Appendix 4

Grant Funding proposal for NLCP Limited Community Shop

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. Since 2012 four different tenants had failed to make a success of the pub for the then owner Enterprise Inns who decided to put the freehold of the New Inn up for sale in June 2016 and it was subsequently closed 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 8th 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 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 (attached) was prepared in October and a Share Offer (attached) was launched in November 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 12th December 2016.

b. Current position

Since the acquisition of the New Inn on 12th December 2016, the Steering Group have started to implement the Business Plan. The first activities are the remedial works and preparation of the bar, kitchen and cellar areas to be suitable to begin trading, and the refurbishment of the upstairs accommodation prior to the appointment of a Manager. All these areas had suffered neglect and deterioration under the previous freeholder and the remedial works were identified as essential and post-acquisition funds were allocated accordingly in the Business Plan. These works are scheduled to take three months with the target being to reopen the New Inn at the beginning of April 2017.

With a ‘trial’ café morning held during the week before Christmas having been a resounding success, the detailed planning for the provision of café facilities within the bar area is currently underway. The minor works anticipated will be carried out in parallel with the bar works mentioned above.

The provision of a community shop was a clear objective within the Business Plan and it was envisaged that one of the existing outbuildings (previously used as a garage) could be used for this purpose at little or no cost. However recent detailed inspection of the outbuilding has shown that the building is in poor condition and would not be suitable for storing grocery items. With no alternative space to house a shop on the New Inn site, we have established that the installation of a timber building 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 e.g. shop, 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 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. In the future, if finances allow, further enhancements to the pub and its facilities are envisaged.

e. Management / governance and organisation

Norton Lindsey Community Pub Limited is a Community Benefit Society and is 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 (attached) 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 seven members of the initial Steering Group will form part of the initial Management Committee for continuity reasons, with three co-opted members making up the balance in due course. The biographies of the seven Steering Group members are detailed in Section 4 of the Business Plan.

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 site of the New Inn. This will be achieved by installing a purpose built 'farm shop' style timber building (see example photos in Appendix 1) on the site of an old block built outbuilding that is in poor condition and requires demolition.

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 the New Inn 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.

c. Phases / works programme

The project will be split into six stages:

1. demolition of one existing outbuilding
2. preparation of new concrete base
3. installation of purpose built timber building
4. installation of services
5. installation of insulation, flooring and building systems
6. fit-out as community shop

Assuming no delay in the supply of the timber building, it is proposed that from commencing stage 1 the project works will take 4 weeks.

d. Key partners

We are in discussion 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. Apart from leveraging their considerable experience of

running a successful village shop to increase the chance of our success and reduce the commercial risk to NLCP, the arrangement would also provide us with a small profit share to our business.

We intend to purchase our timber building from Warwick Buildings, a successful local company, and as much of the other materials from local businesses as possible. We will also use local tradesmen to carry out the works required in stages 1, 2, 4, 5 & 6. This will ensure that as much of the grant funding as possible is directed into the local economy.

e. Milestones

1. submit grant funding application to WDC: 13th January
2. gain approval for grant funding from WDC: ???
3. place order for purchase and installation of timber building: approval + 1 week
4. place contracts for stages 1 & 2: approval + 1 week
5. demolition and new concrete base complete: approval + 2 weeks
6. delivery and installation of timber building: approval + 4 weeks
7. place contracts for stage 4 & 5: approval + 1 week
8. installation of services complete: approval + 5 weeks
9. installation of insulation, flooring and building systems: approval + 5 weeks
10. place contract for stage 6: approval + 3 weeks
11. completion of fit-out: approval + 6 weeks
12. community shop opening: approval + 7 weeks

f. Outcomes

The NLCP Social Impact Plan (attached), 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 amount 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 café and a shop and would provide several other facilities to local residents, the wider rural community, and visitors of all ages.

As a new community enterprise the pub will quickly attract local users from its former customer base, plus with over 200 local shareholders in NLCP, they will be even more committed to using the pub themselves and to bringing their friends and family with them.

We believe that as the pub becomes more of a hub with the addition of the café and 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-hub grows.

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
Pub	6%	19%	30%	18%	12%	8%	3%	4%	0%
Restaurant	0%	3%	12%	25%	37%	20%	2%	1%	0%
Shop	3%	43%	35%	4%	5%	2%	2%	6%	1%
Café	2%	8%	28%	20%	13%	5%	4%	8%	12%
Parcel Drop Off/Collect	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.

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. However we believe that there is a need to provide essential items for people (milk, bread etc.) for when people run out, saving them having to get into their cars to get these items or indeed possibly having to do without them.

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 226 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

We believe that as the pub becomes more of a hub with the addition of the café and 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-hub grows.

To ensure that our product and service offering is well publicised we intend to continue using the web and social media based marketing and communication platform (emails, website, Facebook, Twitter etc) that was tried, tested and proven in the very successful pub acquisition phase of NLCP's Business Plan.

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

We are in discussion 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. Apart from leveraging their considerable experience of running a successful village shop to increase the chance of our success and reduce the commercial risk to NLCP Ltd, the arrangement would also provide us with a small profit share to our business.

4. Financial Plan

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

The New Inn has been closed since the end of July 2016 and is not currently trading. Our intention is to complete the necessary remedial and preparation works and recruit a manager and chef in order to be able to reopen the New Inn at the beginning of April 2017.

In the period post acquisition through to reopening, the remedial and preparation works and initial working capital costs were identified and funding for these was provided within the Business Plan (see Section 9.1.2).

b. Estimated project costs

Stage	Item	Cost
1	demolition of one existing outbuilding (previously used as a garage and now in poor condition)	£1,250
2	preparation of new concrete base	£2,750
3	purchase & installation of purpose built 8m x 4m 'farm shop' style timber building with double glazing	£16,000
4	installation of services eg. power, lighting, water, etc	£3,000
5	installation of wall and ceiling insulation, air conditioning unit, burglar alarm system and floor tiling	£8,000
6	fit-out as community shop eg. shelving, till point, chiller cabinets / freezers, hand wash sink etc	£4,000
	Contingency @ 10%	£3,500
	TOTAL	£38,500

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.

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

The financial projections for the New Inn pub-hub are shown in Section 9 of the Business Plan with Section 9.5 detailing the projected Profit & Loss and the Balance Sheet for the first three years of trading.

In order to financially and operationally de-risk the provision of a community shop we are in discussion 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 and the arrangement would provide us with a small profit share to our business (shown in the Business Plan tables in Section 9 as 'Profit Share'). This solution provides us with the social benefits of the community shop facility whilst minimising any financial risk to NLCP.

g. 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 intended 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 us with a small profit share to our business (shown in the Business Plan tables in Section 9 as 'Profit Share').

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 'Profit Share' is not material to the viability of the New Inn pub-hub Business Plan.

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

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. Planning permission:
   Since the New Inn is designated an Asset of Community Value (ACV), Permitted Development Rights (PDR) are suspended. However, because the community now own the New Inn we are currently investigating whether the ACV status can be removed, thus reinstating PDR which we understand would allow us to proceed with this project without the need for planning

permission. If this is not the case we would need to make a planning application which would introduce some delay to the project timescale but this has LOW impact on the project's financial viability, with the risk of planning permission being refused also being seen as LOW.

2. 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.

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 is already acting as project manager for the remedial and preparation works that are underway. It is envisaged that this person, possibly with some support from additional volunteers, would be able to project manage this project in parallel with the current works.

2. Cash flow:
   Whilst NLCP has sufficient cash to fund the start-up costs and working capital requirement for the reopening of the pub, it will only have limited cash headroom and therefore it is not possible to start this project until grant funds are approved and the cash is available.

Appendix 1

Farm Shop
Locally grown fresh fruit, vegetables & plants
OPEN Sat/Sunday
Cafe
Now Open

ELLENDEN
OPEN
When in Season
Local Pork