

# **The Old Horn Inn, Spennithorne**

## **An Asset of Community Value**

“You don’t know what you’ve got till it’s gone”

### **OLD HORN COMMUNITY PUB SOCIETY LIMITED**

#### **Business Plan**

Document prepared by Old Horn Community Pub Society Limited (OHCPs)

A Community Benefit Society operating for the benefit of the community-society number 8957



**December 2022**

**Plan for a community owned pub for Spennithorne, Harmby and surrounding areas**

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## 1. **Executive Summary**

We are seeking investors who wish to become members of a community benefit society that plans to buy The Old Horn Inn in Spennithorne, North Yorkshire. Our village pub was put up for sale by the current owners some 11 months after they acquired it in April 2019. In July 2022 the owners applied for planning permission to convert the pub to housing and closed the pub in September 2022. This planning application was refused by Richmondshire District Council in October 2022. The owners have six months to appeal this decision. Meanwhile the Old Horn Inn remains closed.

We believe that without community intervention this village pub will be lost forever. We want to ensure that the pub remains open and thriving in the long term, serving as a social hub for the residents of Spennithorne, Harmby and surrounding areas plus the many visitors to our wonderful area. To save the pub we need support and investment from our community and friends.

We plan to run the Old Horn Inn as a village pub and community hub, run for the benefit of the residents of Spennithorne, Harmby and surrounding areas. We also want to attract visitors, holidaymakers, walking and cycling groups etc.

We are confident that it will be a profitable business and represents a fair investment opportunity that will offer modest returns to members of the Society. The main reason for investing in this venture is not financial returns but the chance to preserve a vibrant social hub for the community which will increase the feeling of wellbeing and social inclusion for many residents who might otherwise have little social interaction.

It is our intention that the pub will work closely with and in support of other community facilities in the area. If you make an investment you will become a member of the Old Horn Community Pub Society Limited (OHCPs). We are a Community Benefit Society (CBS), run for the benefit of the local community. Each shareholder will have one vote, regardless of the value of their shareholding. In this way you will have a say in how the society is run, and in who runs the society. You will be a co-owner of a traditional village pub-a place where you can meet with your friends and neighbours and make new friends and memories.

We anticipate that to buy the pub will cost around £225,000 plus stamp duty and legal fees.

As you know, the Old Horn Inn has suffered from lack of maintenance for many years and we anticipate that we will need to spend around £135,000 to make the pub operational and viable. Hence the total we need to raise is £360,000 (see Section 5 for more detail). We plan to do this through a

Community share offer raising £180,000 and we will apply to the Governments Community Ownership Fund (COF) for match funding of £180,000.

It is the intention of the OHCPs to agree a lease with a tenant who will run the licensed business selling food, drink, accommodation and providing other services to the community and visitors in our premises and pay a rent to the cooperative at a level that will reflect the profitability of the business.

The rental income may provide modest interest on the share capital to be paid to members although in the early years we are not forecasting interest payments. We firmly believe that the business will be profitable. In the unlikely circumstances that the business is unsuccessful, the OHCPs rules mean that the net assets must remain in community ownership and any subsequent sale would result in proceeds being distributed amongst members with any surplus going to community projects.

## **2. Background**

The Old Horn Inn is a vital community asset for the people who live in two historic villages in Wensleydale, North Yorkshire.

Spennithorne and Harmby stand on the north bank of the River Ure in Lower Wensleydale, opposite the castle of Middleham – the boyhood home of the future King Richard III. The three settlements are ancient ... and so closely-connected were they in the years following the Norman Conquest that the owner of Middleham Castle styled himself 'Lord of Middleham and Spennithorne'. A grand hall, some remnants of which still stand, was built on the outskirts of Spennithorne.

According to the Domesday Book, compiled for William the Conqueror in 1089, 'Speningetorp' had a taxpaying population of twelve villagers and six smallholders; while neighbouring 'Hernebi' (Hjarne's farmstead or village, in the language of the Danish settlers) had twelve villagers and eight smallholders. They worshipped at the parish church of St Michael and All Angels, built on rising ground above the river. Remnants of the Norman church (and the even earlier pre-Conquest building) can still be seen.

A hundred yards or so downhill from that church, stands one other historic and vital focal point of these settlements – the Old Horn Inn.



Although the date of the inn's construction is unknown, it is certain that the Old Horn has been an essential social and community asset for the past two hundred years at least -as demonstrated by the mail facilities described in Baines Directory of 1823: *'A Mail gig arr. from Bedale, with letters every Mon. Wed. Fri. and Sat. at 3 aft. and is dispatched 7 mg. same days. Post Office, at the Old Horn Inn.'* The inn's 'secondary' function may indeed explain its curious name: the post-horn was an instrument used to signal the arrival or departure of a post rider or mail coach. It was used especially by postilions of the 1700s and 1800s.

In the nineteenth century, the Old Horn served other purposes too. In the absence of suitable alternative accommodation, the Coroner would hold inquests at the inn. In 1880 an inquest was held on an eight year old boy who died after being kicked by a horse in a field. Eight years later, Dr J S Walton conducted an inquest into an 11-year-old child who drowned when the ice on the frozen river collapsed beneath him.

Although such functions are no longer fulfilled by the inn, the records of their existence surely demonstrate forcefully the pivotal importance of the Old Horn in the life of Spennithorne and Harmby.

In more recent times, the Old Horn's role has become more sociable. A few yards from the front door is the Spennithorne and Harmby Cricket Club (now with a fine new pavilion – built by the club to replace a somewhat down-at-heel building erected by the BBC in the mid 1980s for the filming of a calamitous match featuring James Herriot and Siegfried Farnon for the original production of *All Creatures Great and Small*). In the twenty-first



century, as in the twentieth, the cricketers like to gather at the Old Horn for refreshments after a gruelling match beneath the hot sun!



Footballers, too, appreciate slaking their thirsts in the cosy bar after the final whistle has blown. Thriving darts and dominoes teams compete in local leagues, while Quizzes have seen the bar packed with villagers on Sunday evenings.

For many years, holidaymakers visiting this beautiful corner of the Yorkshire Dales enjoyed accommodation at the Old Horn. (It is our intention to restore these letting rooms in the event of a successful community purchase).

In summary, the aim and the vision of the Spennithorne and Harmby communities is to ensure that the Old Horn continues to be as vibrant and hugely-valued a key element of these two warm-hearted and welcoming villages in the future as it has been in the past.

### **3. The Old Horn Community Pub Society Ltd**

#### **Our Beginnings**

In July 2022 the current owner of the pub applied to Richmondshire District Council to close the pub and convert it into two houses. On hearing this news a few village members (and keen patrons) quickly held an informal meeting in early August 2022 to discuss this. It was considered by all present that we needed to take proactive steps to secure the future of the pub as it was we felt it to be an important asset to the villages of Spennithorne and Harmby.

We knew we had to act quickly as the Planning Committee was due to meet on September 21 so via social media we asked villagers to help us form a working group to try and save the pub. Many people were keen to help and at a meeting held at Spennithorne Hall, the Old Horn Community Group was formed and a Chairman, Secretary and Treasurer appointed. At this initial meeting it was agreed that the aim of the group was to try and save the pub for the Community.

Due to the extreme urgency of our predicament we took the following action- (all within a 6 week period)

1. We hand delivered to all houses in Spennithorne and Harmby notices for interested parties to contact us
2. Used social media to seek interest in saving the pub
3. Set up a Working Group (The Old Horn Community Group)
4. Produced information and questionnaires about the project and enlisted volunteers to deliver them to all households to gain data and views on usage of the pub and pledges of financial support
5. Held meetings with other Community Groups to seek advice
6. Held a public meeting in the village hall to discuss our vision-the largest gathering of the community for many years
7. Submitted an application for Asset of Community Value status
8. Enlisted support of local MP, Councillors and CAMRA
9. Had press coverage of our efforts based on our press releases
10. Analysed data received via questionnaires
11. Built financial models of the business under various operating scenarios
12. Received many pledges of share purchase (in principle)



From this initial meeting of the Old Horn Community Group we formed the Old Horn Community Pub Society (OHCPS)

The OHCPS has joined the Plunkett Foundation, an organisation that helps communities in rural areas to set up and run community businesses that are owned and run democratically for the community. We have received advice and support from them to establish our community business.

### **Mission**

The OHCPS mission is to secure the Old Horn Inn as a thriving community owned enterprise serving the whole of Spennithorne, Harmby and surrounding areas as a pub and as a broader community asset in perpetuity. We want to ensure social inclusion for all our residents by providing a safe, warm and welcoming environment for all local residents and visitors.

### **Legal Structure**

The OHCPS has been incorporated into a Community Benefit Society (FCA Registration no 8957). The purpose of a CBS is to operate a defined business for the benefit of a community. The Old Horn Community Pub Society Limited is registered with the Financial Conduct Authority (FCA) using model rules from the Plunkett Foundation as the sponsoring body. The OHCPS Rules are available on the website. Visit [www.oldhorncommunity.org](http://www.oldhorncommunity.org)



## **Viability**

An experienced licensed premises surveyor, recommended by the Plunkett Foundation was commissioned to undertake a market appraisal and valuation report in October 2022. This report concluded that, if operated correctly and refurbished, The Old Horn Inn has the potential to be a successful business.

## **Our Community**

The Old Horn Inn is situated in Spennithorne in Lower Wensleydale. The linked village of Harmby is only a few hundred yards away and both villages share the same village hall, football teams and cricket teams. Spennithorne and Harmby have in excess of 550 residents with approximately 2500 residents located in Leyburn and Middleham around 2.5 miles away. We have a relatively older age profile in terms of our population and it is extremely important that we provide a local social hub for all ages to meet. For those people wanting to venture outside the villages then travel is really restricted to motor transport. The bus service in Spennithorne and Harmby ends Monday to Friday at 2.30 pm with no weekend service. Walking access to any other venue is via a very steep bank or via unlit country roads and fields-not a journey to be taken at night.

## **Community and Social Returns**

The Old Horn Inn has in past years been a real social hub for the community. There are residents who have been born in the pub, celebrated weddings, stag and hen nights and some memorable wakes have been held in the pub. It is much loved by the community but over the years it has suffered from lack of investment, maintenance etc and it now needs the love and care that only a community can provide.

The aim of the OHCPS and the wider community is to secure the future of the pub for the villages and provide a social hub where our residents can meet and participate in various activities and events designed to bond the community. We want the pub to act as a focal point for social activities and involve the Spennithorne and Harmby Cricket Team, Spennithorne and Harmby Football team, local dart and dominoes leagues. We also want to broaden the offering to the community by providing a coffee shop/coffee mornings, book clubs, book exchange library, walking groups, cycling clubs and quiz night. The Old Horn Quiz night has for many years been a firm favourite with locals and visitors raising funds for local charities. The current owners stopped this as it didn't seem to fit with their plans. There is also scope to involve St Michael and All Angels Church in Spennithorne where regular parish lunches were held in the pub.

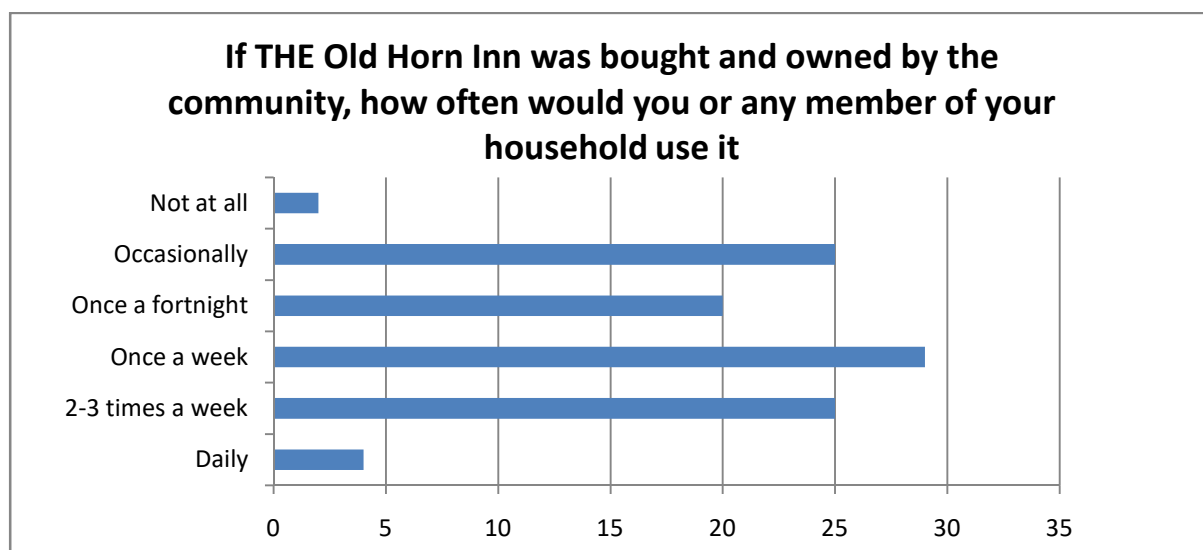
## Community Consultation

As previously mentioned, we had the threat of a planning application hanging over our heads so we needed to act quickly.

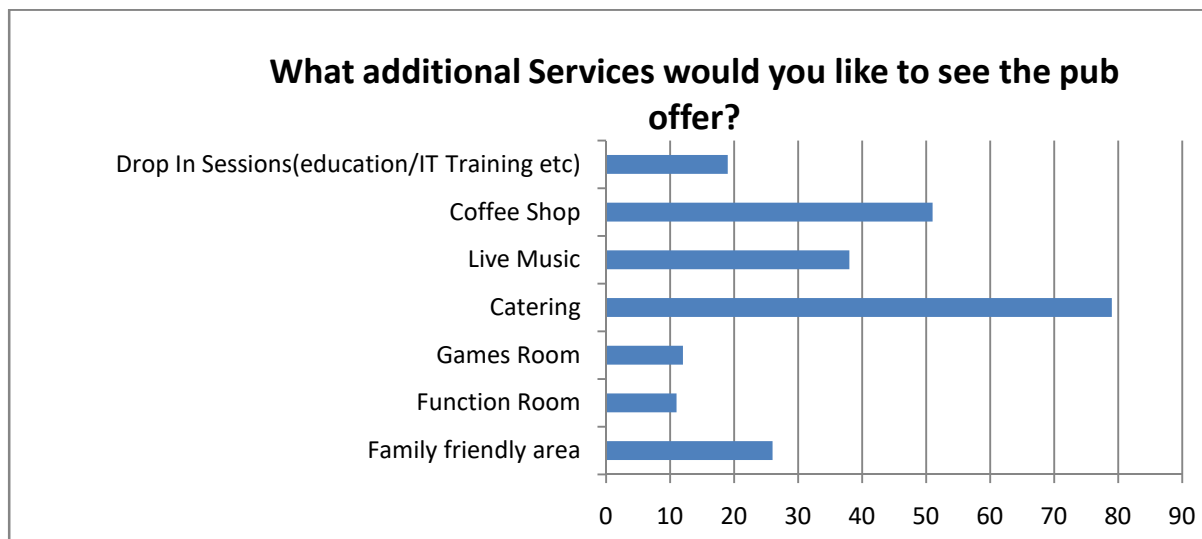
Having sparked initial interest via social media, we embarked on a two week consultation period by designing and issuing a consultation questionnaire to the community in order to gauge the community appetite for community ownership of the pub, including interest in purchasing community shares. Members of the community were asked if (and why) the pub was important to them and what services they would like to see made available.

During the consultation period we held an open meeting in the village hall which was extremely well attended. Our Secretary set out the groups' aims and objective of securing the future of The Old Horn Inn through community purchase. Our plan for a Community Benefit Society, issue of shares and bid to the government's Community Ownership Fund was discussed in detail. We received very positive feedback from this meeting which was one of the best attended village meeting in recent years.

Feedback from our questionnaire is shown below:-

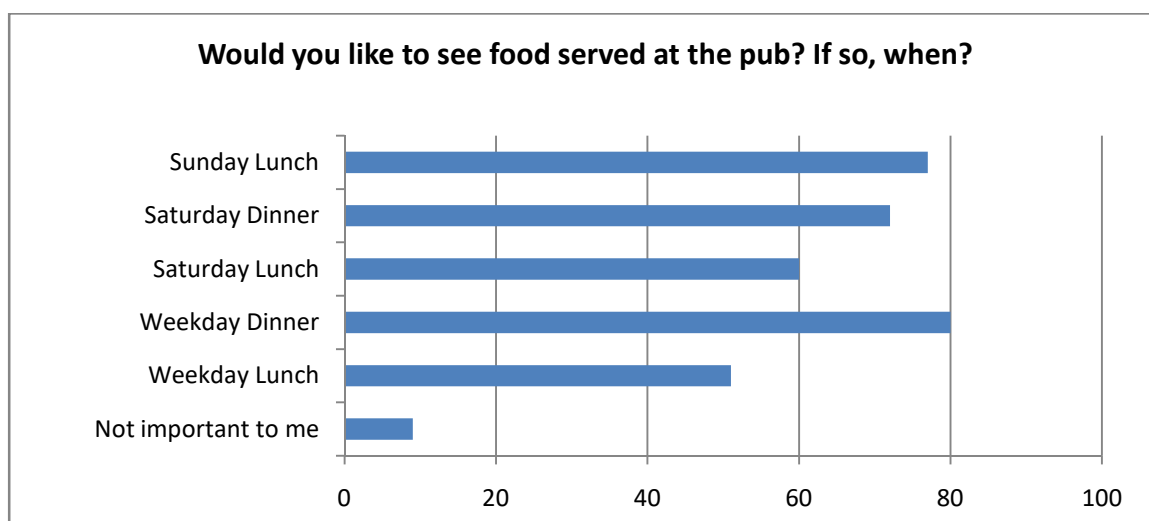


\*Data above refers to the number of responding households

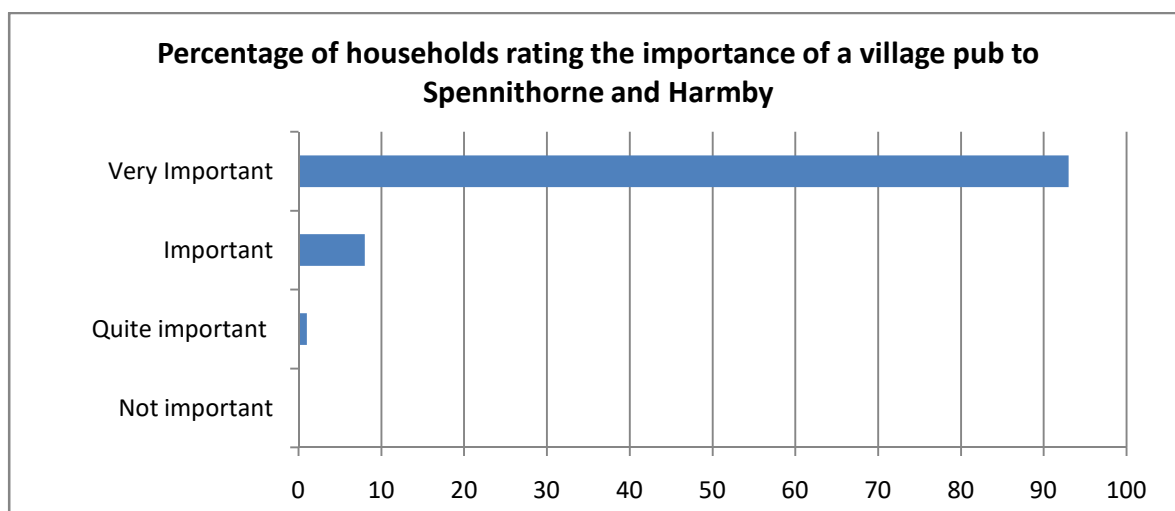


\*Numbers in the charts show preferences of households.

It shows a strong preference for providing a food offering and coffee shop/coffee mornings. This is also demonstrated in the chart below.

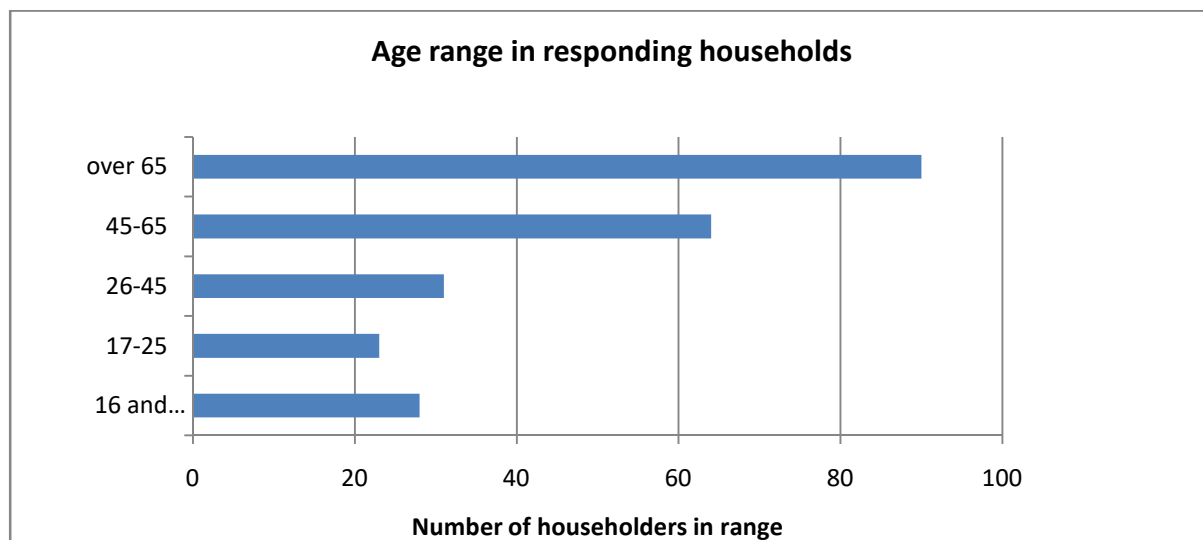


\*numbers above represent preferences of responding households



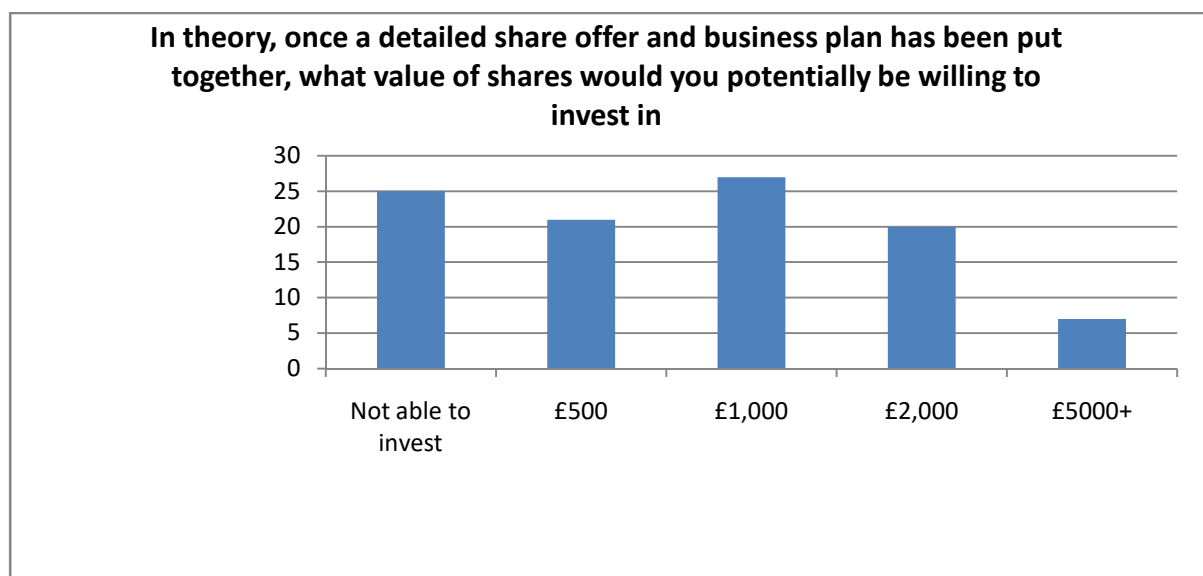
\*figures above refer to number of responding households

The chart above clearly shows how much the community value this asset. No household thought it was not important and over 90% of households thought that a village pub was very important to the community.



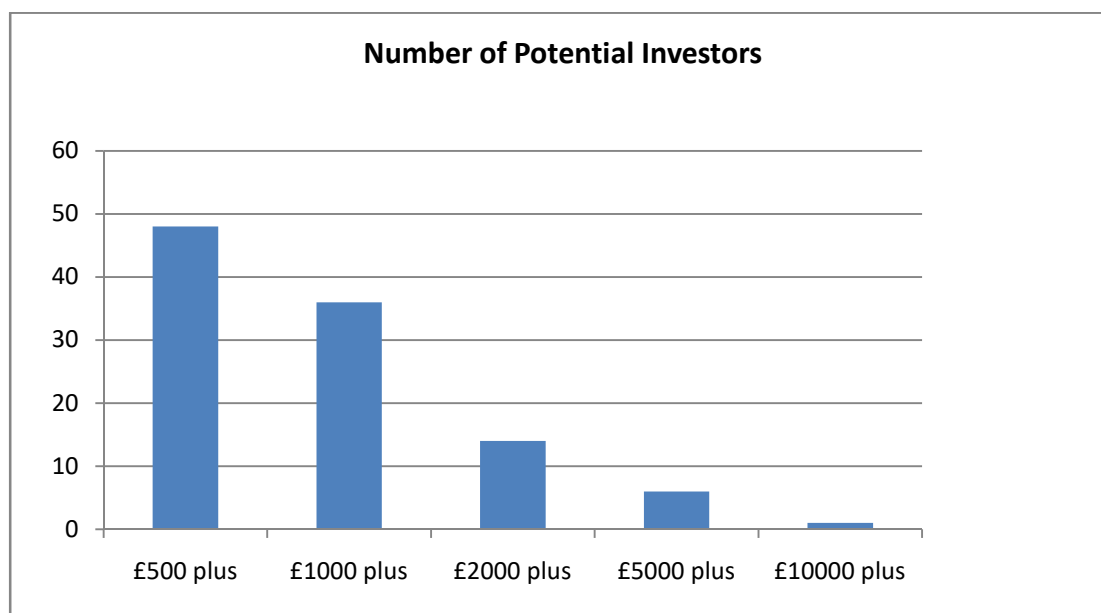
\*Figures above refer to the number of residents in the responding households.

The above chart clearly shows the profile of our community with around 90 householders over 65. This represents around 37% of all responding householders and demonstrates the need for a vibrant social hub to prevent social exclusion in a vulnerable sector of the community.



\*Figures above represent number of responding households.

A number of households felt that retaining the pub was extremely important but did not (at the date of our questionnaire) have the ability to pledge funds.



\*Figures above represent the number of individual potential investors.

In total we have received pledges of support from 105 individual investors

## 4 Operating Model

After careful consideration and discussion with other Community pubs and the Plunkett Foundation we have opted for a Tenanted Operating Model as discussed below.

### Tenanted Operating Model

The pub will be owned by the OHCPs membership and will be managed by a committee elected by the membership. Membership of the OHCPs is gained by purchasing community shares. A fully democratic structure will be adhered to and governed by a strict one member one vote policy.

Once acquired by the community, the pub will be refurbished to make it a viable and welcoming building. We envisage that this will take around 3 to 6 months.

During this period we will seek to appoint a tenant who can become involved in the refurbishment and “buy in” to the project.

We will be seeking to employ an experienced tenant who has a track record of running profitable public house businesses. We have been offered assistance in the tenant selection process by a local brewery which has a large network of contacts.

An appropriate tenancy agreement will be negotiated.



We will be inviting tenants who wish to lease the premises to submit their business proposals to us and we will select the tenant(s) who best meet the following criteria:

- They should preferably have at least 5 years experience in the licensed trade, preferably in a village / rural setting
- They must demonstrate how they intend to build up the business and how they will provide good quality, competitively priced food that will eventually provide at least 50% of the sales income
- They must demonstrate how they will provide a venue for village events and support local cultural and sporting activities
- They will need to provide evidence of their marketing plan
- They will need to convince us that they will provide a warm, welcoming and friendly atmosphere in the pub
- They will need to convince us that they will work harmoniously with the board of directors and listen to our advice and suggestions
- Cellar management experience and training
- Experience in general retail work

The tenant will be accountable to OHCPs membership through regular reporting via meetings with the management committee. It is envisaged that these would take place every quarter to begin with until the tenant is established then could be reduced to every 6 months although a communication channel would be open at all times. The tenant will also attend the OHCPs Annual Members Meeting each year. The management committee will encourage members to give constructive feedback on the performance of the tenant and to channel new ideas to the team by email or personally. These will be discussed at regular management team meetings and appropriate feedback given to the tenant. The tenant will also be encouraged to table new ideas or modify operations. We believe it is crucial that the tenant and the community work together to ensure success for all stakeholders.

The tenant will be encouraged to stock and serve locally produced food and ale wherever possible and to build good relationships with local suppliers. We envisage the pub becoming a social hub for the villages providing a place to meet for all. During our community consultation a number of ideas were considered favourably by the community including coffee shop, courier drop off point, library, book clubs and walking groups. The pub also benefits from a small beer garden which we intend to use for barbecues and possibly take away service.

We are looking for a tenant who intends to operate a full operating model i.e. wet sales, food sales and accommodation. We believe there is a good market for all income streams given our location and proximity to the Yorkshire Dales National Park (4 miles) Middleham Castle (2miles)

Two major cycle routes pass by the pub and we also see cyclists and ramblers as yet untapped income streams.

These income streams are discussed below:-

### **Wet Sales**

We will encourage the tenant to stock a good selection of beer and lager. We are blessed in this area with having some of the finest breweries nearby and the many tourists visiting the area expect to find good ale in a traditional Dales pub. The wine and spirit selection will also be designed to present customers with a good selection at a fair price.

### **Letting Rooms**

The pub has potentially two ensuite letting bedrooms although these have not been used as letting rooms for a number of years. We believe that once refurbished, these rooms could supply a further income stream not just in accommodation revenue but in the add on effect on wet and food sales. We have taken advice from owners of nearby holiday accommodation who have advised us that for good quality accommodation, occupancy rates of at least 60% on average can be achieved in the area.

### **Food**

We see provision of good quality food as crucial to the success of the pub. We will be looking for a tenant with considerable experience of providing good pub food. We are not looking to be a Gastro pub. Our community has strongly expressed a desire for a food offering at the pub and we believe that the provision of a well presented homely menu is what the community wants. Only a few years ago early booking was required for Sunday dinners at the pub-until the landlord and landlady retired. There is no reason why this demand could not return.

## **5 Finance and Commercial**

OHCPs intends to purchase The Old Horn Inn on behalf of the Community. The OHCPs will be the owner of the asset but will not be involved in the day to day running of the pub. We will appoint a tenant and enter into a lease agreement with him/her/them to run the licensed business and to pay an affordable rent to the OHCPs. The rent will be set at a level that gives the tenant every chance of running a thriving pub business. It will be completely free of any brewery tie. We will use the rental income to maintain the building, service and meet other outgoings, facilitate withdrawal by members of their shares after five years and if affordable pay interest to shareholders after 5 years of trading.

We believe the business will be profitable. We have reviewed the accounts of the landlord who operated the pub for 12 years prior to the current owners and this showed a profitable business.

We have built financial models to show net profit in various scenarios and we are confident that utilising all business streams will lead to a profitable venture.

Our funding for the project will come from various sources, a community share offer will look to raise £180,000. We believe this is feasible given the pledges of share purchase indicated during our community consultation process. Additional match funding of £180,000 will be applied for through the Community Ownership Fund (COF) with a further £19,740 in not matched revenue funding sought from COF. Donations received via the Colltiv app amount to approx. £3,701. Total project funding required for the optimum refurb is £383,441 as shown below.

If our Community Ownership Fund (COF) bid is unsuccessful, we will consider launching an additional share offer in 2023 with an increased maximum share threshold. We would seek to complement a larger share investment with smaller grants from several sources and are already investigating these avenues.

We feel the renovation costs are realistic and are necessary to provide a viable business platform. After a review of the business once it has been operating for a period, it may be that other costs/improvements are identified and we may well launch a further share issue to cover these and /or apply for further grant funding as required.

The OHCPs will register for VAT and claim this where appropriate on a monthly VAT Return. All figures used in these tables exclude VAT.

The Society fully understands that the management of VAT returns and timing of VAT reclaims is critical to the cash flow process and contingencies are in place to cover any short term cash flow issues due to delays in receipt of VAT reclaims.

**Table 1 Total Project Costs**

<b>Capital Requirements</b>	<b>Optimum</b>	<b>Minimum</b>	<b>Comments</b>
Purchase of Freehold Premises	225000	225000	Offer agreed subject to survey and contract
Refurb and Renovation	112200	82200	
Unallocated building costs	20000	20000	
Stamp Duty, Legal and Consultancy	2800	2800	
<b>Total Capital Cost</b>	<b>360000</b>	<b>330000</b>	
<b>Revenue Requirements</b>			
<b>Pre Acquisition</b>			
Valuation fee	1800	1800	Fee from Mike Hughes paid from donations
FCA Fee for Company Set up	310	310	FCA fee paid from donations
Plunkett Subs and Standard Mark	1500	1500	Fees paid from donations
Website Fee (special offer)	91	91	Website fee paid from donations
Structural Survey Fee	1400	1400	Estimate from charge for Hunton
<b>Post Acquisition</b>			
Energy Costs during Refurb	4000	4000	
Building control and planning fees	2000	2000	Estimate
Project Management Fees 4 months	6000	6000	
Website and Insurance First Year	2400	2400	Quote from insurance brokers and wordpress
Tenancy Agreement First Year	2500	2500	Estimates received via Community Pub Network
Plunkett Subscription (first year of op	240	240	Annual Plunkett Subscription
Accountancy	1200	1200	Accountancy Fees Quotation
<b>Total Revenue Costs</b>	<b>23441</b>	<b>23441</b>	
<b>Total Capital and Revenue Costs</b>	<b>383441</b>	<b>353441</b>	

**Table 2 Funding Sources**

	<b>Optimum/Maximum Share Issue</b>	<b>Minimum Share Issue</b>
Community Share Issue	180000	165000
COF Match Funding	180000	165000
COF Revenue Grant	19740	19740
Donations via Colltv app	3701	3701
<b>Total Funding Sources</b>	<b>383441</b>	<b>353441</b>

Note with this type of share offer a Minimum Share Level must be set and an Optimum/Maximum level. Reaching the Optimum level of £180,000 would allow us to undertake a larger scale refurbishment if we received the match funding grant.

**Table 3 Project Refurbishment Costs**

<b>Main Bar and Snug</b>	Optimum	Minimum
Removal of fireplace , structural alterations and opening two sided fire place flue wor	5000	5000
Preparation of floor in Stone 35m2	2000	2000
Opening of wall and front room	7000	
Refurbish bar	5500	2500
Light Fittings and accessories	1000	500
Recover seating and refurbish tables	2000	2000
Downstairs plumbing	2000	2000
Redecoration and Patching of existing	500	500
<b>Sub Total Main Bar and Snug</b>	<b>25000</b>	<b>14500</b>
<b>Dining Room 1 Front</b>		
Replacement of floor in stone 35 m2	2000	2000
Redecoration	500	500
Working Log Burner	2000	
Oak Fire Door to kitchen and snug	600	600
<b>Sub Total Dining Room 1 Front</b>	<b>5100</b>	<b>3100</b>
<b>Dining Room 2 Rear</b>		
Floor in stone 28m2	2000	2000
Replacement window sill in oak or stone	600	600
Timber panelling and damp membrane to external wall to block damp, landsaddle	1800	600
<b>Sub Total Dining Room 2 Rear</b>	<b>4400</b>	<b>3200</b>
<b>Refurb Costs carried forward to next page</b>	<b>34500</b>	<b>20800</b>



	Optimum	Minimum
<b>Refurb Costs Brought Forward from previous page</b>	34500	20800
<b>Gents WC</b>		
Ceramic tiled wood effect floor	1000	600
Replaster and Decoration	300	300
New Sink and tap	300	300
Door Frame to cubicle and new door	250	250
<b>Sub Total Gents WC</b>	1850	1450
<b>Ladies WC</b>		
Demolish, rebuild external cavity wall and roof, insulate	4000	4000
New sanitary ware and plumbing	800	800
Ceramic Tiled Floor	600	600
Plaster and Decorate	500	500
<b>Sub Total Ladies WC</b>	5900	5900
<b>Kitchen</b>		
Refurbish Kitchen, whiterock walls, new floor, new kitchen equipment	15000	7000
Recreate opening to bar area and fire rated plasterboard ceiling	1400	1400
<b>Sub Total Kitchen</b>	16400	8400
<b>Cellar and Outhouses</b>		
Installation and studwork to form cellar coldroom, door and doorframe	1800	1800
Replacement chiller plant and bar system	3000	3000
Fridges and Freezers	1000	1000
<b>Sub Total Cellar and outhouses</b>	5800	5800
<b>First Floor Letting Bedrooms (2)</b>		
Replaster skim	1600	1600
Fire Door and Frame	600	600
Carpet and Fixtures and Fittings	3500	3500
Refresh bathrooms, new sanitary ware, ceramic tiles, plumbing	4900	4500
<b>Sub Total First Floor Letting Bedrooms (2)</b>	10600	10200
<b>Tenants Flat</b>		
Unknown work nominal sum for replacement bathroom and small kitchen	4000	4000
<b>Sub Total Tenants Flat</b>	4000	4000
<b>Overall Costs and External Works</b>		
Replace gas central heating and hot water	4500	4500
Partial or full rewire and alarm	6250	5750
External UPVC windows *10	12000	10000
External Bay window glazed with oak pillasters	5000	
Patch repair after windows and painting of external render	3500	3500
Rain Water Gear	1900	1900
<b>Sub Total Overall Costs and External Works</b>	33150	25650
<b>Total Refurb Costs</b>	<b>112200</b>	<b>82200</b>

- All costs above have been estimated after discussions with local builder.

## **Longer Term financial projections: profit and loss under the tenanted model**

As previously stated the OHCPs intends to operate the pub using a tenancy model. The rental income paid by the tenant will be the income for OHCPs. It is important therefore that the viability of the pub is considered. This has proved somewhat challenging due to lack of accounts produced by the most recent owner. However we have obtained accounts from previous owners and have received an independent market appraisal report from MJD Hughes Ltd. We have also had access to a viability report produced for the current owner by Barry Crux and Co who are also independent valuers. These reports varied considerably with a turnover ranging from £150,000 to £200,000 per year for wet and food sales. The OHCPs also intend to add to these income streams by refurbishing to two ensuite letting room which have not been used for many years. Within the OHCPs we have a wealth of experience in the financial analysis of pub operations and we have drawn on this plus the reports from the independent valuers to produce a draft Profit and Loss under two Scenarios.

### **Scenario 1**

This considers profitability if operating at a level suggested by Barry Crux & Co. This represents wet sales of around 100 barrels per year with an equivalent of 25 barrels in wine and spirits. These suggest a net turnover of £100,000 per year in wet sales with a further £100,000 in food sales. Letting room income will be added to this.

### **Scenario 2**

Our own independent valuer, Mike Hughes suggested a total turnover of around £150,000 was more realistic and we have modelled the operations on a turnover just below this figure but with additional income from letting bedrooms. Both scenarios are shown in Table 4 on the next page.

**Table 4 Profit and Loss for the tenant**

	SCENARIO 1 P & L			SCENARIO 2 P & L		
Total Wet and Food Sales	200000			145833		
Total Wet and Food Cost of Sales	86000			61979		
Total Wet and Food Gross Margin		114000	57.00%		83854	57.50%
Accommodation Turnover	28000			21000		
Less Breakfast Cost	2800			2100		
Less Room Service Costs	2800			2100		
Total Accommodation Gross Margin		22400	80.00%		16800	80.00%
Total Sales Wet, Food and Accommo	228000			166833		
Total Costs Wet, Food and Accommo	91600			66179		
Total Gross Margin		136400	60%		100654	60%
Rent	14000			10000		
Wages	32100			16050		
Motor	3000			3000		
Insurance	1000			1000		
Phone	1200			700		
Repairs	3600			3600		
Houshold and Cleaning	3500			3200		
Advertising	600			600		
Rates & Water	1400			1400		
Heat and Light	30000			26000		
Accountancy	1200			1200		
Bank Charges	1000			1000		
Sundry	1000			1000		
Total Overheads		93600			68750	
Net Profit		42800	20%		31904	18%

- Under scenario 1 room income has been modelled on 80% occupancy at a net rate of £50 per night. Under scenario 2 the occupancy rate is shown at 60% which is a rate achieved by other operators in our area.

So we believe the Old Horn Inn can be viable particularly if we can refurbish the rooms and introduce new income streams like coffee shop/coffee mornings etc. and cater for passing trade from ramblers, cyclists and tourists. Of course the huge problem for pubs (and indeed everyone) at the moment is the cost of energy. In scenario 1 we have budgeted for £30,000 per year and £26,000 in Scenario 2. These figures would have appeared ridiculously high a year or so ago but we have checked with other community pubs in the area and we believe these cost to be about right for a pub of this size.

We accept that the new tenants will be starting in a pub which will have been closed for several months so they will need time to build the business. We intend to support the tenant through this period by reducing the rent for an initial period. Initial rent is lower than the 8-10% of turnover advised as normal market rent by the valuer. After this period the rent would be reviewed by the management committee each year. An “open books” policy with the tenant will exist in order to ensure transparency, ensure fair rental return to the community but allowing the tenant to grow a sound business. We will look to structure a model that will enable the tenant to benefit from hard work and success whilst ensuring that we build some reserves to deal with unexpected costs.

**Table 5 Profit and Loss for OHCPS**

Projected Income and Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Income (Note 1)	10000	10000	12000	14000	14000
Operational expenses					
Website and Insurance (Revenue grant funded Y1)	-2400	-2400	-2400	-2400	-2400
Legal Expenses (Tenancy Agreement) (Revenue grant funded Y1)	-2500				
Repairs	-3000	-3000	-3000	-3000	-3000
Accountancy (Revenue grant funded Y1)	-1200	-1200	-1200	-1200	-1200
Plunkett Foundation (Revenue grant funded Y1)	-240	-240	-240	-240	-240
Operating Profit	660	3160	5160	7160	7160
Extraordinary Income and Expenditure					
Revenue Grant from COF (Table 1)	19740				
Energy costs during refurb	-4000				
Project Management Fees 4 months	-6000				
Building control and planning fees	-2000				
Structural Survey	-1400				
Interest to Shareholders (Note 2)	0	0	0	0	0
Profit before Corporation Tax	7000	3160	5160	7160	7160
Corporation Tax at 19% (Note 3)	-1330	-600	-980	-1360	-1360
Profit after tax	5670	2560	4180	5800	5800
Opening Shareholder reserve	0	5670	8230	12410	18210
Reserve Carried Forward	5670	8230	12410	18210	24010

**Notes**

1 According to the valuer the market rate for rent is 8-10% of turnover. We have deliberately reduced this rental income in the first years to allow new tenant to settle.

2 No interest paid in first five years, interest will be at the discretion of the management committee, having regard to the long-term interests of the society, the need to maintain prudent reserves and the society's commitment to community benefit.

3. Corporation Tax charged at 19% of profits. No Capital Allowances available as capital expenditure funded from grant income.

4. Use by the Society of any IT equipment will be provided free of charge by the Management Committee

**Table 6 Balance Sheet**

	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5
NBV of Fixed assets after acquisition and refurb	360000	352800	345600	338400	331200	324000
Current assets						
Bank	19740	5670	8230	12410	18210	24010
<b>Total Assets</b>	<b>379740</b>	<b>358470</b>	<b>353830</b>	<b>350810</b>	<b>349410</b>	<b>348010</b>
Liabilities						
Shareholder Reserve		5670	8230	12410	18210	24010
Deferred Liability unmatched revenue fund	19740					
Deferred Liability Capital Grant	180000	172800	165600	158400	151200	144000
Community Shares	180000	180000	180000	180000	180000	180000
<b>Total Liabilities</b>	<b>379740</b>	<b>358470</b>	<b>353830</b>	<b>350810</b>	<b>349410</b>	<b>348010</b>
Assume all assets depreciated at rate for land and buildings (2%) and offset by Deferred Liability Capital Grant						
Assume deferred liability unmatched revenue offset against revenue expenditure in year 1						

**Table 7 Cashflow Forecast**

	Year 1	Year 2	Year 3	Year 4	Year 5
Funds b/f	0	5670	8230	12410	18210
Funds in					
Revenue grant from COF	19740				
Rental Income	10000	10000	12000	14000	14000
<b>Total funds in</b>	<b>29740</b>	<b>10000</b>	<b>12000</b>	<b>14000</b>	<b>14000</b>
Funds Out					
Society Expenses (Table 5)	17240	3840	3840	3840	3840
Repairs	3000	3000	3000	3000	3000
Legal Expenses Tenancy Agreement	2500				
Corporation Tax at 19%	1330	600	980	1360	1360
Interest paid to shareholders	0	0	0	0	0
Capital Withdrawals	0	0	0	0	0
<b>Total funds out</b>	<b>24070</b>	<b>7440</b>	<b>7820</b>	<b>8200</b>	<b>8200</b>
Net Inflow for year	<b>5670</b>	<b>2560</b>	<b>4180</b>	<b>5800</b>	<b>5800</b>
Funds c/f	<b>5670</b>	<b>8230</b>	<b>12410</b>	<b>18210</b>	<b>24010</b>



## Table 8 Cash Flow Forecast for Project and Refurbishment

12 month Forecast showing Flow of Grant Income and Project Costs £000

	1	2	3	4	5	6	7	8	9	10	11	12
Opening Balance *	19.74	15.94	13.94	9.94	7.94	5.94	3.94	1.44	1.44	1.44	1.2	1.2
Community Shares	180.0											
Cof Match Funding	47.8	26.44	26.44	26.44	26.44	26.44						
Less Purchase and legals	-227.8											
Less insurance	-2.4											
Less structural Survey	-1.4											
Less refurb costs		-26.44	-26.44	-26.44	-26.44	-26.44						
Less Electricity for refurb		-0.8	-0.8	-0.8	-0.8	-0.8						
Less project management		-1.2	-1.2	-1.2	-1.2	-1.2						
Less build Regs & Plan			-2									
Less Legals for tenancy							-2.5					
Less Plunkett Subs										-0.24		
Less Accountancy												-1.2
Fund Balance	15.94	13.94	9.94	7.94	5.94	3.94	1.44	1.44	1.44	1.2	1.2	0.00

### Assumptions

- The Society Share Capital is used first to fund purchase
- \* Revenue not matched funds are paid up front & represent the opening cash balance
- Capital Grant income is received in time to pay creditors i.e. claims paid promptly when submitted.
- VAT claimed monthly

### Share Withdrawal

Rules state that share withdrawals are allowed after the first three years of trading. However we have not included withdrawals in our first five years of trading as we want to ensure we can build reserves to offer the business an initial period of financial stability. This is seen as a prudent policy in view of the current wave of cost increases but the policy will be kept under review by the OHCPs Management Committee and changed as necessary.

## 6 Marketing and Communications Plan

Having taken advice from the Plunkett Foundation and in view of our perilous situation regarding the planning application we decided to immediately set up the Community Benefit Society and our aim is to market the shares having reached our pledge target. Shares will initially be offered locally with a short window of exclusive opportunity for those individuals who pledged in principle in response to our community consultation in August-September 2022. This will be publicised by email and mail drops to households who expressed an interest. After this exclusive period has elapsed, the share offer will be opened to a wider market. The offer will be advertised on social media, local press and news media, as well as further mail drops in the Spennithorne, Harmby and surrounding areas.

We aim to create a homely, traditional pub which fully meets the needs of local people and appeals to the tourists and day-trippers ideal of a country pub. Our marketing plan will be based on building and increasing the customer base and frequency of usage of the facilities. We will continue to seek views from the community and feedback on the services offered.

We plan to market the pub via:

- Local press releases
- Mail drops
- Social media involvement via our own Old Horn Community Facebook page
- The Old Horn Community Pub website. This (and the Facebook page) will give details of forthcoming events, offers, special occasions etc
- In conjunction with the tenant we will establish a number of events aimed at drawing in various sections of the community, e.g. book clubs, cycling clubs, ramblers along with the regular darts and dominoes and quiz nights. We also hope to bring back the patronage of the cricket and football teams through limited sponsorship to encourage loyalty.
- Printed information will be distributed to the many large caravan sites in the area to encourage tourist visits.
- Our coffee shop/coffee mornings will be heavily pushed in the area due to a) the absence of any competitors and b) the strong preference indicated in our community consultation questionnaire.
- We will seek AA rating for our accommodation and advertise this on our website and with local and national tourist offices.

Our ongoing strategy for engaging with our members and wider stakeholders will involve regular news “bulletins” on our website, village notice boards, facebook page and mail drops. We will also engage with other local organisations e.g. Spennithorne Village Fund (registered charity), Harmby Village Hall Committee and the local church.

Occasional events will be held throughout the year (wine tasting, Halloween parties etc) to generate interest especially on weeknights and traditionally quieter times of the year.

These events will be developed in conjunction with the tenant and review websites such as Trip Advisor will give the Committee and the tenant good feedback on our offering and enable us to respond to any improvement suggestions quickly.

We envisage a situation where both the tenant and the Community (via the Committee) are working together to ensure the success of the Community pub.

## **7. OHCPs**

The current members of the OHCPs management committee have all lived in the villages of Spennithorne and Harmby for many years and until recent years have all used the pub extensively.

They have all seen The Old Horn Inn run as a thriving social hub in past years and believe that this could happen again under Community ownership. This is our last chance to save the pub.

The members include business people and professionals with a wide range of experience in small, large and extremely diverse organisations. The management committee is as follows:-

### **Richard Wortley (Interim Chair)**

Richard moved with his late wife to Spennithorne in 2006 from Somerset. For many years, he was the manager of the business studies department in a large Further Education College. He left his post to become semi retired and self employed so as to care for his wife. He continued to help train teachers of law and host student updates in A level law. He continued as principal examiner for A level law and external verifier for business courses until a few years ago. He currently contributes to A level Law textbooks. Richard and his late wife had both enjoyed social events at the Old Horn and the family held her wake there in 2021. He strongly believes that the community need the facility of the pub in the village and he is pleased to be able to contribute to the objective of refurbishing and revitalising the Old Horn Inn.

### **Garry Webster (Interim Vice Chair)**

Garry has lived in the local area all his life and settled down in Spennithorne 12 years ago with his wife, Louise. They have two daughters both of whom attended Spennithorne Primary School, where, for several years Garry was a Parent Governor. In his 30 year professional career he has managed commercial and operational teams supplying heavy materials to the construction industry. In his various roles he has gained skills in change management and team leading.

### **Andy Simon (Interim Secretary)**

Andrew is a building surveyor and project manager with 20+ years experience of mainly building compliance audits and asbestos surveying. Having managed building compliance for retailers such as COOP (circa 8000 properties), Housing Authorities in excess of 18000 properties and in the past was in charge of building compliance at Heathrow Airport for two years.

Experienced in large asbestos abatement projects, both cost and time management over a number of years and having run his own Environmental consultancy for over 10 years

Also NEBOSH and IOSH qualified in health and safety Andrew has a solid footing in all aspects of health and safety and risk assessment within the built environment.

### **Alan Cape (Interim Treasurer)**

Born in Scotland Alan is a retired accountant who settled in the Yorkshire Dales almost 25 years ago and actually lived in The Old Horn Inn for several months when he first moved to the area. After spending much of his career in large organisations he worked as the Head of Operations and Finance for one of the UK's largest charities before setting up an accountancy practice with his wife (also an accountant) providing tax and accountancy services to a variety of businesses, including a number of pubs and restaurants in the area. He believes the Old Horn Inn is a valuable community asset providing a social hub for Spennithorne and Harmby and every effort should be made to bring it into community ownership.

### **Charles Pink**

Charles is a retired banker with over 35 years experience in banking in the UK and overseas. Joining Barclays with a degree in Economics from Cambridge University Charles spent 17 years in Corporate Banking giving him a wealth of experience in advising businesses like the Old Horn. He then left the UK and was CEO of two multi billion asset banks in the Caribbean and New Zealand. Returning to the UK Charles was a non executive director on the boards of GE Capital Bank and Hoare & Co before retiring and moving to North Yorkshire where Charles continues to mentor several small businesses

### **Lindy Godfrey**

Born in York, Lindy is a retired MOD Civil Servant. Lindy attended Spennithorne C of E primary school, before going to Wensleydale Comprehensive then completing her education at Harrogate College. Lindy has lived in Spennithorne for the last 25 years. Lindy strongly believes the Old Horn should stay in the local community, she can offer expertise of working in pubs throughout her working life and doing the accounts for a variety of small businesses.

### **Ann Gamble**

Ann moved in to Harmby 14 years ago, although she has lived in the Yorkshire dales all her life.

Ann works in education and currently works within the BAWB Federation of schools as a higher level teaching assistant. She has also worked within the pub industry in a number of places.

Ann feels strongly about retaining the local pub and believes it is a vital asset to the community as a place to meet and socialise with friends new and old.

### **Les Brydon**

Les was born on Tyneside, retired in 2018 and has called Wensleydale his home for almost 20 years. Starting life teaching history to young teenagers on Tyneside he soon realised that there was another world out there waiting for him. It was retail and leisure and he spent the next 40 years plus working mainly in the south of England but always based in the "North". The Dales were always a draw to the family and after a number of holidays here in the 1990's his wife eventually bought a tea shop in Middleham in 2003 and then they settled in Spennithorne in 2007. With an office window overlooking the Old Horn outside eating area he believes that the pub is a vital hub that should be maintained in the community.



### **Janet and Gordon Leathley**

Janet and Gordon are prominent business owners in the area and have wide experience of the catering and retail environment. Gordon has lived in Spennithorne for 40 years and Janet for 30 years. Janet has had several years experience working in pubs and restaurants and for many years both Janet and Gordon were regular customers of the Old Horn Inn.

### **Charley Cudworth**

Charley moved to Spennithorne nearly 6 years ago and chose the village because of the pub. She has considerable experience of the hospitality industry having worked in country pubs for 10 years while at school and Uni and managed a hotel in Egypt for 4 years. She is currently running a horse transport business.

### **Leigh Carmichael**

Leigh and partner own and run Foal Barn Cottages in Spennithorne, a very successful holiday accommodation business and believe that having a pub in the village is an important factor in attracting customers.

## **8. Risk Analysis**

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Insufficient money raised to finance the project via Community Shares and COF	If the required funds cannot be raised, then we would be forced to abandon the project. The owner could then sell the property to whoever they wished, including property developers.	Access other funding streams e.g. grants Extend the period of the share offer. If COF bid unsuccessful consider launching an additional share offer in 2023 with an increased max. share threshold. If no funds available all monies subscribed to community shares and any unused donations would be promptly reimbursed.
We are unable to appoint and keep a good tenant	This is seen as critical to the success of the venture. The tenant needs to be experienced, motivated to develop and market the business and crucially needs to be in sympathy with the aims of the community society.	Thorough selection process. Prospective tenants will be required to demonstrate their experience and plans for the Old Horn Inn. We will seek evidence of past success and will require applicants to provide a sound business and marketing plan. Tenants will benefit from reduced level of rent which will be subject to increase depending on profit levels achieved

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Extended void periods between tenancies	Any closure of the pub between tenants will mean we are not receiving rental payments which will impact our cash flow.	<p>1 The tenancy agreement will include a x month notice period on both sides</p> <p>2 We will ensure the tenant is motivated to stay by a fair rent policy and free house status to improve profitability</p> <p>3 We will support the tenant with marketing via our website and other voluntary help where appropriate</p> <p>4 A bond may be required from the tenant</p> <p>5. Any extended void periods may require volunteers from the community to manage a reduced service to keep the pub open whilst a tenant can be sourced. The community has a good relationship with local brewers and can link into their network of tenants.</p>
Higher than anticipated outgoings	The main outgoing over which we have limited control is the cost of unexpected property repairs and refurbishment.	<p><b>1 Survey and valuations prior to purchase.</b> The property has been valued by an experienced RICS surveyor and a full structural survey will be done prior to completion. We have good visibility of the property condition, required refurbishment and have received estimates from local builders.</p> <p><b>2 Refurb. and maintenance costs.</b> A dilapidations report will be included in the structural survey. Estimates for other vital refurbishments have been obtained. On an ongoing basis a sum of £3000 per year has been budgeted for a repair and maintenance fund.</p> <p><b>3 Contingency</b> A contingency has been built into our calculations to meet any unexpected expenditure in the first few years.</p>

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
The pub cannot sustainably trade profitably	The pub may be forced to close	Our whole business plan has been developed to avoid this happening. In the extreme situation that the pub cannot be run successfully (or sold) as a going concern and is forced to close then we believe the value of the property will almost certainly be significantly higher than the purchase price. In this event the OHCPs would be able to pay any of its debts and refund the members and, by way of the Asset Lock, could be in a position to make a contribution to other local community enterprises.

## 9. Timeline

A simple high level plan of key activities and milestones is below

Month	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	June 23	July 23
Initial Mobilisation												
Community Consultation												
Planning and Viability												
Plunkett Membership												
COF Expression of Interest												
Incorporation												
Bank Account Application												
Website Building												
Property Valuation and offer												
Standard Mark Process												
COF Application												
Share Offer Opens												
Share Offer Closes												
Purchase Completion												
Tenant Selection												
Refurb												
Launch												

Additional information about The Old Horn Inn, the OHCPs and upcoming events can be found on the OHCPs website [www.oldhorncommunity.org](http://www.oldhorncommunity.org) where you will find our contact details, data privacy note and Society rules

## **10. APPENDIX**

### **Supporters of the Old Horn Community Pub Society Limited**

Our support is drawn from all areas of the community and includes:-

- Rishi Sunak MP
- Rev'd R D C Lawton BATM (Hons) TSSF - Rector of St Michael and All Angels Spennithorne in the Benefice of Lower Wensleydale.
- Councillor Richard Ormston- Richmondshire District Council
- Councillor Tom Jones –North Yorkshire County Council
- Harmby Parish Council
- Spennithorne Parish Meeting
- Spennithorne and Harmby Cricket Club
- Spennithorne and Harmby Football Club
- Old Horn Darts and Dominoes Teams
- The Trustees of Spennithorne Village Fund (a registered charity)