

# **BUSINESS PLAN**



**Ridsdale Community Group Ltd**  
Gun Inn, Ridsdale NE48 2TF

25<sup>th</sup> January 2020

# **Business Plan - Ridsdale Community Group Ltd**

## **The Village**

### ***Ridsdale, the Village***

Ridsdale is a tiny historic village located in the heart of the County of Northumberland on the A68 trunk road (A68) running between the small town of Corbridge and the city of Edinburgh. The village consists of approximately seventy households. The village is mainly populated with terraced properties built in the 19<sup>th</sup> century to support the local iron ore mining industry, there is a scattering of more modern houses and bungalows and a number of outlying farms. The population of the village is currently approaching one hundred and fifty evenly split between all age groups. Apart from farming, employment is provided throughout the area including forestry, quarrying, small businesses, retail, teaching and health services.

## **The Business**

### ***Business Sector***

The business currently operates in the retail sector.

### ***Business History***

The Gun Inn, is a 19<sup>th</sup> Century Coaching House situated in the centre of the village of Ridsdale, it is a Freehold Public House previously known as the Armstrong Inn. During the 19<sup>th</sup> Century was owned by Sir William Armstrong the internationally re-known inventor and engineer of naval, air and land gun systems..

Over the years the building has had a number of extensions to include a kitchen extension, toilets, beer cellar and function room.

### ***Business Ownership***

The Gun Inn is currently under the ownership of the present tenants who are wishing to sell the pub for them to be able to semi retire. The business has been up for sale on the open market for a number of years and in 2016 the business was added to the Northumberland County Council Community Asset list and in June 2019 the present tenants informed the county council that it was their intention to apply for a change of use as the business had been failing and no buyer found, the date for applying for the change of use being 21<sup>st</sup> December 2019.

It is the intention that the Gun Inn is to be in the ownership of the Ridsdale Community Group Ltd, the funding for the purchasing of the pub, plus the initial decorating, cleaning and start-up costs being provided through a share ownership scheme, grants and loans.

### ***Ownership Background***

#### **Ridsdale Community Group Ltd :**

The officers and steering group of the newly formed Ridsdale Community Group Ltd. are all residents of the village of Ridsdale; Professions of the group include company owner/directors of small businesses specialising in retail and engineering both within the UK and international. The group consists of engineers, internal designers, accountant, administration officers, salesman and retailers. Other residents within the village and the surrounding area include tradesman with building, plumbing and electrical experiences who have pledged their support and help in providing their services. Details of the current committee are shown below:

| <b>Name</b>    | <b>Position</b> | <b>Current Status</b>   |
|----------------|-----------------|---|
| John Bassett   | Chairman        | Director, Co-owner of three test companies.                           |
| Graham Green   | Vice Chairman   | Director, Co-owner of Various E-Commerce Businesses                   |
| Mark Stanton   | Secretary       | Director of the North Literary Agency and co-owner of Forum Book Shop |
| Hazel Goodall  | Treasurer       | Retd. Accountant & Post Office Counter Clerk                          |
| Jill Fenwick   | Committee       | Director of Charitable Cultural Company                               |
| Stephen Scott  | Committee       | Director/owner of test company. Senior test engineer.                 |
| Janice Smith   | Committee       | Director, co-owner of Timber Logistics Company & Housewife            |
| Kerry Scott    | Committee       | Part time Senior Finance & Administration Officer & Housewife         |
| Alison Thomson | Committee       | Teacher - Curriculum Leader- Secondary Education                      |

|               |           |   |
|---------------|-----------|---|
| Jason Short   | Committee | Agri Products Business Development Manager          |
| Sarah Short   | Committee | Part time Administration Officer and Housewife      |
| Dr Kate Green | Committee | Director, Co-owner of various E-Commerce Businesses |

### ***The Management***

The preferred options for the management of the Gun Inn particularly during the first years of community ownership will be managed by a board of directors, these directors being elected by the Ridsdale Community Group Ltd shareholders at an initial Shareholders meeting.

The board will seek professional advice from past tenants of the gun, experienced management in the licencing and catering services before advertising the post of manager, carrying out interviews and appointing a manager. It would be preferred that the manager is married or has a partner, to cover bar work, housekeeping and cooking. Local part time to be employed to assist as and when required. The board of directors will appoint one director of the board to have direct managerial responsibility for and with regular contact with the manager in post.

The board of directors will direct the changes that they want to implement particularly in the building refurbishment working, co-operating with the manager to achieve the aims and vision of the pub.

### ***Business Goals and Objectives***

To retain the last amenity in the village, the Public House.

To build a local community and entertainment hub in the village as requested by the residents of Ridsdale in the survey carried out in the village, the survey was via a questionnaire sent to each household in the village giving the opportunity for all the residence young and old to show their support and provide details on their vision and requirements of their local pub. Without exception all questionnaires received fully supported the purchasing of the pub and provided the officers and steering group with in-depth details of their requirements.

To provide facilities that would not be available in the village without the pub and building, social centre, meeting rooms, function facilities, a collection and delivery point, local employment particularly for the young people, and most of all a warm, friendly and happy environment where locals and visitors can come together to relax, enjoy the ambience, enjoy a good drink and conversation.

It is the intention to increase the food sales by introducing an al-carte menu restaurant when affordable together with a daily cafe/coffee shop.

Bed & Breakfast facilities to be given priority, there are a minimum of three letting rooms requiring some initial attention but can bring in immediate revenue.

### ***Organisational Timeline***

It was the aim of the Ridsdale Community Group Ltd to raise sufficient monies by 21<sup>st</sup> December 2019 to be able to make an acceptable offer for the business of the Gun Inn by the deadline set by the present owner and to continue to ask for pledges until 1<sup>st</sup> March 2020.

To receive the financial pledges received and complete the purchasing of the business by 31<sup>st</sup> March 2020  
To open the pub for 7 days per week on completion of purchase hopefully from 1<sup>st</sup> April 2020 this to include bar meals and the B&B facilities.

Opening times will commence under current licencing hours from the start extending to longer opening hours on completion of additional facilities.

On completion of the proposed phased building refurbishment of the toilets, kitchen and expanded bar and restaurant area A la Carte menu and café will be introduced, hopefully Summer 2021.

### ***Business Assets & Value***

**Real Estate** – Approximately 2500sq mtrs

**Property** – Ground floor business of the public house with toilets, kitchen, bar areas and restaurant the first floor has 5 bedroom, three of them currently letting rooms and two occupied by the tenants.

**Fixtures and fittings** – The property is complete with fixtures and fittings and apart from the personal belongings of the present tenants all fixtures and fittings will remain.

**Value** - The business has been on the open market for over three years with an original asking price of £225,000.00 reduced in 2018 to £210,000.00 including fixtures and fittings. There has been recent interest by developers to develop the real estate, hence the interest in obtaining change of use, local knowledge has estimated the real estate for development would be valued between £275,000.00 and £300,00,00

### ***The Initial Product***

Beers, spirits, soft drinks, tea, coffee etc

Bar and take away food

Daytime cafe/coffee

Letting rooms

Bed & Breakfast.

### ***The Future Products***

Develop a local produce outlet

Provide a book corner

Provision of IT and broadband facilities particularly for the old and young persons

To provide rooms for educational, arts and craft classes

To be a focus for a local parcel delivery/collection point

Tourist information outlet.

Provision of a children,s play area.

## ***Marketing Plan***

### ***The Target Market***

Local residents - to maintain a warm and friendly pub environment for the local residents.

Travellers – holiday makers, motorists, motor cyclists, cyclists, ramblers and walkers as a place they can use for the services provided and share with the locals.

Tourism including pre-arranged coach/bus companies.

Overnight stop-over, 3 to 5night package B & B deals.

Accommodation packages for local companies including the MOD Training Camp ATE Otterburn.

Function facilities including marquee if required for weddings, parties, and events.

### ***Location Analysis***

The pub is located in the heart of the beautiful county of Northumberland, it possesses a superb panoramic view looking towards the border of England and Scotland with the Cheviot hills spanning the horizon.

The pub is conveniently placed on one of the main trunk roads between England and Scotland, the A68.

With improvements to the outside aesthetics and signage the pub can be made to look warm and inviting with smoke from the open fires.

The pub has a large garden with garden furniture and a car park for easy parking.

The

### ***Established Customers***

Local residents mainly for drinking and the occasional meal, in the past the pub attracted customers from the surrounding areas and towns particularly at weekend for food and drink.

The pub has a local dart and pool team playing in the local league, in the past the pub boasted two and three dart teams.

The Ridsdale Senior and Junior Committee holds all its social events and committee meetings in the pub , the social events include, Easter festivities, Summer barbecue, Children Halloween Party, Senior Citizen Christmas Dinner, Children Christmas Party and other fund raising events.

An annual National Leek Show is held at the Pub attracting over one hundred visitors from all over the north of England and Scotland.

## ***Pricing***

Advice from previous successful tenants has been offered and their advice will be sought on a re-stocking, pricing, expectations of gross and net profits.

The expectation of gross profits:

Wet Sales 52%

Food sales being 62%

Bed & Breakfast sales 75%

It is the intention to negotiate deals with local brewers, local produce providers, confectioners and associated wholesaler to reduce costs and prices and organise occasional promotions at prices to attract new business.

## ***Advertising***

Use of local media both on features and advertising

Social media – Web Page, Facebook Tweet etc.

Tourist board

## ***Competitor Analysis***

### ***The Competitors***

Other licenced public house in surrounding villages offering comparable facilities.

Bed & Breakfast establishments.

Local hotels

Eating establishment in the area.

Take away establishments.

## ***SWOT Analysis (Strengths/Weaknesses/Opportunities/Threats)***

### ***Strengths***

- The Pub is situated in the scenic upland of the county of Northumberland with a unique panoramic view of the England/Scotland border including the Cheviot Hills.
- The Pub has traded successfully in the past being popular with passing travellers who have returned year to year. .
- The main building is in good sound condition standing in a large plot of land (approx. 2500 sq mtrs).
- It is freehold property and a free house able to sell a select range of beers and wines.
- Security of owning the property in perpetuity
- Has traded successfully in the past serving good beer, food and ideal for social events.

- Has a minimum of three letting rooms with the option of additional staff accommodation
- It is the base for the long running Ridsdale Senior and Junior Committee that has been running continuously for over fifty years providing regular social events throughout the year
- The pub is located on one of the main trunk roads linking England and Scotland used by travellers, tourists and national and international coach companies
- As a community enterprise it will have access to funding not available to other enterprises.

### ***Weaknesses***

- Investment and renovation will be required to improve both the ladies and gentlemen rest rooms and provide a disability rest room.
- Inconsistent opening hours has undermined customer confidence and eroded trade, marketing and continued trading will be required to re-build the business..
- Located in a remote area of Northumberland on a main route the pub will need to attract visitors from nearby towns, villages and all travellers to supplement the locals.
- The building and immediate surrounding area looks tired, requiring a general uplift to attract people to visit.

### ***Opportunities***

- To secure the ownership of the pub for the village for the long term.
- To prevent the possibility of closure and the development of private housing.
- To provide a hub to house community assets threatened with possible closure, ie. The Senior and Junior Committee activities being one of the losers.
- To maintain and develop good quality B&B rooms to improve tourism
- To give people the sense of community and common purpose.
- To improve the demands for good quality and locally produced food
- To provide additional food outlets including a possible tea- room and “on the go” food.
- To be responsive to community needs for providing new facilities, ie. safe play area for children, meeting room, small function room, educational training room including arts & crafts etc.
- To provide local employment opportunities
- To protect a well-loved building and facility in the village and thus to help protect Ridsdale as a sustainable village.
- To encourage walkers, cyclists, motor cyclists, motorists, and coaches in search of locally sourced quality food and beers in a warm and welcoming surrounding.

### ***Threats***

- Possible closure of the pub in the event of failed bids leaving it open to change of use and a housing development plot.



- Failure to raise sufficient funds to purchase and refurbish.
- Difficulties in finding good people to run the pub
- The present owners failure to accept bid.
- \* The appointed manager decides to leave without notice leaving the pub without the resource of labour.

## ***Operations***

### ***Daily Operations***

Bed & breakfast

Open daily for light snacks etc

Open daily cafe/coffee shop.

Open public bar daily during licencing hours

Provision of bar meals including takeaway food daily

Restaurant open a minimum of 6 days per week.

### ***Operational Facilities***

Warm and friendly surroundings

Minimum of 3 letting rooms

Working kitchen

Excellent beer cellar

Located on main road with large off road carpark.

Large Garden

### ***Staffing***

One manager with licence experience preferably married or partnered to cover bar work, housekeeping and cooking.

In the event that the manager decides to leave without notice leaving the pub without the resource of his/her labour a short term replacements of suitable staff with DPS experience has been identified and have expressed their support to fill the gap.

Local part time labour has been identified and available as required to relieve manager and support additional functions, both volunteers and paid labour.

### ***Suppliers***

Beers, Wines, Spirit & Soft Drinks

Local Ales

Confectioners

Frozen Food  
Local meats and produce.

### ***Capital Requirements Plan***

#### ***Capital Requirements***

£210,000.00 for purchase

£6,700.00 for Stamp Duty and Professional Fees

£7,500.00 for immediate decorating, cleaning, essential replacements.

£10,000.00 for initial cashflow.

Year 1 - £25,000.00 (estimated) for new toilet block and entrance. Local labour and tradesman will be asked to support the scheme to reduce the price – Priority 1

Year 1 - £20,000.00 (estimated) for new kitchen and fitments. – Priority 1

Year 2 - £15,000.00 (estimated) for bar and café area. – Priority 2

Year 3 - £20,000.00 (estimated) improvements to letting room – Priority 3

Year 3 - £12,500.00 (estimated) for garden improvements and construction of a childrens play area. – Priority 3

#### ***Capital Repayment Plan***

A Community Share Pledge Scheme was made available to the public on the 16<sup>th</sup> November 2019, by the 1<sup>st</sup> December over £48,000.00 had been raised locally by the residence of Ridsdale, following interest by a national newspaper through the author of “Vera”, the television programme that featured the pub in an episode in 2018 financial pledges came in worldwide and by the 15<sup>th</sup> December over £220,000.00 had been financially pledged.

We already have pledges of £260k. Our plan is to go back to those people who have made pledges and ask them to make good those pledges. Based on advice received and experiences elsewhere, we expect the great majority of those pledges to be honoured which would give us the sum well above the minimum target.

With a 90% success rate for recovering the financial pledges the monies received will be £234,000.00, this amount covering the purchase of the pub, the professional fees, the initial cleaning and start-up monies. The continuing refurbishment plans to be funded through local fund raising, grants and loan application including the Plunkett Foundation. It is planned to apply to the Plunkett Foundation for an initial package of £100,000.00 based on £50,000.00 loan and £50,000.00 loan, reducing if accordingly if not required,

Monies for any Mortgage/Loan repayment to be applied for from local Windfarm Funds available for local enterprise organisation.

One Loan pledge has been received from a local company pledging a short-term loan of £25,000.00 to cover monies sought from loans or grants.

Grants to be sought from local charities for the development and construction of the children play area.

Other local grants and loans are available from other trusts and charities around the North East of England

### ***Projected Income & Expenditure***

| <b>Year</b>          | 2020/21        | 2021/22        | 2022/23         | 2023/24         | 2024/25         |
|----------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Sales</b>         | £143,000       | £161,270       | £182,000        | £202,800        | £215,800        |
| <b>Cost of Sales</b> | £51,210        | £61,776        | £70,564         | £74,490         | £79,456         |
| <b>Gross Profit</b>  | <b>£91,790</b> | <b>£99,494</b> | <b>£111,436</b> | <b>£128,310</b> | <b>£136,344</b> |

### ***Balance Sheet***

A current balance sheet cannot be included in this business plan as the current tenants are unable to provide the committee with a balance sheet primarily because the pub had not been open on a permanent basis for the past year, opening for only five evenings per week and, serving only limited food and the letting rooms only available at the discretion of the tenants .

### ***Projected Profit & Loss Account***

See Appendix 1

### ***Projected Cashflow Forecast for Year 1***

See Appendix 2

The committee accept that the projected cashflow for year one declines towards the end of the year however, the committee plan to call on a number of residents who have volunteered for bar work and other duties during the first months of the pub opening and a manager appointed, this reducing the salary and labour expenses.