

The Griffin Inn



Joining the Conversion..... Ymunwch â'r sgwrs
To make Llanbedr DC even better

Outline Business Plan and Operational model, for the development of a
Community Hub within The Griffin Inn
September 2017



EXECUTIVE SUMMARY

This business plan presents a really exciting proposal for the operation of The Griffin Inn; an opportunity to enhance the perception of Llanbedr DC as a thriving village with the community at its heart. It is a chance for Llanbedr DC to make a difference to its own destiny, forming a Community Enterprise to manage The Griffin Inn as a Pub and a most importantly as a Community Hub. The Inn's activities will be diverse, creating a mixed use facility for community events, tourist information, a café (with good coffee and home baked cake), 4* accommodation and small "essential" shop. It will be a Heart of the village that is not ONLY for profit, but also for the well being of the villagers. It would be difficult for the hall, the church or the school to be a community hub. The hall, too busy; the school too remote, inaccessible most times; church not the correct facilities. So the Inn was an ideal place for a community hub

At the beginning of the project a sizeable survey has been conducted within the village, with a 42% response rate. 82% of those asked said that the Inn was important to the village, with the vast majority seeing the importance of a Hub that fulfilled many needs. The villagers cited it as being important as focal point for communication and community integration. There were many ideas for events and activities that would be important to the area. (See **Appendix A**)

- ❖ **The vision is to create a central focal point for village life which will act as a catalyst to reignite a sense of community in Llanbedr DC. Over the past few years the village has lost its village shop, its post office, and the village school has been under threat of closure.**
- ❖ **The Inn will be welcoming with a good sense of place which will address rural isolation in the village for young and old. It will be a place for community events and day to day hospitality, plus it will extend a warm welcome to those who will bring economic benefit into the wider area i.e. cyclists, walkers and day trippers.**
- ❖ **The importance of a pub in a village as an integral part of the community cannot be over emphasized for the sense of village well-being, vibrancy and the economic benefit to an expanding housing stock – all key elements that have been apparent in other villages where community enterprises thrive.**
- ❖ **Communication was an important issue brought to the fore in the survey of the village. A good budget on media would ensure that The Inn could be a hub for all important news in the village**

The Griffin Inn has been a thriving pub in the past. It is a Grade II listed building, built in the mid-19th Century clustered with the church and lodge house. It has had great periods of success and was once famously owned by an Opera Singer and people would come from far and wide to stay in the late 1970's. However, over the last five years it has declined under multiple tenants and has suffered from a lack of investment in the building, in marketing and in business development.

In February 2017, owners Robinsons Brewery decided to sell the pub. Initially it seemed to be an attractive prospect for potential developers and investors as it is a substantial property with 1 acre of land. However, early interest did not bring in offers at the level desired by the Brewery and those that thought planning consent for change of use would be possible were disappointed by the Denbighshire County Council Planning Department. Also the cost of upgrading would be substantial and individual investors have no proof (no financial information is being released by the Brewery) that investment could easily be clawed back.

Options were present at the beginning of this project:-

- A purchaser unknown to the village, taking the Griffin forward as a new concern. In this case, the community council could share survey information which was completed at the beginning of the project. This would help the new owner by giving them an indication of what their local potential customers were looking for in a village Inn. The business planning model, at the discretion of the council, could also be shared – the new owner may or may not have the community needs at its heart
- Options were indicated at the Interim Report Stage that the Community Council could seek financial support and purchase the Inn totally under a community purchase scheme. (see attached (Appendix B) information shared was with council however at the time there was little appetite for borrowing for purchase on top of redevelopment. Robinsons also indicated that they would be unhappy for delays in finance application and at the time there seemed many potential purchasers, and implying a speedy result was their preference. If the Council were to seek formal funding, they would be able to use the bulk of this report as a template with a few changes from lease to loan payments
- A purchaser known and resident to the village could come forward with whom the Community Council could work and share a vision. The purchaser would lease the Inn to a Community Management Company who would be concerned with its daily operations. This was the option favoured by the council representatives, as it could be a quicker resolution to the purchase. The outline plan within this report has been developed with this option in mind.

Bringing the Griffin Inn into Community Management will ensure the success and sustainability of the business by enabling the community to develop the facilities to meet their needs, rather than serving the higher financial margins of a brewery. Community Management will ensure co-operation between various strands in the community ie Hall, school and church and the Inn will provide important support to small businesses in the locality, particularly food producers and micro-breweries. The Griffin will also become a Free House and will therefore have the freedom to sell multiple brands – which will improve its attractiveness to consumers.

To enable the Griffin to be run by the community, a village resident proposes to buy the Inn and then lease to the community organisation on a long lease. This will allow

the village management group to concentrate on the costs and development of a refurbished community hub, rather than also being concerned with the initial capital input.

This Outline Business plan works on the premise that a Community Benefit Society (CBS or Society) will be formed as a legal entity. The CBS Board will oversee the management of the Inn, and report back to the village and directly to its membership.

It is anticipated that the lease term will be around 12 years with a minimum rent-free period of 9 months (subject to negotiation between the Society and the landlord). This will give time to renovate the premises plus several months to build an income for staffing and stock for the future operation.

Capital to upgrade the building and garden and cover initial management costs will be raised through a mix of community share offer, a possible community council loan and grant aid (RDP, Visit Wales and Lottery)

Shares will be a nominal sum of £1. Purchase of a single share will confer 'membership' of the Society, giving members control over the business through the election (annually) of a Board of Directors and voting rights on significant issues at regular meetings. All members will have an equal vote, regardless of the size of their shareholding. Members have "limited liability" and would usually only lose the amount they have invested in shares if the Society becomes bankrupt. One or more time-limited community share offers will be made to raise the capital needed to cover renovation and start-up costs. The minimum investment in shares will be set at £250 and the maximum investment at £10,000. (These levels will be agreed by the management committee)

One of the clear indications from the Survey was that people wanted to be supportive, but felt that the décor and atmosphere needed updating – and good food preparation was essential. It is estimated at this point that the necessary works to the pub would cost in the region of £150,000 and will cover upgrading the rooms upstairs, refitting the kitchen and remodeling the ground floor. Some of this could be covered by Grant Aid ie Visit Wales, but would need to be underpinned by employment creation. This figure may be adjusted over time as it does not account for in kind work that may be offered by local businesses ie civil engineering and building – many of whom are based in the village.

Recognizing the community demographics and skills, the Café and Accommodation offering should come under the management of the Society. (It would be important for the drawing down of grants that the Community manage part of the Inn's facilities.) However, the "Pub" and "Restaurant" services will be offered for tender to companies already operating in this area. There will be clear conditions on the operation of these parts of the business to ensure that the Tenderers meet the requirements of the community. This has been a highly effective methodology in other community enterprises in the UK. (Research Institute Report – "what works – successful community

pubs” see Appendix D). As this is the model suggested, the financial projects held in this proposal do not cover any cash flow issues to do with wet sales or restaurant sales. The projected cashflow shows a small profit, after all costs including employment costs – this allows for the proposed inclusion of the Post Office and Shop within the Inn being a benefit to the community at “cost” rather than income generation

The aim will be to open The Griffin Inn after carrying out essential refurbishment and redecoration, the creation of a café and possibly the relocation of the bar area and restaurant, as customers will want a clear statement that things have changed. It is important in an area where word of mouth advertising is king that a memorable first impression will make a difference to The Inn’s success – however a consistency of quality and standards must be maintained thereafter as the rumour mill will soon destroy any reputation.

A marketing strategy is presented which will increase usage by local people, visitors staying in the area, and day-trippers. A risk analysis has been conducted. The high-impact risks would be failure to raise the requisite capital for the renovation, not covering monthly costs, insufficient usage, or increases in operating costs.