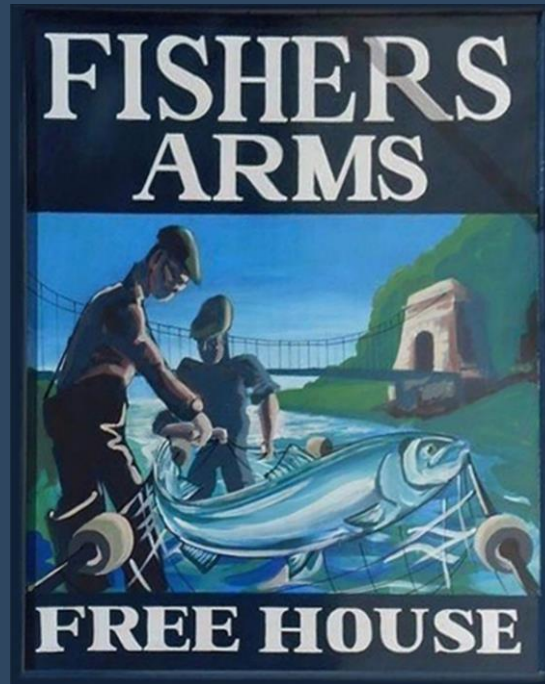


FISHERS ARMS HORNCLIFFE

Community Pub Buyout



BUSINESS PLAN

THE FISHERS ARMS COMMUNITY PUB HORNCLIFFE LIMITED

29th February 2024

Version 3.3

Author Louise Giddens

EXECUTIVE SUMMARY

Business description

A small rural pub in Horncliffe village, Northumberland. The Fishers Arms (The Fishers) is an Asset of Community Value (ACV) which closed in October 2021 and has recently come on the market. The asset was purchased in July 2022.

Business objectives

To purchase and refurbish the pub. To trade as a pub with food sales and accommodation. To become a community hub in response to the December 2021 survey of the village. To offer local employment opportunities.

Management Structure

The business will be structured as a community benefit society. Community shareholders elect a small Management committee. The Committee appoint and support a tenant manager to run the pub day to day.

Who are our customers?

There are a variety of amenities within walking distance of the pub which attract walkers, cyclists and anglers. When it was open the village community regularly ate out, drank and attended weekly events in the pub.

Marketing and sales

The food and drink on offer and the cultural and arts events offered by the pub will promote what Horncliffe and Northumberland have to offer. Collaboration with The Friends of Union Bridge will deliver a wider marketing reach.

Financial analysis

Based on figures provided by the tenant for 2018–2019 the pub marginally increased net sales compared to previous years and made a small operating profit.

Financial projections

The available financial information suggests the Fishers Arms can be a sustainable business. Refurbishment is required. Wet sales alone will not attract regular return visitors from the village and the wider catchment area. Bed and Breakfast, an increased food offering and expanding the trading area will be needed to establish a sustainable business.

BUSINESS DESCRIPTION

The Fishers Arms is a small rural public house in Horncliffe, a parish of just over 400 people in North Northumberland. The pub has been at the heart of the village since 1760 and has survived due to its unique Northumbrian border identity. Described as the most northerly village in England, Horncliffe sits on the banks of the river Tweed. The Fishers reflects the fishing heritage of the village. It is close to the Northumberland Coast Area of Outstanding Natural beauty and the Northumberland National Park. The historic Union Chain Bridge spans the Tweed within walking distance of the village and has recently undergone a £10.5m refurbishment.

The Fishers is listed as an Asset of Community Value (ACV). Until October 2021 it was open for the sale of both food and drink. Despite a long period of chronic under-investment, the pub remained viable before and during the pandemic. The building has potential to provide accommodation in two/three letting rooms. These rooms were not utilised during the tenancy, and the food offering, whilst good, was sporadic.

The Fishers closed in October 2021 at the end of a three-year tenancy. The owner triggered the ACV moratorium on 1st November 2021 when he advised of his decision to sell the pub. The ACV secured exclusivity, with the owner unable to sell to any other purchaser until 29th March 2022. The building was purchased by the community benefit society in July 2022.

The community of Horncliffe regard The Fishers as an important asset. They welcome the opportunity to invest time, money and energy to acquire and re-open the pub. There is a tangible desire in the village to realise the potential of the historic pub to serve and support this small rural community.

The estimated sum required to purchase and refurbish the pub is £350,000. The business will be run as a pub with accommodation, serving food and drink. Refurbishment will reflect the pubs unique Northumbrian border and fishing heritage character. Food and drink will be locally sourced where possible. A management committee from the community would support an appropriate tenant to run the pub and reinvigorate this previously actively used community space.

BUSINESS OBJECTIVES

Our overall objective is to purchase and refurbish The Fishers Arms pub in order to retain the last amenity in the village. Our vision is to build a sustainable business, which becomes a hub for the community of Horncliffe parish and creates employment for local people.

Our initial objective was to trigger the ACV moratorium and secure the opportunity offered by the ACV to bid for ownership of the pub. This was successfully completed in November 2021. The building was purchased by the society in July 2022.

The following business objectives have been identified

- To purchase and refurbish the pub
- To run the business as a pub serving food and offering accommodation
- To become a community hub for Horncliffe parish
- To provide local employment

Consultation with the local community took place in 2018 and again in 2021 when surveys of Horncliffe parish were undertaken to understand what the parish wanted a community pub to deliver. This business plan has been based on the feedback from those surveys.

Once purchased and refurbished the objective will be to increase trade and footfall. Initial ways of doing this have been identified:

- To recruit a skilled tenant, able to increase profits and tightly control spending. They must be able to work with the management committee and community shareholders to deliver community activities and services..
- To let the refurbished bedrooms, possibly as Bed & Breakfast.
- To convert the cellar to a snug to increase function space
- To increase food sales by offering coffee and cake, a lunch menu and evening bar meals.

See Appendix 1 for estimated purchase and refurbishment costs

MANAGEMENT STRUCTURE

The Community Benefit Society

The business is structured as a community benefit society. It was set up with an asset lock which means profits will be ploughed back in to the business to benefit the community. Shares have been offered locally and more widely. A share purchase means purchasers will become members of the benefit society. Investors in a community benefit society do not usually look for a financial return, but invest for philanthropic reasons, to improve their local area. In this case the area is Horncliffe parish.

Membership confers the following rights:

- Each member has one vote regardless of the number of shares purchased
- Members can participate in all general meetings and can elect a Management committee at the Annual General Meeting (AGM)
- Members can offer themselves for election to the Management committee.
- Members can hold the Management committee accountable for the way the society is run.

The Management Committee

- The Management committee must be shareholders and will be responsible for providing an annual report and accounts
- The Management committee will be responsible for interviewing and appointing a tenant manager
- The Management committee will be responsible for supporting the tenant manager to deliver the business plan
- The Management committee will be responsible for communicating with shareholders, and keeping them informed about progress against the business plan

The Tenant Manager

- The tenant manager will be responsible for the day-to-day management of the pub to achieve the objectives of the business plan.

See Appendix 2 for a management structure information

See Appendix 3 for Management committee information

WHO ARE OUR CUSTOMERS?

Beautiful and scenic Northumberland is increasingly becoming a tourist destination. The pandemic has encouraged visitors who would normally holiday abroad to explore our area. Horncliffe has always been popular with walkers and cyclists and the [Tweed Trail](#) is attracting more visitors

There are several holiday lets in the village and surrounding area. Within walking distance of the village there is a campsite, the Honey Farm, the newly refurbished [Union Chain Bridge](#) and two fishing beats with ghillies. Paxton House has a program of concerts and art displays throughout the year and can be easily reached by a pleasant riverside walk from the village.

The village has an ageing demographic, changing during the pandemic to attract younger and more diverse residents. The pub has long supported the community, with quiz nights, darts teams and live music sessions. The Horncliffe hookers who make traditional hooky mats met weekly in the pub to craft and have a chat.

Proximity to the nearby town of Berwick on Tweed and the village of Norham encourages those populations to visit Horncliffe for country walks, and to use the village playpark. Unfortunately, in the past, we have seen visitors looking for meals and snacks and being disappointed, because the pub was closed or not serving food.

Whilst many of our visitors are seasonal tourists, there is a core of local people who come to the pub during the winter, to drink and socialise. The pub is an inclusive space; as well as the lively music sessions and quizzes, older residents welcome the chance to socialise and meet friends over lunch. Elderly and vulnerable people and their carers feel it is a safe space to socialise in familiar surroundings. Everyone is welcomed.

Northumberland experiences a fair share of weather events. The pub has open fires and cooks on propane gas. Storm Arwen at the end of November 2021 meant the village was without power for three days and routes out of the village were blocked by fallen trees. The village hall was without power and most people struggled to cook or keep warm. This really brought home to everyone how vital the pub is to the health and comfort of our community and how much resilience has been lost by our community as a result of the closure.

MARKETING AND SALES

The pub already has a loyalty base in the village which generates repeat business. The tenant previously used Facebook to advertise events and food offerings. The management committee have recruited volunteers to build an online social media presence and the website at www.fishersarmshorncliffe.org has been extremely successful for initial fundraising.

The pub is situated on the Northumbrian border and has a unique border identity which sets it apart from our competition. We will use local suppliers for sustainability and to support local businesses. Our food offering will strongly support the use of Northumbrian produce.

We will highlight the unique character of the pub and the community it serves. The village attracts local artists and craftspeople and we will build a mutually beneficial showcase for people to display and sell their work. There is a vibrant live music scene in the village. Folk, blues and traditional Northumbrian tunes could all be regularly found every Monday night in the pub. The Hookers rag rugging group used the pub on a weekly basis.

The village survey has suggested a wide variety of other activities from darts to poetry readings, from pie nights to coffee and cake. We will deliver these activities wherever it is possible to do so.

There are two rooms upstairs which are suitable for holiday letting or and Bed and Breakfast. There is a drying area that would make these room ideal for marketing to cyclists, walkers and to fishermen on the two nearby fishing beats. We have volunteers with experience of hospitality to take this extra income stream forward.

The Friends of Union Chain Bridge are already working with us to promote the community pub to their 600 members. There are two annual established community events, the Horncliffe Food and Beer festival in July and the Salmon Procession in January which would be part of our marketing package. We have contacted some well-known North Eastern television and music personalities and have endorsements from them on our website.

See Appendix 4 for local suppliers

BUSINESS FINANCIAL ANALYSIS

The business closed in October 2021 and fixtures and fittings have been stripped out. Prior to closure, the pub was trading 7 days a week for 56 hours a week. The pub was not trading to full potential, frequently being open (and empty) for wet sales only. Meals were required to be ordered several days in advance thus losing passing food trade. Goodwill still exists in the village but it has been eroded in the surrounding catchment area, where currently it is best described as negligible.

The owner Paul O'Keefe supplied the following sales and gross profit information in 2018:

31 October 2016 – £90,009 – gross profit margin 57.12% (7 day trading)

31 October 2017 – £85,793 – gross profit margin 57.96% (6 day trading)

In 2018-2019 the pub marginally increased net sales compared to previous years and made a small operating profit. Gross Profit percentage however dropped by circa 9% compared to previous years.

Net sales	£94,448.00
Gross profit percentage	49%
Gross profit	46,280.00
Less	
Rent	9,500*
Wages & National Insurance	16,000.00*
Business Rates and insurance	3,035.00
Services	2,636.00
Sundry costs	9,202.00
Operating profit	5,907.00

*These figures are estimated, rent being calculated at an Industry norm of 10% of turnover. Figures are rounded up.

FINANCIAL PROJECTIONS

The financial information available suggests it is possible for the pub to be a sustainable business, but the limited trading area must be worked to its full potential. The Fishers Arms will need to attract regular return visitors from both the village and the wider catchment area. The offering needs to be attractive enough to persuade visitors to travel to the village. Alcohol sales alone will not attract drivers.

Coffee and cake, an attractive lunch menu and an afternoon tea offering will be important for turnover. These will advertise the pub, encouraging cyclists, walkers, campers to return for an evening meal with family and friends.

Using the two upstairs bedrooms for Bed & Breakfast/letting will generate income with an increased gross profit potential. Converting the cellar to a snug would increase the trading area.

Projected figures for year 5 if these changes are introduced

Estimated Maintainable Net sales	£171,947
Desired Gross profit percentage	65%
Estimated Achievable Gross profit	£112,716
Less	
Rent	£12,000.00*
Wages and National Insurance	£39,476
Business rates and Insurance	£6,000.00
Services	£11,381
Sundry costs	£5,000
Potential Operating Profit	£38,359

*This figure kept below the industry norm of 10% of turnover in order to attract and retain a good tenant.

This realistically defines the achievable returns and tight control of costs needed to attract an entrepreneurial couple with a strong work ethic to take on the tenancy.

See Appendix 5 for a breakdown of five-year projections

See Appendix 6 for SWOT analysis

Appendix 1

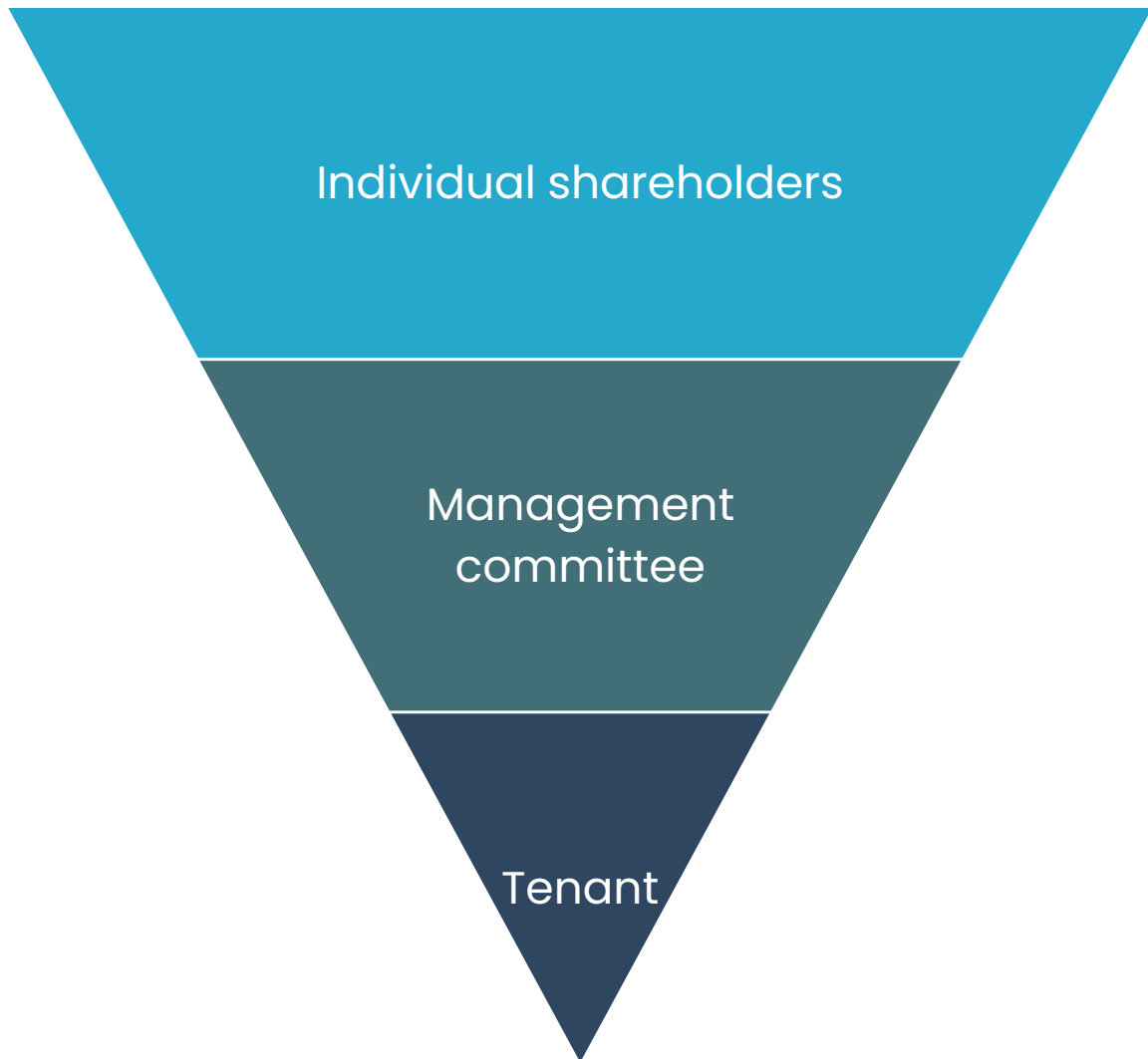
Purchase and refurbishment costs

Capital cost	Cost	Running total
Building purchase	£185,000	£185,000
Architect's fees	£2,446	£187,446
Repair and replace roof	£21,000	£208,446
Solve wall damp issue	£3,500	£211,946
Redo levels to former cellar area	£6,000	£217,946
Insulate roof space	£2,500	£220,446
Upgrade plumbing	£10,000	£230,446
Kitchen equipment	£19,843	£250,289
Install kitchen & splashbacks	£3,000	£253,289
Install kitchen flooring	£2,000	£255,289
Install bar joinery	£2,500	£257,789
Install bar equipment	£10,000	£267,789
Install wood stove and line chimneys	£4,000	£271,789
Install solar panels	£35,167	£306,956
Rewire electrics	£10,000	£316,956
Insulate floor and walls	£6,000	£322,956
Contingency	£27,000	£349,956
Capital cost	£349,956	

See Appendix 5 for financial assumptions made for this costing

Appendix 2

Management structure



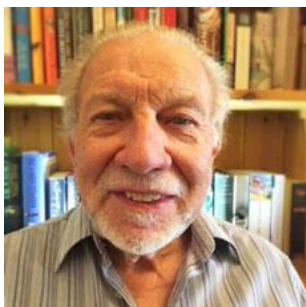
Appendix 3

Management committee

Position	Name	About
Chair	Keith Giddens	Village resident since 2014 Polymer chemist. Technical Consultant Chair for an International Trade Association Semi-Retired
Treasurer	Andy Colls	Resident of Allerdean Chartered Accountant with building industry and community group experience
Benefit Society Secretary	Adrian Bell	Village resident since 2008 Corporate lawyer and experienced director/trustee (arts, education & heritage)
Legal and governance	Tabitha Bell	Village resident since 2008 Scottish qualified Solicitor
Fundraising and social media	Mo Kay	Village resident since 1961 Caterer, Founder of Veg shed, Hookers, and Chair of the Memorial Hall Committee
Grants and website	Louise Giddens	Village resident since 2014 Project manager, risk assessor, Memorial Hall Committee member Retired civil servant
Fire safety	Melanie Jarvis	Village resident since April 2023 Retail & Financial Manager for 26 years Trading Legally & Safely Inspector for 2 years Learning & Development Consultant for 8 years

Sub-committee:

Neill Berry – Volunteer co-ordinator



Keith Giddens – Chairperson

I studied Polymer Technology at The Borough Polytechnic Institute, London. As an industrial chemist I worked for companies supplying polymer coating systems as an intermediate product on an international stage. I held the post of Technical Manager in a number of companies where I led projects at various locations in Europe and the Far East.

Alongside my day job I was chairperson of the technical committee of two industry trade associations, one in the UK and one an international association based in Belgium. On retiring in 2014, the international trade association retained me as committee chair and technical consultant, a role I continue to fulfil.

I moved to Horncliffe shortly before my retirement in 2014. I have a lifelong interest in music and song and am involved in a number of music clubs and events in the village. I am active in the organisation of the Horncliffe Folk Club, Horncliffe Beer & Music Festival, The Salmon Procession, and arranging the carols and choir for the annual Christmas Carol Service.

From my experience in project management and as an experienced chair of international committees, I believe I had some skills to offer the campaign to save the Fishers Arms. I have been chairperson of the management committee since April 2022.



Andy Colls, BSc, ACA – Treasurer

I studied Minerals Engineering at Birmingham University and qualified as a Chartered Accountant in 1988. I worked in finance mainly for companies in construction and mining. I have been Finance Director for several companies including a subsidiary of Taylor Wimpey, a subsidiary of Avant Homes and a West Yorkshire housebuilder Skipton Properties as well as Financial Controller for

David Wilson Homes and Wilson Bowden Properties.

I moved near to Horncliffe in 2018 to work as Practice Manager covering the management information and facilities management for a firm of Chartered Accountants with 13 Partners and 150 employees although I am retiring mid-August 2022.

I was a Trustee and treasurer of the national charity the Marine Conservation Society for 11 years. I have been a Director of Four Winds Community Energy Co-Operative since March 2015, becoming Chair in April 2019. I became a Trustee and treasurer of the Berwickshire Marine Reserve in 2017. This experience gives me extensive knowledge of construction, project management and financial management and I am sure these skills will add value to my role as treasurer with the Fishers Arms, Horncliffe buyout.



Adrian Bell – Benefit Society Secretary

Adrian Bell is a Scottish solicitor and a partner in Edinburgh law firm Morton Fraser where he has worked for 33 years. He is a commercial lawyer with experience of a wide range of corporate transactions, commercial contracts and charity law. He regularly advises organisations, ranging from small charities to local and national government, on a range of issues. He has held a number of directorships and charity trusteeships. He is currently a trustee of Longridge Towers School, where he is chairperson, The Womens Fund for Scotland, the Royal Scottish Academy Foundation, the Paxton Trust, Horse Time and Chain Bridge Museum and Gardens. He was previously chairperson of Edinburgh Sculpture Workshop during a period in which it fundraised for, and subsequently completed, two major capital projects the value of which totalled c£10m. Adrian has lived in Horncliffe since 2008.



Tabitha Bell – Legal and Governance

A Scottish-qualified solicitor for 30 years, I specialise in wills, trusts, tax and charities. I tutored at University of Edinburgh School of Law and continue as Lead Tutor on professional development for ethics. As a Partner I managed a team of 11 people, at Drummond Miller LLP, Edinburgh for 6 years. I returned to full time private practice in July 2021 as an Associate at Blackadders LLP, Edinburgh. Until 2012 I was on the Board of Childrens' Hospices Across Scotland, continuing to volunteer for them as a fundraiser until 2021. I am on the Board of the Tim Stead Trust which purchased Tim Stead's house in September 2021, following a successful fundraising campaign to save this asset of cultural significance.

I live in Horncliffe and in 2010 I helped to secure funding for the refurbishment of the children's play park. I continue to support ongoing maintenance and upkeep of the park. As a Parish Councillor from 2011-2017 I served two years as chairperson. I gained insights into the economic and social needs of our local community. Through my voluntary work with local government, funders and local charities I gained hands on experience of regulation, fundraising and budgeting.



Moira Kay – Fundraising

I worked in Europe for a company that offered American travellers holidays on the rivers and canals of France, Belgium, the Netherlands, and Germany, culminating in the role as personnel manager employing crew and office staff. I joined the company's New York office and travelled in the USA promoting the company to travel agents and trade shows. I have managed political and historical Day Schools for over twenty-five years, which have included MP's, notable academics and MEP's. I organise weekend events at Berwick-on Tweeds Arts venue attracting travelling theatre companies, poets, including the Scottish poet laureate, academics and artists.

I am a self-employed caterer and a passionate ambassador for local produce, with a wealth of cooking experience. I am a strong supporter of community, and served for sixteen years as a Parish Councillor for Horncliffe. As the chairperson of Horncliffe Memorial Hall committee, a founder member of the village green group and a member the village play park committee I am a seasoned fund raiser and campaigner. I believe shared assets make for a stronger community and help people feel proud of the area in which they live. That is why the Fishers Arms buyout campaign is very important to me.



Louise Giddens – Grant Funding and Website Liaison

I have had a varied working career, qualifying as a State Registered Nurse in the 1970s and working in healthcare until the 1980s. For some years I ran my own cleaning business and finished my working life in the Tax Credit Office. I am a PRINCE trained practitioner and was involved in the introduction of LEAN working in the Tax Credit Office. I had a variety of roles starting as a claims assessor and moving up to the Change team, where I worked to improve Tax Credit processes. I was Risk manager for the Head of the Change team, wrote Ministerial briefings and led on different improvement projects. My proudest achievement was to deliver the "Tell us Once" project, which helps bereaved people inform all HMRC departments about the death of a loved one. I studied with the Open University and gained a BA (Hons with Distinction) in 2002. I retired to Horncliffe in 2014 and run a small holiday let where I regularly welcome visitors to our area. As well as trying to buy a community pub, I am a member of the Memorial Hall Committee and am also involved in organising the Salmon procession, the Beer and Music festival and our annual Carol service.



Melanie Jarvis – Fire Safety

My career spanned 36 years with Marks and Spencer. I spent 20 years in Retail and Financial Management roles, across 12 stores in the U.K. from Chichester to the flagship store in Newcastle. During those years I worked in two roles abroad. I was Regional Financial Controller for the seven stores in Hong Kong and the Financial Manager of the two stores in Dublin.

I worked for the National Learning and Development team, and the National trading safely and legally team, based out of head office in London.

My focus in all these roles was, by living and breathing the right management behaviours, to ensure great customer service, drive improvement, add value and make a positive impact on profitability, through regular analysis of performance.

From my experience in my varied career with Marks and Spencer, I believe that I have transferable skills that lend themselves to being a valuable member of the management committee of the Fishers Arms pub.

Sub-committee

Neill Berry- Volunteer co-ordinator

I served as a police officer between 1975 and 2005 retiring with the rank of Detective Chief Superintendent and Head of CID. I was a Senior Investigating Officer for major crime investigations and reviews, working to national standards and best practice guidelines. I qualified as a Personal Protection Officer for members of the royal family and visiting heads of state. I headed a fifty strong Fraud Squad, tasked with international corruption investigations, which included working in the USA and compiling a report of Department of Defence Special Agents activities and working practices for Her Majesties Inspectorate of Constabularies. This work meant I led and participated in many teams and committees with an emphasis on seeking value for money and timely delivery of a host of projects.



Between 2005 and 2015 I was directly employed and then contracted to the Foreign and Commonwealth Office in London as a security consultant advising on recruitment and retention of staff employed in sensitive areas.

Since retirement, I have chaired golf club committees and I enjoy fund raising for local charities. I helped raise the Asset of Community Value (ACV) on the Fishers Arms and have recently been asked to manage the volunteers wishing to help with the refurbishment.

Appendix 4

List of local suppliers (this list is not exhaustive)

Name	Product	Location
L Robson & Sons Ltd	fish & kippers	Craster
Berwick Shellfish Co.	fish & seafood	Berwick
Chain Bridge Honey Farm	honey	Horncliffe
Doddington Dairy	ice cream, cheese	Wooler
Lindisfarne Mead	mead, rum, beer	Holy Island
Kitty's Ginger Wine	ginger wine	Blythe
R G Foreman & Son	game, sausages, pies	Norham
Hammond Charcuterie	charcuterie	Berwick
Well Hung & Tender	Aberdeen angus beef	Berwick
Purely Pork	pork	Berwick/Ord
Oxford Farm Shop	fruit & preserves	Berwick
Peelham Farm Produce	free range pork	Foulden
Kale & Hearty	organic vegetables	Greenlaw
First and Last Brewery		

Appendix 5

Fishers Arms forward projections 5-year plan

	Year1	Year2	Year3	Year4	Year5
Sales revenue					
Food sales	34,842	44,067	48,584	61,450	64,768
Wet sales	29,512	37,327	41,310	43,540	45,890
Letting	28,800	32,000	33,600	36,000	37,945
Coffee shop	12,000	15,178	16,762	21,200	22,344
Events/specials		1,000	1,000	1,000	1,000
Shop/papers				0	0
Prescriptions				0	0
Arts & Crafts				0	0
Post Office				0	0
Total sales revenue	105,154	129,572	141,256	163,190	171,947

Cost of sales					
Food sales	17,862	20,710	21,863	25,365	26,734
Wet sales	15,290	17,726	19,617	20,676	21,793
Letting	7,200	7,920	8,348	8,799	9,274
Coffee shop	300	360	390	500	530
Events/specials		500	500	500	500
Shop/papers				100	100
Prescriptions				100	100
Arts & Crafts				100	100
Post Office				100	100
Total cost of sales	40,652	47,216	50,718	56,240	59,231

Overheads					
Advertising	200	300	400	500	500
Wages & salaries	29,653	34,101	35,806	37,596	39,476
Rates & insurance	5,000	5,200	5,500	5,800	6,000
Rent		10,000	11,000	11,000	12,000
Utilities	5,000	5,500	6,100	6,710	7,381
Repairs & maint	3,000	3,500	3,500	3,500	4,000
Sundry costs	5,000	5,000	5,000	5,000	5,000
Total Overheads	47,853	63,601	67,306	70,106	74,357

Net Profit	16,649	18,755	23,232	36,844	38,359
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Further Finance Projections:

- [Cashflow for the Public House](#)
- [Cashflow for the Community Benefit Company](#)

- NB. Click links to open PDF versions

Notes:

The following assumptions have been made for financial calculations

- That the financial information supplied by the tenant Dave Godwin is correct
- That the financial information supplied by the owner Paul O'Keefe is correct
- That there may be some sales in 2022, but these are unquantifiable as we do not currently have timescales for refurbishment. I have therefore commenced the projections on a full year of sales for 2023
- That the letting rooms will be open from 2023 and will achieve £80 per night with half capacity bookings in 2023 and with bookings gradually increasing over the next five years. We may achieve some lettings in 2022
- That the coffee shop will be fully operational in 2023. I have used an estimated baseline of 10 customers per day x 5 days per week with an average spend of £4.00 per person. I have factored in fairly rapid growth over the first three years
- I have factored in an inflation rate of 5.4% per annum (figure from the Office of National Statistics) for projected costs and sales
- I have assumed a 10% inflation rate for fuel year on year
- I have assumed that food will initially generate half the sales shown in the 2018-2019 figures as the pub will start from a non-trading position
- I have assumed a slow level of growth for food & wet sales the first three years and a faster level of growth for the coffee shop and lettings
- I have assumed the community-based offerings will generate no income and may run at a loss
- I have estimated and included capital costs to set up the kitchen and beer delivery equipment. However, this could be tweaked if we look at lease to buy and spread the cost over three to five years.
- 'The Pub is the Hub' may give small discretionary grants, so although I have included a capital cost for setting up the coffee shop it may be possible to get a grant for this

- That the works are completed in the first quarter of 2023 to open on 01/04/2023
- That the turnover is 40% in winter/60% in summer, comparable with similar local establishment
- Wages chef 5 days 8 hours per day. Barperson at 16 hrs per week

Appendix 6

SWOT analysis (Strengths /Weaknesses/Opportunities/Threats)

Strengths	Weaknesses
The pub has traded successfully in the past	Investment, renovation & refurbishment are required
The community will own the pub in perpetuity It has two letting rooms & staff accommodation	Inconsistent opening hours have eroded trade Goodwill in the larger catchment area is negligible
It is a freehold property & a free house It is situated in scenic Northumberland by the Tweed	There is no outside space The area for trade is small
There are many suppliers of delicious local produce	There is no dedicated parking
There are untapped income streams to exploit	It is situated in a cul de sac village (no passing trade)
It is an historic building with emotional ties for locals	The business is currently closed
There is strong support to save the pub	The pub has been stripped out
There is an ACV in place	The pub is difficult to get to by public transport
There has been £14m of investment in tourist infrastructure in walking distance of the village in 2022	
Opportunities	Threats
To secure long term ownership	Energy and cost of living crisis causing uncertainty and threatens the viability of the business
To build a thriving sustainable business	We may not raise sufficient funds to repair and refurbish the asset
To develop a coffee shop	Difficulty of finding the right tenant
To develop letting rooms/B&B	Difficulty of retaining a competent tenant
To provide local employment	The community may not support the pub
To satisfy demand for local high-quality food	The nearby areas (Norham & Berwick) have multiple pubs
To support local businesses	Covid pandemic still causing uncertainty for businesses
To strengthen the local community	
To plough profits back in to the community	
To build the pub identity & décor from scratch	

Appendix 7

Risk assessment – 11/08/2022 Purchase and Refurbishment of the Fishers Arms Pub

Areas, activity or people at risk	Risk identified	Level	Action taken to mitigate risk	Level	Notes
Feb 2022 Fishers Arms Pub Horncliffe Pub purchase	The pub is closed. There is a risk that it will be lost as an amenity for the village RISK CLOSED	High	<ul style="list-style-type: none"> Asset of Community value (ACV) In place until March 2023 Moratorium enacted 05/10/2021 End date for full moratorium 29/032022 Asset purchased by community benefit society 29/07/2022 but needs more investment 	Low	Risk fully mitigated
Feb 2022 Fishers Arms pub Horncliffe Pub purchase	There is a risk that the pub may be converted to residential use RISK CLOSED	High	<ul style="list-style-type: none"> Asset of Community value (ACV) In place until March 2023 Moratorium enacted 05/10/2021 End date for full moratorium 29/032022 The ACV has been lifted on part of the footprint The community have been encouraged to contact the local planning office to register their opposition to a change of use Asset purchased by community benefit society 29/07/2022 	Low	Risk fully mitigated

<p>Feb 2022 Fishers Arms pub Horncliffe Pub Purchase</p>	<p>There is a risk that the building is stripped out so it is no longer viable as a pub RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • The asset has been stripped out. Some of the work may be beneficial to our aims as some of the labour has already been done. • Seek more capital for commercial kitchen, beer delivery, furnishings and fittings. • Grant funding applied for 	<p>Low</p>	<p>Risk fully mitigated</p>
<p>Feb 2022 Fishers Arms pub Horncliffe Pub Purchase</p>	<p>There is a risk that we may be unable to communicate with the owner of the pub RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • MK and NB have mobile phone contact with the owner • The owner attended the public meeting on January 16th and July 3rd • The owner has been co-operative in supplying information for the survey • The owner has provided access to the pub for the survey • Asset purchased by community benefit society 29/07/2022 	<p>Low</p>	<p>Risk fully mitigated</p>
<p>March 2022 Fishers Arms pub Horncliffe Investors</p>	<p>There is a risk that investors may not agree with the asking price for the pub RISK CLOSED</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Undertake a survey and valuation • Do not agree to any unreasonable cost demands • Negotiate a reasonable price • Present information to investors at public meeting July 3rd 	<p>Low</p>	<p>Risk fully mitigated</p>

<p>March 2022 Fishers Arms pub Horncliffe Pub Purchase</p>	<p>There is a risk that the owner may not sell to the community at the end of the moratorium period RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Renew the ACV in 2023 • Object to any change of use planning applications. • We have generated good local and national media cover, use this to oppose any change of use • Asset purchased by community benefit society 29/07/2022 	<p>Low</p>	<p>Risk fully mitigated</p>
<p>July 2022 Fishers Arms pub Horncliffe Pub purchase</p>	<p>There is a risk that we do not obtain the necessary easements for satisfactory access to the side passage RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • The pub will not be viable if suitable accesses are not obtained, so we would not go forward with the sale 	<p>Low</p>	<p>Risk fully mitigated</p>
<p>July 2022 Fishers Arms pub Horncliffe Pub purchase</p>	<p>There is a risk that the building may not be salvageable as a viable pub business RISK CLOSED</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Undertake a feasibility assessment • Consult local Architect/surveyors and builders • Apply for grant funding for capital costs 	<p>Low</p>	<p>Risk fully mitigated</p>

<p>March 2022 Fishers Arms pub Horncliffe Finance</p>	<p>There is a risk that we may not raise sufficient funds to purchase the asset RISK CLOSED</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Set up a community benefit society • Open a bank account • Get FCA accreditation • Set up website and social media account • Write share prospectus open share offer • Set up a Go fund me page • Go out to local companies for sponsorship • Run fundraising events • Raise £200K by 29th July 2022 	<p>Low</p>	<p>Asset purchased by community benefit society 29/07/2022</p> <p>Risk fully mitigated</p>
<p>July 2022 Fishers Arms pub Horncliffe Finance</p>	<p>There is a risk that we may not raise sufficient funds to repair and refurbish the asset</p>	<p>High</p>	<ul style="list-style-type: none"> • Share offer extended to 31st October 2022 • Seek grant funding • Continue to fundraise • Seek out volunteer help to reduce labour costs • Seek out building material donations to lower Capital costs • Recycle previously owned goods where possible • Banner and totaliser on the side of the building • Extend the build period to spread the costs 	<p>Low</p>	<p>Required to raise another £15K to open letting rooms. New share offer planned for December 2023 for newcomers to the village Donations and fundraising continue to cover revenue costs New grants applied for</p>

<p>May 2022 Fishers Arms pub Horncliffe Finance</p>	<p>There is a risk that we may not raise sufficient funds to cover rising costs caused by the cost-of-living crises RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Consider energy efficiency at all points in the refurbishment • Install solar panels/heat pump • Install wood burners • Install LED lighting and energy efficient lighting measures • Ensure the business is registered for VAT • Upcycle and use second hand equipment where possible • Ensure we secure cost effective energy deals 	<p>Low</p>	<p>Business registered and reclaiming VAT Solar panels installed Wood burner installed Second hand furniture upcycled Energy efficient lighting in place Risk not fully mitigated as economy remains volatile but that issue is outside our control</p>
<p>July 2022 Fishers Arms pub Horncliffe Finance</p>	<p>There is a risk that the price and scarcity of building materials are increasing and the build will be delayed RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Ensure this consideration is worked in to plans • Secure a local architect/project manager to make sure materials are secured in a timely manner • Ensure local builders and trades who will know where to get supplies • Use recycled materials where appropriate 	<p>Low</p>	<p>Risk mitigated Issues were more around securing trades, scarcity of building materials has eased</p>
<p>July 2022 Fishers Arms pub Horncliffe Building</p>	<p>There is a risk that due to its age the building will not meet all the required building regulations RISK CLOSED</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Employ an architect to ensure all regulation requirements are met 		<p>Risk mitigated</p>

<p>July 2022 Fishers Arms pub Horncliffe Building</p>	<p>There is a risk that due to its age the building will not meet all the required disability access regulations RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Ensure all reasonable adjustments are considered throughout the refurbishment and implement them wherever possible 	<p>Low</p>	<p>Risk considered negligible</p>
<p>July 2022 Fishers Arms pub Horncliffe Building</p>	<p>There is a risk that the building does not currently have a premises licence RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Check with Northumberland County Council that this does not present a problem 	<p>Low</p>	<p>Risk fully mitigated Licence in place</p>
<p>February 2022 Fishers Arms pub Horncliffe Management capability</p>	<p>There is a risk that the management committee do not have necessary skills and resources to manage the project RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Dec 2021 The committee has a broad range of skills and experience to manage phase one of the project, to purchase the asset • July 2022 Seek to recruit volunteers with working with skills to take forward phase two of the project • Hold AGM and elect committee members • Spring 2023 undertake succession planning to ensure the ongoing management of the project 	<p>Low</p>	<p>Risk fully mitigated All committee members elected at AGM Some project fatigue creeping in but motivation is high to complete the project</p>

<p>Feb 2022 Fishers Arms pub Horncliffe Management capability</p>	<p>There is a risk that the management committee will be unable to recruit a suitable tenant</p>	<p>High</p>	<ul style="list-style-type: none"> • Get examples of tenancy agreements and start to draw up an agreement suitable for the Fishers Arms • Use word of mouth in the local area to identify possible candidates • Identify recruitment companies and advertise the position • Look at local catering colleges for likely candidates • Ensure the Tenant accommodation and rental package is attractive • Undertake paid advertising January 2024 	<p>High</p>	<p>November 2023 Some interest achieved by word of mouth; interviews taken place but right tenant not yet identified.</p>
<p>Feb 2022 Fishers Arms pub Horncliffe</p>	<p>There is a risk that the pub will not offer the best services to encourage customers to use the pub</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Market research other pubs in the area • Market research other B&B in the area • Decide a unique identity as a selling point • Provide a warm and polite welcome from suitable customer facing staff • Network with other community pubs to see what works • Re-visit market research for 2024 • Gain a greater understanding of competitive pricing for the area 2024 	<p>Medium</p>	

<p>Aug 2022 Fishers Arms pub Horncliffe Finance</p>	<p>There is a risk that the amount that can be match funded against may be lower than expected. Cannot match fund against the £185K used to purchase the pub RISK CLOSED</p>	<p>High</p>	<ul style="list-style-type: none"> • Revisit potential shareholders who were reluctant to invest whilst the vendor was involved and encourage share purchase • Seek new share purchasers/Look to other grant funders • Reapply to all grant funders who would not award as we did not own the asset • Run more fundraisers, look more widely to avoid "giving fatigue" in local community • Reduce outgoings, do not pay invoices immediately, do not chase invoices 	<p>Low</p>	<p>Risk fully mitigated Match funding of £65K secured from Community Ownership fund Success rate on other grant applications higher than anticipated Better management of cashflow in place</p>
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Appendix 8

Feasibility Study

The idea

To purchase and refurbish the Fishers Arms pub in Horncliffe village Northumberland and to re-open the building as a pub and community hub.

The asset

The Fishers Arms is the only pub in a small village in Northumberland serving a population of circa 400 people. The pub has been in existence since 1760, an Asset of Community Value (ACV) was placed on it by the community in 2018. The ACV prevented the owner from profiting from conversion to residential dwellings and he decided to sell it in 2021.

The asset was run as a tenanted public house until October 2021. There were tensions between the tenant and the owner. The owner allowed the building to degenerate as he wanted the pub to prove nonviable so he could overturn the ACV. Despite this, the tenant succeeded in running a viable business which supported the tenant, his wife and a chef during his three-year tenancy. The pub was sufficiently supported by local residents during the pandemic, with takeaway food and drink sales, to allow it to continue trading. The tenant was paying above the usual rental percentage for the building.

Technical

A market appraisal in 2018¹ stated that “it is our opinion that the best commercial use of this property is as a public house, but to use the property to its maximum potential, offering other commercial enterprises and to benefit the community”.

The technical due diligence survey² undertaken in 2022 said “The building overall is in fair order given age, though there are numerous aspects in poor order, and require extensive repair and refurbishment work in order to restore the premises into a functional commercial premises. Matters relating to fire safety and accessibility highlight an issue preventing the building, as it stands, being legally compliant for the intended use of the purchaser. The building can however be

¹ Inspected on 5th December 2018 by MJD Hughes Ltd a company specialising in Business and Commercial Property and recommended by The Plunkett Foundation

² Inspected on 18th February 2022 by George F White LLP a Berwick -upon Tweed company

improved and refurbished into a functioning public house with living accommodation to the first floor.” The asset was valued at £185,000 and this took into account the repair and refurbishment issues.

Under the rules of the Community Benefit Society the asset would be protected by an asset lock. This means that, should it be necessary to sell the asset for any reason, any profit after shareholders had been repaid would be ploughed back in to Horncliffe parish and would not benefit individuals. This would need to be emphasised in any share prospectus and share offer and could discourage potential share purchasers.

Advice was taken about the electrics and the roof from local tradesmen who echoed the optimism of the due diligence survey that none of the problems were insurmountable and that the pub could be brought back to full and functioning condition. Due to the tensions between the owner and the tenant the fixtures and fittings were all stripped out of the building, meaning it requires new furnishings, a new commercial kitchen and new beer delivery systems. This was all recognised in the asset valuation.

The rateable value falls below the ceiling for full small business rate relief, probably reflecting the owners desire to overturn the ACV by proving the pub to be nonviable. The owner has surrendered the premises licence.

Potential and goodwill

The business was trading at a restricted level and not to its full potential. Goodwill associated with the business was therefore limited to the point that it was negligible. The trading hours were limited and the business also sometimes closed during its published opening times. Diners were required to order meals in advance. The market appraisal recommends that future opening times allow for commercial viability and to meet the needs of the community.

The market appraisal stated that “for the business to be sustainable the Fishers Arms will need to attract visitors not just from the village but from a catchment area beyond. The size and layout of the trade area is limited but the turnover can gradually be increased to a level to ensure the business is sustainable for the future. This will not happen overnight and could take several years.” This ties in to ensuring reliable opening hours and service offerings to attract and retain custom from a larger catchment area.

The owner was reluctant to provide detailed accounts but the market appraisal suggested “it is possible to see there is a sustainable business for the pub but the

limited trading area must be worked to its maximum". There are no audited accounts to show to potential funders.

Maintainable trade

The feasibility study suggests that the business needs to grow from the historic level of turnover and profitability to minimum net sales of about £2,000 per week from all income streams with an overall gross profit no lower than 65% (was 49%). The correct operator for this business would need not only to have entrepreneurial skills, but also a very strong work ethic. High rent levels, low availability of working capital, and unattractive working hours means it could be difficult to attract a really good operator.

Considerations to offset the information above:

In 2019 the community pub sector grew by 19% with 19 new pubs opening. 119 community pubs were trading across the UK at the end of 2019. The amount raised by the 19 newly opening pubs was circa £3.7 million from 3,718 new community pub shareholders. Approximately 57% of capital required for start-up was resourced from community shares. No community pubs closed or transferred out of community control during 2019.

Despite the difficulties of the pandemic, and an owner who appeared to want the pub to fail, a mediocre performing tenant was able to make a living from the tenancy of the Fishers Arms and to support his wife and a chef.

Two independent qualified assessors and valuers believed in both 2018 and 2022 that, despite the apparent problems, the pub has the potential to be improved and refurbished as a functioning public house. One suggests that offering other services would improve profitability and benefit the local community. The assessment of local builders was that the building could be returned to a fully functioning pub with no deal breakers identified.

The building was given the value as a closed pub in 2018 of £105,000. In 2022 the closed pub was valued at £ 185,000. This reflects improving prices in this area of Northumberland following the pandemic.

The rateable value is currently nil and this would help finances in the initial start-up period. Northumberland County Council confirm that there should be no problems obtaining a new premises licence, given that the pub has been in operation for centuries, and given the local enthusiasm for the project.

There is potential to build back goodwill by ensuring a consistently good food and drink offering and providing longer and reliable opening times to attract both village, passing trade and trade from the wider area.

There is huge potential to attract custom from a wide catchment area. The village sits on the border between England and Scotland in a beautiful setting on the banks of the river Tweed. The area is popular with walkers, cyclists and anglers. Within walking distance of the village there is a campsite and the adjacent honey farm is a popular local tourist attraction. The mainline train route with easy access to Edinburgh and Newcastle is accessible from Berwick upon Tweed. There are several holiday lets in the village and nearby area. In the last three years the areas within walking distance of the pub have seen huge financial investment in local attractions. £10m has been invested in the historic Union Chain Bridge which spans the river between England and Scotland. This is a 15-minute walk from the village. £3m has been invested in the Tweed trail which runs along the river path at the bottom of the village.

Two village surveys undertaken in 2018 and 2021 show that there is very good support to set up a community pub and share ownership should give local people an incentive to keep using the pub, sustaining viability.

The full potential has not been realised from the asset. It has two upstairs letting rooms and this is an untapped income stream perhaps for letting, or for bed and breakfast accommodation. A potential opportunity to increase the limited trading area by carving out a snug from the existing footprint has been identified. Longer opening hours and offering additional services identified in the village survey, such as a drop in cafe would improve profitability. There is scope to realistically achieve a 65% overall gross profit (see Page 9 of the business plan).

It should be acknowledged that there will be difficulties attracting an entrepreneurial and hard-working tenant and that a competent chef must be found. However, measures such as the attractive live in tenant accommodation, the idyllic countryside setting and an attractive rental rate would all be inducements to attract good people.

Conclusion

On balance it appears this idea offers a business that is likely to be both attainable and viable in the long term. The reports from independent experts, whilst not shying away from the possible problems, are reassuring about what is possible and local tradesmen who know the area and the building are confident. The conclusion is that the idea is feasible and will be taken forward.

Appendix 9

Useful links

Contacts:

- Fishers Arms Horncliffe Community Pub Buyout [website](#)
- Visit us on [Facebook](#), [Instagram](#) and [Twitter](#)

Documents:

- [Share Prospectus](#)
- [Society Model Rules](#)
- [Community Benefit Plan](#)
- [Village Questionnaire Summary](#)

In the press:

- Watch us on [ITV News Tyne Tees](#)