

**Tollerton Community Trust
Tollerton Flying Club Limited**

**Business Plan in relation to the
acquisition and operation of
The Air Hostess Pub**



**The Tollerton Community Trust –
Tollerton Flying Club Limited
is a Community Benefit Society registered with
the Financial Conduct Authority – 8243**

**More information on the Trust
www.tollertontrust.org.uk**

CONTENTS

CONTENTS

1. Outlet Analysis	4
Local Demographics	4
The Air Hostess, A Brief History	4
Local Market Analysis	5
The 2 pubs in proximity.....	5
Other establishments in locations further afield.....	6
True competition	6
2. The Business Plan.....	7
Proposition.....	7
Physical Environment.....	8
Minimum Operating Requirements	9
The Wider Community Offer	10
Community Use Promoting a Sustainable Community Pub	11
3. Financials.....	12
Acquisition and remodel costs.....	12
Profit and Loss	12
Financial Risks	13
4. Design Concepts.....	12

Saving Our Pub



For Future Generations

1. OUTLET ANALYSIS

Local Demographics

Tollerton is a village approx. 5 miles south of Nottingham city centre. Most of the village was developed in the 1960s and 1970s, though has continued to grow with infill housing thereafter. It has approx. 900 houses and approx. 1900 residents at the last census (2011). The village is reasonably affluent, with a very high level of owner-occupied housing and a very high employment rate.

The village previously had an older population with many residents buying their homes from new and remaining in the village. However, in more recent years, the community has developed a wider age range, with a mix of young families, middle aged families and the elderly.

The Air Hostess, A Brief History

The Pub was developed during the 1960s development period and stands at the centre of the village, opposite the parade of shops and the Methodist church. There are other facilities in the village (school, post office, petrol station, church, scout hut, war memorial, recreation ground). These are in various location towards the edge of the village.

Tollerton residents have repeatedly highlighted the importance of these facilities to village life through consultation conducted by the Parish Council; informing the development of the Parish Plan – The Tollerton Community Plan which prioritises the Air Hostess as a facility to be protected and enhanced.

Historically the Air Hostess was a very successful ‘estate’ style pub, serving the local community. However, with the advent of drink driving laws, access to cheap alcohol in supermarkets and a general reduction in alcohol consumption levels, business has reduced over the last 3 decades.

The pub was originally owned by Home Ales, with Everards purchasing it in 2005 and operating it on a tenanted basis. In 2014 Everards completed a major refurbishment of the pub, with subsequent investment in the outside space by the tenant. Several tenants have been in place with mixed success. Many residents associate the tenancy of Steve Marshall, who traded there approx. 7-8 years ago, as being one of the most successful eras.

As a result of declining sales and the costs associated with a brewery tenant model, tenants have found it difficult to make a profit. Everards would prefer to be able to offer the opportunity for a greater return to their tenant. Recognising the need for further investment in the Air Hostess they decided to explore alternative options.

Local Market Analysis

As Tollerton is close to Nottingham, it is well served with leisure facilities for residents, offering all the amenities one would expect from a large city including a wide range of pubs, bars and restaurants. West Bridgford is also approx. 3 miles away and provides retail facilities, bars, pubs and restaurants. Both are accessible by direct bus services from Tollerton, every 15 minutes during the day and hourly in the evening with late services at a weekend.

Surrounding Tollerton are several villages with pubs. Some of these such as the Griffin, Plough, and pubs in Keyworth can be accessed by bus services. Some residents walk to The Plough and The Griffin, but most will drive to visit them.

The 2 pubs in proximity

Business	The Griffin, Station Road, Plumtree Approx. 1 mile from Tollerton
-----------------	--

Who are their customers?	What do they offer to attract customers	Summary of drinks and food offer	Could/should we attract their customers and if so how
<p>Plumtree is a small village with many customers likely to travel from surrounding villages.</p> <p>The Griffin is viewed as a 'destination' pub dining experience aiming to appeal to all villages within a 10-mile radius and West Bridgford</p> <p>Critically it is less likely to appeal to families or drinkers and is mainly an eating experience</p>	<ul style="list-style-type: none"> • Upmarket 'country pub' • High end interior design • Pub/Restaurant cross over • Distinct drinking, drink/eat and restaurant areas of the pub. • Bottles beers, lagers and ciders • Fine wines • High end hard landscapes external seating area • No play area 	<ul style="list-style-type: none"> • High end pub food / gastro pub • Breakfast, Lunch, Dinner and Sunday Lunch • Upper end restaurant prices for most dishes • Lunch £12 – 25 • Dinner main: £14 - £32 • 3 or 4 real ales • 1 or 2 America style IPAs • 2 or 3 lagers • Full range of spirits • Cocktails 	<p>Some Tollerton residents visit the Griffin, but because it is such an upscale venue, targeted mainly at restaurant dining, it is unlikely to compete directly with the Air Hostess.</p>

Business	The Plough, Old Melton Road, Normanton on the Wolds Approx. 1.5 miles from Tollerton
-----------------	---

Who are their customers?	What do they offer to attract customers	Summary of drinks and food offer	Could/should we attract their customers and if so how
Residents from Normanton and surrounding local villages, including Tollerton, Keyworth, Plumtree as well as customers from further afield	<ul style="list-style-type: none"> • Traditional country pub • A warm welcome, friendly landlord/lady • BBQ and Pizzas in the summer • A beer festival and other events through the year • Large and very pleasant garden (c. 100 seats) and patio areas (c. 40 seats) • Children’s play area • Open fires in winter • The pub itself is quite small, seating for approx. 40, but has been extended with a dining room area (approx. 30 more covers) • No pool table, no music 	<ul style="list-style-type: none"> • High quality food • Recently won pub of the year (Nottingham) • Distinct lunch, dinner and Sunday lunch menus • Pub classics: £12-13, • A la carte main: £12 - £18 • Steaks: up to £25 • Lunch £5 - £15 • 3 or 4 traditional real ales • 2 or 3 lagers • Full range of spirits, bar snacks etc. 	It is likely a better Air Hostess would attract some of the custom currently enjoyed by the Plough, particularly Tollerton residents who frequent the pub. However, we envisage the degree of direct competition with the Air Hostess to be limited. The main opportunity for the Air Hostess is to engage Tollerton Residents who currently don’t use the pub but would like to, bolstered by some trade from other villages.

Other establishments in locations further afield

Pub / Business	Comments	Likely Level of Competition	Rational for level of competition
Cotgrave: <ul style="list-style-type: none"> • Rose and Crown • Manvers Arms 	Both Average Pubs	<ul style="list-style-type: none"> • Low 	Limited public transport links and does not tend to attract residents from Tollerton to drive there
Keyworth: <ul style="list-style-type: none"> • The Salutation • The Pear Tree • The Keyworth Tavern 	All 3 Average Pubs	<ul style="list-style-type: none"> • Low 	There are public transport links but viewed as more of a local’s pub for Keyworth
Wysall <ul style="list-style-type: none"> • The Plough 	Good country pub, reasonable food	<ul style="list-style-type: none"> • Low 	Distance from Tollerton

True competition

The main competitor to the Air Hostess is potential clientele not going out at all, i.e. drinking and entertainment at home. Whilst we don’t expect people to stop doing that, we do believe there is a desire amongst residents in Tollerton to have a pub to go to as an alternative to just entertainment at home. This would seem to be evidenced by the overwhelming response to the save the pub survey.

2. THE BUSINESS PLAN

Proposition

We aim to have a broad appeal to families, adult drinkers, older residents and younger drinkers (early 20s) predominately based in Tollerton but also with wider appeal.

Our goal is a community pub that is best for beer, best for food and best for families.

We aim to reach our goal by offering good quality real ales and good quality bar meals, great service and a great environment.

To achieve our goal, we will appoint an independent tenant who can deliver on our aims and shares our vision for a successful village pub, serving as a community hub for the village and attracting custom from the surrounding area.

We know that the current offering and facilities can deter residents from visiting and so the physical environment will be improved by offering

- a) a larger spacious and inviting lounge area for families and diners, community events and private functions
- b) a much improved garden integrating with the lounge bar, to link through from the pub and make full use of the large plot that the Air Hostess occupies, appealing to families and drinkers in the summer
- c) numerous other improvements to the aesthetics, toilets, kitchens and a community space, to increase the appeal of the pub to a wider range of casual teams and groups of residents.

We also know that a welcoming environment and great customer service are important to residents and the ability of our independent tenant to choose and train staff that can engage customers in a friendly and positive manner and create a generally welcoming atmosphere will be an important part of our selection process.

We have set up a management group that will support our independent tenant to engage with the community through a range of events, loyalty offers and community benefits, as well as providing a means of feeding back the view of shareholders, customers and residents on what the community needs from the pub.

Our tenant will have operational independence, to bring their expertise to deliver on our aims in the way that their experience demonstrates to be successful.

A key factor in the future success of the tenant will be that they are free from the overheads and narrow beer margins of a pubco or brewery tied tenancy.

Our plan includes a contingency option for an appointed manager, but we believe that the security of an independent tenancy offers less risk and will give the right landlord the opportunity to grow the business beyond our base sustainable model.

Physical Environment

The current physical environment

The pub stands on a large site, of which approximately 50% is devoted to car parking, 10% to a petanque area, a small contained but not secure children's play area, some grassed and decking areas with outdoor seating for approx. 50 people.

Inside, the pub is split into two interconnected areas and are served by a single large bar, with a small kitchen to the rear. The building also provides living accommodation, comprising 4 bedrooms on the first floor with living space and a private kitchen on the ground floor.

The pub was refurbished inside and outside approx. 5 years ago. Some of the windows would benefit from replacement but other than a deep clean of the kitchen, bar areas, and a few superficial repairs the premises are ready to trade and currently open.

To support the Air Hostess to become a sustainable pub, significant improvements are planned to the physical environment. These will create a more inviting hub for the community and provide premises and gardens to enable the growth of the Air Hostess into a thriving pub.

Based on the responses to public consultation completed over the summer of 2019 the following improvements are planned. These are intended to be made prior to a relaunch and form part of the offer to prospective independent tenants. There may therefore be a period where trade ceases or is restricted to one half of the pub whilst these works take place.

Planned physical environment

Item	Description
Interior	
Extension <i>Subject to planning permission</i>	<ul style="list-style-type: none"> Extension to lounge to create larger, open, light and spacious lounge with increased space for events, dining, groups and families.
Existing space remodel	<ul style="list-style-type: none"> Improved access to the garden from the lounge area Replace curtain with doors between bar and lounge so the 2 spaces can be divided (e.g. for club nights in the lounge area) Space for a tenant to include a pool table in bar area
Kitchen remodel	<ul style="list-style-type: none"> Increase the capacity of the kitchen by relocating or expanding into existing ground floor living accommodation
Toilets improvements	<ul style="list-style-type: none"> Clean and update fittings with possible remodelling of doors to improve access for younger and elderly customers
Change to living accommodation	<ul style="list-style-type: none"> Reduce flat by one bedroom to provide living accommodation freeing space for the pub kitchen to be remodelled. Possible addition of kitchen to first floor
Windows	<ul style="list-style-type: none"> Potential replacement of existing wooden frames throughout

Exterior	
Connect garden to pub	<ul style="list-style-type: none"> Create stairs and decking linking the lounge to the garden
Garden Remodel	<ul style="list-style-type: none"> Dig up 2/3 of car park, lawn over + landscaping Landscape site and create safe contained environment for children. Create drinking and dining space with new tables/chairs Add to cladding of building around kitchen and living accommodation Retain pentaquin but remodel, level or rotate to provide multiuse space
Children's play area	<ul style="list-style-type: none"> Relocate and improve play area by introducing new play equipment

Operating Model

Minimum operating requirements

The Flying Club Management Group have identified and considered three possible operating models for the future running of the Air Hostess:

- Manager and volunteers – The Trust appoint a manager to operate our business supported by volunteers from the community covering shifts at the pub alongside paid staff.
- Manager and staff – The Trust appoint a manager to operate our business who recruits a full workforce to run the pub.
- Independent tenant – The Trust lets the property to an independent tenant who operates their own business how they think best, subject to terms set by the management group.

With the manager options the Flying Club would have more input into the running of the community pub, however these options also carry the greatest financial risk. They require more time and expertise and there is a risk that the community may not be able to provide or sustain this. For a manager option the Flying Club has modelled that the proposed offering set out below would allow for a basic sustainable pub.

The Management Group considers that the independent tenant option offers the greatest opportunity for the pub to succeed and less risk for the Flying Club and shareholders.

The operation of the pub would be determined by our independent tenant using their experience and judgement to ensure the pub provides an offer that is sustainable and attractive. We do not intend to prejudice this judgement but will put forward the following proposal as the minimum expected offering. Our intention is to seek a tenant with aspirations that go beyond this offering:

Proposed Offering		
Daytime (11 – 3.30)	Focus	Food Offer at this time
Mon – Tue	Closed (unless by arrangement, e.g. functions, funerals etc.)	
Wed - Thurs	Offers and activities to meet needs of pensioners and the youngest families (alternate days)	<ul style="list-style-type: none"> • Dedicated lunch menu • Hot drinks and cakes
Friday	Lunches and after school food (alternative to cooking at home)	<ul style="list-style-type: none"> • Dedicated lunch menu • Early evening focus on children • Main menu
Saturday	Weekend trade & sports Breakfasts, family casual and outdoor dining	<ul style="list-style-type: none"> • Breakfast menu • Main menu
Sunday lunchtime	Good quality Sunday dinners with local ingredients	<ul style="list-style-type: none"> • Breakfast • Sunday roast dinner menu

Evenings (3.30 – 11:30)		
Mon – Tue	Evening drinkers Clubs and meetings	No food <ul style="list-style-type: none"> • Buffet/snacks for clubs
Wed – Sat	Evening Drinkers Family and casual dining (alternative to cooking at home) Clubs and Wednesday Quiz	<ul style="list-style-type: none"> • Main menu • Buffet/snacks for clubs
Sunday	Evening drinkers Once a month bands	No food Sunday evenings

The Wider Community Offer

Community Benefit

Whilst the operation of the pub will be managed by our independent tenant our wider community benefit aspirations include the pub providing support for wider community events such as those organised by the Community Trust, Parish Council, Scouts and Friends of Tollerton School. We would expect support for at least 4 such events during the year.

The pub itself should be a hub and we expect the pub to organise a programme of events such as beer festival and barbeques that compliment those of the wider community. Our management committee will provide an interface for the tenant to co-ordinate events and communicate with the community.

Additional Entertainment and Events

The operation of the pub will be determined by our independent tenant using their experience and judgement to ensure the pub provides an offer that is sustainable and attractive. Based on the public consultation we will put forward the following proposals for the tenant to consider:

Bands

Live music, particularly on a Sunday night, has previously been a popular option with residents and used to draw significant custom from outside the village as well. Bands can be costly but are generally expected to pay for themselves through beer and return trips for other services (e.g. Sunday lunches). Recently the pub has encouraged acoustic musicians to play in the pub on a Thursday evening. We would like the tenant to consider the regular provision of live music, e.g. once or twice a month.

Pool Table

The Air Hostess previously had a pool table which at its peak had a turnover of approx. £1,500 / annum. The table itself would occupy significant space but with the key benefit is the additional beer and snack sales and providing a draw for young 20-year olds, who then often remain loyal customers. The pool table also used to boost weekday evening trade and we would expect that it may do so again.

We know that some residents would like to see the return of the pool table and a pool team and these are points that we will put to the independent tenant to consider as part of their business plan.

Quiz Night

Wednesday quiz nights remain one of the few popular events on offer at the pub today. We will encourage the tenant to maintain this event. Participation is currently restricted by the layout and space available in the pub. With the proposed extension, the addition of some simple snacks and a well organised competition, we hope that participation could be increased further.

Community Use

Promoting a Sustainable Community Pub

Through our share offer and communication of our plan we aim to build community interest and investment in the Air Hostess. The investment of shareholders provides a personal connection and interest between the community and our aims to make the Air Hostess best for beer, best for food and best for families.

The use of social WIFI, smart phone app based loyalty and targeted online marketing provides opportunities to harness this community interest and develop retention and loyalty schemes through linked benefits and electronic advertising. We will work with our independent tenant to identify and develop options and may provide additional funding for specific initiatives. For example, we would like to see an annual event or offer for shareholders.

The current marketing consists of an elapsed website, Facebook page, a regular advert in the village newsletter and reviews on trip advisor. We would like to improve upon and extend the reach of this, integrating them with other community sites such as the new community pub Facebook page and active online profiles of the Parish Council and Community Trust to create a rounded, trusted community interface. The Community Trust will look to provide email and app based communication about its activities and those of the pub. Our independent tenant will have the opportunity to publicise the Air Hostess through these channels whilst the Community Trust remains data owner to ensure continuity should there ever be a change in tenant.

A significant issue is that no one but Tollerton residents would know that the pub exists. Tollerton is not known to many Rushcliffe residents beyond the commuter route of the A606 Melton Road. Despite provision of a basic sign by the Parish Council, the pub and village centre are not well known to passing traffic/trade along the A606. Best endeavours will be made by the Flying Club and Parish Council to erect a visible sign on Melton Road to address this and we would expect this to increase trade from outside the village.

We aim to use the community purchase of the pub as a spring board for awareness raising and marketing of the existence and offering of the Air Hostess.

Once the quality of food and drink has stabilised, we aim to augment that with specific marketing campaigns such as Facebook geomarketing (marketing targeted at very specific geographical areas) and targeted offers to shareholders and Tollerton Residents to generate interest in the new offer. Smart app based loyalty options such as 'ale miles' will be explored to boost retention of the initial customer drive.

The population of Tollerton continues to change and we will ensure that the new residents pack sent to all sold properties highlights the community led ownership of the pub. From time to time we will release a new share holder offer so new residents also have an opportunity to become members of the flying club and own a stake in their local community pub.

3. FINANCIALS

Acquisition and remodel costs

The Flying Club and Parish Council have negotiated the purchase of the Air Hostess from Everard's Brewery. The purchase is for the freehold of the pub and land, with vacant possession of the property and no incumbent tenant.

The freehold will be split equally between the two organisations as tenants in common.

Acquisition costs

Item	Cost	Notes
Cost of Purchase	£ 295,000	Heads of Terms Agreed
Fees (solicitors, tax advisors, surveys)	£ 10,000	
Stamp duty	£ 5,000	
Cost of loans during vacancy	£ 4,000	Based on 3 months vacancy
Utilities and bills during vacancy	£ 1,000	Based on 3 months vacancy
Contingency	£ 5,000	
Total	£ 320,000	

Remodelling Costs

Item	Cost	Notes
Interior		
Kitchen relocation	£ 30,000	New equipment and installation costs
Kitchen Building Works	£ 10,000	Removal and reconstruction of internal walls
Old Kitchen Making Good	£ 5,000	Refurbishment of existing area
Toilet Refurbishment	£ 15,000	Extension and refurbishment of existing facilities
Flooring	£ 6,000	New carpets following Bar Reconfiguration
Bar Reconfiguration	£ 3,000	Alterations to bar to accommodate new layout
Decoration	£ 4,000	Redecoration following bar reconfiguration
Window Replacement	£ 6,000	Windows replaced as required
Electrical	£ 1,000	Rewiring works required
Exterior		
Building Extension	80,000	
South Terrace	8,000	Extension to South Terrace
Doorway	5,000	Creation of new door to South Terrace
External Stairs	5,000	Stairs from South Terrace to Beer Garden
Landscaping	10,000	Redevelopment of Beer Garden
Play area	12,000	
Total	200,000	

Profit and Loss

The profitability of the tenant's own pub business is their affair and not something the flying club would seek to manage. However, it is the aim of the flying club to improve the start point for any tenant, so they have a better chance of running a profitable business.

Two key changes will be made for the tenant versus the historic brewery tied business model. Firstly, a lower rental, sufficient to cover the cost of Tollerton Flying Club loan repayments plus some return, but lower than the brewery has previously charged tenants.

Secondly, the pub will be a free house, which allows the tenant to sell beer at a higher margin. These 2 factors should improve the margin on revenue by approx. 20% which is enough to turn the business from marginal to profitable, based on historical turnover levels. With the other changes planned, the top line revenue should improve further, which should raise profits to a level that provides a sustainable and attractive income for a high quality tenant.

Funding Requirements

A summary of the Costs and proposed sources of funding is given below:

Item	Cost
Acquisition Costs	£ 320,000
Remodelling Costs	£ 200,000
Total Costs	£ 520,000

Item	Value
Tollerton Parish Council Investment in the Pub	£ 150,000
Tollerton Parish Council Investment in Facilities	£ 100,000
Plunkett Foundation Grant	£ 50,000
Plunkett Foundation Loan	£ 50,000
Share Capital	£ 170,000
Total Funds	£ 520,000

Operating Costs and Revenue Streams

Our proposal is to let the property to a tenant who would then be responsible for the operation of the business. To further mitigate the operational risk born by the Trust the tenancy agreement will be on the basis of a full repairing and insuring lease. This will mean that the only liability born by the Trust will be the interest and loan repayments on any borrowing undertaken as part of the capital purchase and for any improvement works undertaken.

All revenues received by the Trust is expected to be in the form of quarterly rental payments made by the Tenant.

Whilst discussion with potential tenants is ongoing detailed revenue forecasts have been excluded from this Business Plan however stress testing undertaken shows that current market rates for rental of a freehold pub are higher than the loan and interest repayments required when modelled against the highest projected levels of borrowing.

Management of Financial Risks

There are a number of potential financial risks that the Management Committee have identified and considered in the development of this business plan.

The initial risk to the project is the ability to raise the capital required to purchase and develop the pub so that it can be sustainable and successful. Based on the share funding raised in other similar and smaller communities the management group considers the share capital target realistic. This capital will also be used to unlock further capital through the Plunkett Foundation. The Flying Club will have to apply for this funding and might not be successful. If not successful then a further share offer or alternative borrowing would need to be considered.

The tenancy will be for a reasonable amount of time to avoid regular change, this is expected to be for a minimum of three years. Payments due to the Flying Club from a tenant will be negotiated to a level no less than what will that will cover the costs of the purchase, investment, operating costs and community benefit.

The period of greatest financial risk is therefore one in which the pub has no tenant.

The Flying Club will maintain sufficient funds in order to be able to cover any costs that continue to accrue during any such period and hold in reserve not less than a year's operating budget. The agreement between the Parish Council and Flying Club is expected to stipulate this as a minimum requirement for the Flying Club.

Should the pub not be a success then there will be the opportunity to change tenants, but tenants will also expect some security of tenure and this is not an option that the management committee should take lightly. Such action may necessitate cost for the Flying Club.

We believe the business will be profitable, but if it is not, the society will own an asset – the building and land associated with it- which can be sold to return funds to investors. The sale of assets will ultimately provide the means of paying any creditors, which could include the initial borrowing to purchase and improve the pub.

If the business fails all the business's assets, including the freehold of the building, may be sold and the proceeds of the sale (after paying any creditors) divided between the shareholders up to the value of their shares.

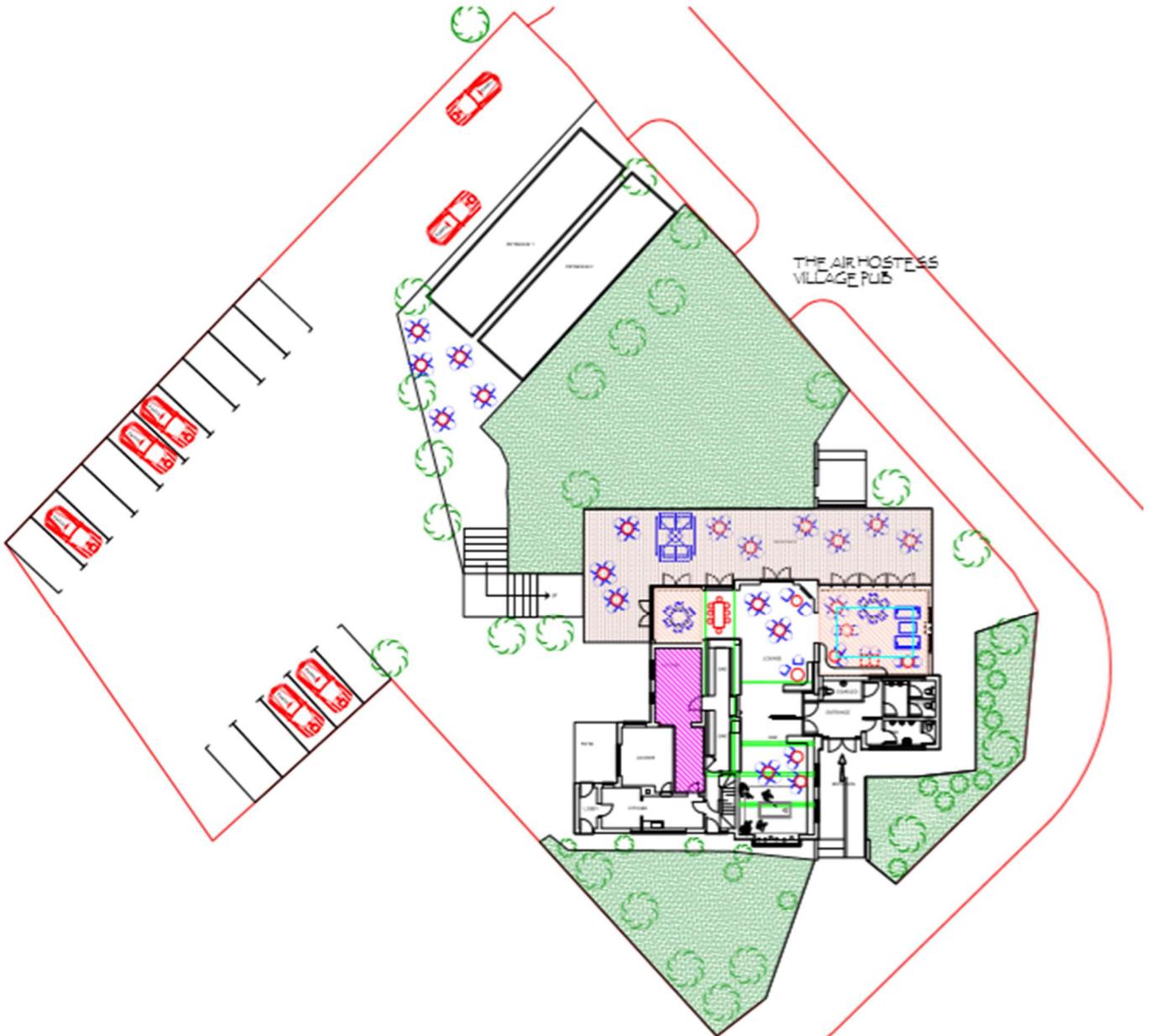
The members liability for the business is limited to the value of their shares. With any financial investment there are always risks. Shareholders are not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. The community benefit society is registered with, but not authorised by, the Financial Conduct Authority (FCA). Shareholders might receive the full value of their shares back or might lose part or all of their investment.

The Air Hostess site has the potential of increased value if sold for other purposes, but this is likely to incur short term costs to achieve. Should any such sale for alternative use be considered then Everards Brewery would be a beneficiary of a share in any increased value for a period of 25 years from completion of the original purchase of the Air Hostess. It is important for members to understand that there is also potential risk that the business may fail, and land and property values may fall. If this were to occur the value of a share in the Society could reduce. The members liability for the business would still be limited to the value of their shares.

The management group may issue further share offers to raise additional capital and allow for the management of share capital, including purchase back of shares where requested.

4. DESIGN CONCEPTS

Proposed Improvements*



**All proposed improvements subject to confirmation, planning permission and funding*

**Join the Tollerton Flying Club
to keep the Air Hostess flying**

www.tollertontrust.org.uk