

Oakley Village Pub Limited

Business Case

Share Offer 2023



Background

Oakley is a small village based on the Buckinghamshire/Oxfordshire border. It is made up of ~450 houses and has a small number of essential local services including a school, a garage, a village hall, and a pub called the Chandos Arms.

The building that houses the Chandos Arms dates from the early 18th Century and is one of only 14 listed buildings within Oakley. It was first recorded as a public house in 1756 – initially known as the Three Horseshoes and, from 1829, renamed The Chandos Arms. The Chandos Arms is a Class II listed building (reference 42514), it is party thatched and has a central location, within 10 minutes' walk for all residents.

The Chandos Arms is at the heart of the community providing both daytime and evening activities, beverages, a restaurant, and takeaway service as well as facilities for a well-established Aunt Sally team. The Pub hosts the village Mummers Play; a traditional amateur play performed annually. The pub provides events, live music and is a focal point for the community at important occasions in village life such as bank holidays, Christmas, and New Year.

Punch Partnerships Ltd placed the Chandos Arms on the market in late 2019. Unsurprisingly given the subsequent Covid pandemic and associated uncertainties, the company received little interest from buyers. In April 2021 Punch Partnerships Ltd announced a plan to apply to delicense the pub. This was during the third Covid-19 'lockdown' which precluded a village meeting until lockdown restrictions had eased in May.

Given the local importance placed on the pub as a part of village life, the Parish Council had re-applied for it to be listed as an asset of community value as set out in the Localism Act, affording it a special protected status.

The Parish Council identified that most successful community pubs are those owned by and managed through the Community. Consultation within the village identified overwhelming support for the proposition that the Parish Council should give notice of the community's intent to purchase the pub.

Oakley Parish Council successfully applied for a Public Works Loan, enabling them to purchase the pub in September 2021. The pub re-opened immediately, with Punch's existing tenant taking a Tenancy at Will until February 2022. The pub shut whilst urgent building works were completed and subsequently re-opened, with new long-term tenants in May 2022.

Operating Model

Oakley Parish Council owns the freehold for land and building associated with the Chandos Arms.

As part of the research, Consultation and Public Works Loan application, it was determined that the most appropriate model for operation was for the Parish Council to lease the pub to a Community Benefit Society.

Community Benefit Societies are organisations founded and run expressly to support the needs of the community, rather than specific shareholders. Members purchase shares in the society and have a say in the running of the society on a one-member-one-vote basis.

Using this model for the organisation and management of the community's work to manage the Chandos Arms was deemed appropriate because:

- It moved the oversight away from the Parish Council to ensuring the Parish Council have sufficient time to deal with their wider Parish responsibilities and creates a segregation of duties.
- It enables involvement from a broader pool of interested people within the village, both as members of the CBS and as part of the Management Committee.
- It opens additional streams of income and funding for the development of the Chandos, both through a share issue and through grants not available to the Parish Council.

Oakley Village Pub Limited (OVPL) was registered with the Financial Conduct Authority as a Community Benefit Society, registration number 8813, on 14th February 2022.

OVPL is being operated during 2022 by an Interim Management Committee, who's remit is to get the pub back up and running and establish the legal frameworks – including running a share issue and the first AGM.

The Oakley Village Pub Limited Management Committee are guided in their decision-making through the Model Rules for Community Ownership, adapted for our use with oversight from, and in agreement with the Plunkett Foundation. These Model Rules formed part of our application to, and registration with the Financial Conduct Authority.

Oakley Village Pub Limited has agreed a 50-year lease for the Chandos Arms, alongside a declaration of trust and partnership agreement defining the ongoing relationship, with Oakley Parish Council in 2022.

OVPL will be responsible for appointing managers or tenants to run the pub. OVPL was saddened to be unable to agree long term lease terms with Brandon & Matteo, and hope to announce new tenants to run the Chandos Arms very soon.

The rent will be set at a level that gives them the opportunity and incentive to run a thriving pub business. They will run the public house as a commercial venture to make a profit. The Chandos Arms is a free-house, unencumbered with ties to purchase stock from any single supplier.

WHAT DOES OAKLEY WANT FROM THE CHANDOS ARMS

Community Engagement: The Village Wants a Pub!

Since the initial consultation, led by the Parish Council, the purchase and running of the Chandos Arms has always been a community led project with a consistent message of support from the community.

An extensive consultation process was undertaken - a full set of results is available online at <https://www.oakleyvillagecommunity.co.uk/save-the-chandos-arms>.

A sustainable community enterprise – The Village wants it to be successful!

A sustainable community pub is expected to bring benefits to customers and the wider community around Oakley. The consultation process was clear in what the village wanted from the Chandos Arms:

- A welcoming family friendly pub that welcomes people of all ages, cultures, and backgrounds
- Offers good food at reasonable prices.
- A relaxed space for drinkers.
- A range of activities and community events that will address cohesion, loneliness, and isolation within the community.

Overall, our village wants a pub that is IN the community, FOR the community!

Community Led – The Village wants to be involved!

The village runs a range of volunteer led groups and organisations – however often demand outstrips the availability of volunteers.

The levels of feedback and involvement through the consultation process gives hope that people passionate about the success of the pub and will come forward to enable its success, both as members of OVPL and also standing on the management committee.

Wider Community Benefit – The Village Benefits Financially

Community Benefit is being sought in two ways – (1) benefits from the operation of the pub through OVPL and (2) financial benefit for the wider Oakley community.

Where possible, the spending power of the pub will be used to support the local economy. The public house supply chain will include local as well as wider-sourced goods and services and is well placed to take advantage of offerings from local producers and suppliers, thus strengthening the local economy.

A successful community pub will also be a source of permanent, temporary, and seasonal employment within the village, creating opportunities for residents and also potential

environmental benefits from green travel options, such as walking and cycling which are more practical to achieve with a local workforce.

Finally, there is a strong positive relationship between an increase in the number of pubs and an increase in house prices. In fact, a 2020 study (Cabras, Sohns et al) published in the prestigious European Planning Studies journal found that the effect of pubs on house prices was significantly stronger in rural areas. Therefore, villagers benefit directly financially from the Chandos Arms being successful!

Oakley Village Pub Limited: SWOT Analysis

STRENGTHS <ul style="list-style-type: none">- Fully operational pub with good reputation, providing quality food and drink.- 50-year lease from the Parish Council agreed – security of tenure- Fully established legal structures in place and operational- Engaged and supportive landlord in the Parish Council with defined links- Relatively simple sustaining business model – rent from tenant, rent to Parish Council- Clear aspiration of what the Chandos Arms 2025/6 could be with kitchen move, disability access, increased food and drink covers.	WEAKNESSES <ul style="list-style-type: none">- Volunteer committees take time and commitment – need people to come forward and be part of the management committee long term.- Transition period up-coming with a new committee in-coming after AGM- Need clearer roles and responsibilities in new committee.- Tenant transition as Brandon & Matteo leave, and new tenants establish themselves.
OPPORTUNITIES <ul style="list-style-type: none">- Share issue invites broader membership from the community and new committee.- Both Parish Council and OVPL can apply for grants for the Chandos Arms – opening a wider pool of grant organisations.- The Chandos Arms is the only pub in the village.	THREATS <ul style="list-style-type: none">- Economic uncertainty, hiring challenges and energy crisis make hospitality a difficult business to be in- Listed building status could make Chandos Arms 2025 Vision difficult to achieve.- Oakley has already received grants in the last 12 months for the shop and playing field, which could make future applications more difficult in the short term.- There are alternative pub choices for villagers in the surrounding areas.

Planning for the Future

OVPL are committed to setting up the Chandos Arms for success for the long-term. The pub has been in operation for over 250 years, and we hope to see it successful in 250 years' time!

When planning, we are looking at the immediate operation, short and mid-term period. As such, our focus is on sustainable business operations, successful now and in the future AND works to preserve the heritage of the pub as a listed building.

1. Maintain Successful Pub Operations through Transition

We have already seen the impact of having a revitalised Chandos Arms in our village. Since the re-opening in April 2022, Brandon & Matteo have transformed the ambience, environment, and food & drink offer.

We are already seeing diversification of usage and offering – with music, theme nights (including Steak Night) and Afternoon Tea being offered.

As Brandon & Matteo leave the Chandos, we look forward to welcoming new tenants and are excited to partner with them to deliver the Community Objectives through their business.

It is hard to deny though, that the current economic situation and rising energy costs will make the next 2-3 years challenging. We hope the community will continue to support the pub as much as possible during this time, and OVPL will apply prudence before engaging in large capital expenditure works.

2. Protect the Heritage

As part of the purchase, the Parish Council commissioned and paid for an independent listed building survey, which identified work estimated at least £100,000 over the next 7 years. This does not include any substantial refurbishment/remodelling of the pub.

Whilst no major structural issues were found that would prevent the purchase by the Parish Council, nor the lease to OVPL, the work required to preserve and protect the pub for the future should not be underestimated.

Oakley Village Pub Limited and Oakley Parish Council have addressed the immediately essential elements of this work during 2022 and are using this survey as the basis for both financial and maintenance planning for the Chandos Arms.

3. Chandos Arms 2025 Vision

The 3 pillars of ensuring a long-term sustainable and successful business are achievable within the Chandos Arms are:

- Increase the capacity for food covers to develop the financial viability of the pub.
- Develop the bar into a more dedicated drinking area to support the desires of the community.
- Create accessible facilities, including disabled toilets, to ensure the whole community can enjoy the pub.

To achieve this, the OVPL Management Committee have exciting aspirations of reconfiguring the layout of the pub. In summary:

- Create a new kitchen area outside of the current footprint of the building.
- Transform the existing kitchens into toilet facilities, fully accessible for disabled guests.
- Extend the dining capacity using the area currently used as ladies' toilets and storage rooms.

The fact that the building is listed increases the complexity of progressing these works and requires investment in planning and heritage advice.

However, we believe that these works, particularly enabling disabled facilities, is fundamental to achieving our community objectives (both ethically and financially).

The Management Committee will therefore engage a listed building heritage architect in the second half of 2023 to build out plans that do enable this – and to work with the Planning Authority to make them acceptable under the listed building status.

Desired timeline: Achieving the Chandos 2025/6 Vision

The below timeline assumes that the Share Issue is able to deliver towards the upper end of the Share Offer Target of £300,000.

If we achieve only the minimum target (£50,000), the Management Committee will need to replan aspirations for what's achievable.



FINANCIAL PROJECTIONS ON OPERATIONS

These OVPL financial forecasts are based on normal operations under the proposed agreements.

They do not reflect any significant reconfiguration work on the pub (which form part of the Chandos 2025/26 aspirations).

	2023 (part year)	2024	2025	2026	2027	2028
Turnover	13,250	26,500	27,560	28,662	29,809	31,001
Costs (incl Lease, Insurances, Admin, Maintenance)	12,500	24,605	25,231	25,883	26,562	27,270
Gross Profit	750	1,895	2,329	2,779	3,246	3,731
Profit/Los Post Tax	608	1,535	1,886	2,251	2,630	3,022
Cumulative P/L post tax	608	2,142	4,029	6,280	8,910	11,932

Risk and Financial Recovery

Oakley Parish Council and Oakley Village Pub Limited have a common goal to ensure that the Public Works Loan borrowing can be repaid.

Minimising Risk

To minimise risk OVPL has taken specialist advice and support from:

1. Plunkett Foundation – including dedicated adviser.
2. Bartlett's Solicitors – specialist Commercial Solicitors
3. David Cadwallader & Co Accountants – with experience of CBS & VAT treatment
4. Fields Property – commercial property experts
5. Battram Associates – Chartered Building Surveyor

Financial Recovery

Should the business model fail, there are several options available to OVPL and the Parish Council in order to ensure repayments can be met.

Options available to Oakley Village Pub Limited

- a New tenant / longer term tenant
- b Rent out property as a dwelling.
- c Diversify operations on the site.

Options available to Oakley Parish Council

- a Sell off part of the land for development.
- b Sell off all the land and buildings.
- c Seek financial redress from OVPL.
- d Absorb the costs into the Parish Council budget.
- e Raise the precept.

Oakley Parish Council will hold 12 months Public Works Loan payment as a reserve in case of default and it is agreed that this should be used if the pub has been without commercial tenant for 6 months and OVPL is unable to make the required rental payment.

Governance

Oakley Village Pub Limited is a Community Benefit Society, registered with the Financial Conduct Authority.

Governance is defined through the rules of the Society. These are based on the Model Rules defined by the Plunkett Foundation, with appropriate adaptations made in agreement with them.

The rules are available to read at: www.oakleyvillagepub.ltd.