milestones

Snitterfield Stores' two main types of customer are (1) the villagers, whose custom has grown during the pandemic and (2) passers-by, which includes a large number of tradesmen and farmers who regularly stop en-route. We would expect that this customer profile would be similar for the shop at the New Inn,

since Norton Lindsey is situated close to the transit route from Henley-in-Arden to Warwick, Leamington Spa, Coventry and the M40.

To draw attention to the shop, and to particularly target passers-by, we plan to install specific signage for the shop on the New Inn site.

Snitterfield Stores' occasionally post on the Snitterfield Village Facebook page but their main marketing focus is to achieve a strong customer review rating on Google maps, which is increasingly becoming the most highly used and trusted customer review platform. This has worked well for them with their current rating being a very good 4.5\* (out of 5\*). Some recent reviews are:

5\* "Really good shop, considering there are only two people running it!"

5\* "A vibrant, well stocked friendly village store with friendly owners and staff. A great benefit to the local area"

5\* "Good local shop great fresh fruit and vegetables and some awesome locally produced Bacon and sausages, all at reasonable prices with friendly staff"

Snitterfield stores intend to utilise this same strategy for the shop at the New Inn.

To ensure that the product and service offering for the shop is well publicised by NLCP, we will be utilising the traditional and social media-based marketing and communication channels that we currently use for the New Inn pub. These have proven to be effective and valuable methods both for engaging with our existing customers as well as attracting new customers to the pub and we believe that they will also be effective for bringing customers to the shop.

We have also agreed with Snitterfield Stores that where appropriate we will carry out joint marketing activities eg. advertising in the local parish magazines

We believe that as the pub becomes more of a hub with the addition of the shop there will be considerable 'self-marketing' as customers visiting one facility are attracted to using one of the other facilities whilst there. We would expect this 'cross fertilisation' to increase as the 'footfall' to the pub-shop-hub grows.

**f. Agreements already in place;** note any specific future usage agreements / bookings / hiring's already agreed

We have signed a Heads of Terms agreement with Snitterfield Stores regarding running a satellite of their store in our new facility at the New Inn. They would deal with all aspects of stocking and staffing. As well as leveraging their considerable experience of running a successful village shop, which increases the chance of our success and reduces the commercial risk, the arrangement would also provide NLCP with a modest rental income.

#### **4. Financial Plan**

**a. Present financial situation;** financial summary to include income/expenditure figures and profit/loss

The New Inn reopened under community ownership in April 2017 and in the following three years its financial performance showed year on year improvement

(see filed accounts for the years ending February 2018, 2019 & 2020). In the last full financial year ended February 2021, a year dominated by Covid-19, the draft accounts (as recently submitted to our accountants for review) show an EBITDA profit of £11,386. This is a very credible result given that it covered most of the Covid lockdown periods enforced in the hospitality sector and demonstrated the effectiveness of the Society's rigorous financial management systems.

After the first 19 weeks following the progressive relaxation of restrictions in April our year-to-date trading in the current financial year is running at around 82% of our pre-Covid level.

A summary of our first four years' financial results are as follows:

| year ending     | 28 Feb 2018 | 28 Feb 2019 | 29 Feb 2020 | 28 Feb 2021 |
|-----------------|-------------|-------------|-------------|-------------|
| Turnover        | 235,849     | 276,498     | 316,627     | 91,959      |
| Cost of Sales   | 106,686     | 122,217     | 138,404     | 50,457      |
| Gross Profit    | 129,163     | 154,281     | 178,223     | 41,502      |
| Operating Costs | 170,125     | 154,217     | 168,040     | 109,352     |
| Other Income    | 36,082      | 5,003       | 5,004       | 79,236      |
| EBITDA          | (4,880)     | 5,067       | 15,187      | 11,386      |
| Depreciation    | 17,561      | 20,101      | 20,100      | 20,100      |
| Interest        | 6,363       | 5,756       | 5,490       | 3,976       |
| EBT             | (28,804)    | (20,790)    | (10,403)    | (12,690)    |

#### b. Estimated project costs

| Phase | Stage | Item   | Cost                         |
|-------|-------|--|------------------------------|
| 1     |       | demolition of one existing outbuilding (previously used as a garage and now in poor condition)   | nil<br>(NLCP volunteers)     |
| 2     | a     | Structural Engineer's report and Building Regulations submission & inspections   | £1,280                       |
| 2     | b     | build new foundations<br>build shop building (walls, floor and roof)<br>install insulation<br>fit plasterboard to walls and skim<br>install windows and doors<br>fit skirting boards, architraves and floor tiling<br>install services - power, lighting, water, drainage<br>fit wash hand basin<br>install roller shutter to shop front | £63,475                      |
| 2     | c     | Internal & external painting and garden landscaping  | nil<br>(NLCP volunteers)     |
| 2     | d     | install storage equipment and fencing  | £6,421                       |
| 3     |       | fit-out as community shop eg. shelving, till point, display units, chiller cabinets / freezers etc   | nil<br>(Snitterfield Stores) |
|       |       | Contingency @ 10%  | £7,118 *                     |
|       |       | TOTAL  | £78,294                      |

\* a 10% contingency is the same as was included in our previously approved grant funding request, which at that time represented a contingency sum of £3,500. As a result of the increased 'known' project costs the 10% contingency sum now results in the contingency sum of £7,118 shown in the table above. This costs headroom will provide additional mitigation cover for the risks identified in section 5a below.

**c. Funding plan;** to include details of the status of the funding

Within the original Business Plan for the acquisition of the New Inn it was envisaged that one of the existing outbuildings could be used to house the community shop and hence no funding provision was included. With no alternative space to house a shop on the New Inn site and with no available funding within NLCP to provide an alternative facility, we require external funding in order to proceed with the provision of a community shop. We have tried to obtain grant funding from a number of sources but have only been successful with Pub Is The Hub who awarded us £3,000 towards the project costs, leaving a funding requirement of £75,294 which we are requesting from WDC with this application.

**d. VAT Status of project;** including consideration of the VAT status for future costs and income; if project VAT is recoverable, provide evidence of the VAT status

The New Inn is VAT registered (No. 250765014) and we intend to recover the VAT on the project expenditure.

We have considered the implications of the grant funds being exclusive of VAT and the implication this will have on our cash position and we are confident that our working capital, backed up by our banking facility if necessary, will be sufficient to fund the cashflow until we can reclaim the VAT.

**e. Income & expenditure forecast;** cover the next three-year period

At acquisition, our initial business plan and forecast covered the 3-year period to April 2020. A reforecasting exercise for the next trading periods had commenced but was put on hold following the first closures of the pub due to Covid-19. During the last year, trading has been so unpredictable in terms of restrictions on opening that producing a realistic forecast has not yet been possible. However, given that now we have been trading consistently since restrictions were lifted, the Management Committee is recommencing work on our 5-year strategic plan along with budgets and trading forecasts for the short to medium term. We are also facing the well-publicised challenges of staffing in the hospitality sector and therefore opening hours and food service are not yet back to pre-Covid trading arrangements. Notwithstanding these challenges, trading for the current financial is already running at around 82% of our pre-Covid level after 19 weeks of trading (with only 7 of these being with all restrictions having been lifted).

In order to financially and operationally de-risk the provision of a community shop we have an agreement with Snitterfield Stores to run a satellite of their store in

the new facility at the New Inn. They would deal with all aspects of stocking and staffing and the arrangement would provide us with a modest rental income of £3,000 per annum to NLCP.

This solution provides us with the social benefits of the community shop facility whilst having no potential to cause any negative impact on the financial performance of the New Inn, hence substantially minimising the overall financial risk to NLCP.

- f. **Sensitivity analysis**; impact of variances in income on the on-going business plan (for example; if projected income does not materialise, or delays to the project, what will the impact be and what will that mean for the organisations finances)

Our proposed arrangement with Snitterfield Stores, where they will run a satellite of their store in our new facility at the New Inn, is at their financial risk. They would provide NLCP with a modest rental income. The impact of any variance to the business plan of the shop, negative or positive, will be at the loss/gain of Snitterfield Stores. This solution provides us with the social benefits of the community shop facility whilst minimising any financial risk to NLCP since the quantum of the rental income is not material to the viability of the New Inn pub business plan.

Any delays to the project would likewise have an immaterial impact on the viability of the New Inn pub-shop-hub business plan, however it would have a significant negative impact on the social benefits.

If required, it is our intention to seek to provide volunteer support to Snitterfield Stores to help them run the shop. We anticipate that this might be particularly useful in the early months of the start-up and establishment of the shop. This would increase community engagement with the pub-shop-hub, providing social interaction benefits, whilst also supporting the early-stage commercial sustainability of the shop.

## 5. Risks and Issues

- a. **Risk register**; list individual risks (for example; project stages overrun, overspends, planning permission is refused), the risk level (low, medium, high) and the mitigation (actions) to reduce the risk

1. Cost overrun:

The majority of the purchases and works required are straightforward and will be contracted on a known and fixed price basis. The risk of cost overrun is therefore regarded as LOW, particularly with the provision of a 10% contingency included in the project funding requirement.

2. Cost inflation:

With construction materials prices and labour costs having substantially risen over the last 18 months and the contractor's quotation only fixed until 16<sup>th</sup>

November 2021, it will be important to contract the main building works as soon as possible to minimise any further potential increase. The risk of cost inflation is therefore regarded as MEDIUM, however the inclusion of a 10% contingency in the project funding requirement will help to mitigate this risk.

**b. Issues log;** areas that are prerequisites for the project to go ahead / succeed (for example; access to systems / ICT technology requirements, cash flow whilst waiting for grants to be awarded, facilities management)

1. Project management of works:

Within the village we have many people with skills and experience that are prepared to volunteer their services. One such person already acted as project manager for the remedial and preparation works before the pub reopened and it is proposed that this person, possibly with support from some additional volunteers, would also manage this project.

2. Cash flow:

Whilst NLCP has sufficient cash to fund the New Inn's normal day to day working capital requirements, it only has limited cash headroom and therefore it is not possible to start this project until grant funds are approved. In addition, prompt payment of grant monies by WDC after submission of approved invoices will be very important to managing NLCP's cash flow. NLCP expects to have the necessary cash headroom to fund the VAT payments related to this project before such amounts can be reclaimed from HMRC.

