

THE OLD Ship Inn CAWSAND

BUSINESS PLAN

**Describing the project to buy and
refurbish this historic building
for community benefit**

March 2018



The Old Ship Inn, Cawsand

One-page summary

The Old Ship Inn

The Old Ship was a treasured pub at the heart of Cawsand village. It burned down in 2013, leaving only the front façade onto the street, which is Grade II listed. The derelict space is an eyesore which mars the village; it represents a great opportunity for community-led action.

The current owners have accepted a purchase price and timescale. The project has strong support from the housing, planning and heritage agencies.

The plan for the building

- On the ground floor, recreate the pub and add a café, children's area, Village information section and a Cawsand Heritage Centre. This will create jobs and provide new facilities.
- Build four flats on the upper three floors. These will be let to local people on secure, long-term tenancies at reasonable rents.

The full project cost is just over £1.4 million; this Business Plan evidences the detailed budgets and a strategy to raise that amount.

The way forward

- A new Community Benefit Society – The Old Ship Inn Cawsand – is awaiting registration. It will give full local control. Tax Relief has been approved by HMRC for the community shares.
- Phase One, March – July 2018, is the purchase and initial safety work at the site, aiming for a first “pop-up” bar/café by July to start trading and get the site open to the public.
- Phase Two, August 2018 – July 2019, will build the frame for the whole building and complete the Ground Floor facility, with a fully fitted out bar/café and the Heritage Centre.
- Phase Three, August 2019 – July 2021, will be the more expensive and complex housing element on the upper floors, requiring more time to raise the finance and get regulatory approval for the flats. We do not expect to offer tenancies until 2021.

Once the Old Ship is rebuilt and trading, it will be self-sustaining indefinitely from earned income. It will become a beacon for community ownership and a valuable asset for the area.

The Old Ship Inn, Cawsand

Business Plan Index

Section	Content	Page
1	Introduction	4
2	New community facilities	5
3	Housing for local people	8
4	Long-term sustainability	11
5	Programme and timetable	12
6	Financial support	17
7	SWOT analysis	20
	<u>Appendices</u>	
A	The Board of Directors and structure	21
B	Proposed layouts	23
C	Financials	24
D	Housing Report	27
E	Tax Relief: detail and approval letter from HMRC	30
F	Risks	33
G	The Rame Peninsula – Community description	34
H	Community Shares marketing strategy	36

Our thanks

We have had solid, positive support throughout the setting-up period for this project, from national and local organisations and from hundreds of local individuals. Thank you everyone.

We are especially grateful to George Trubody, our Cornwall Councillor, for his support and encouragement; to Catherine Thomson, our Community Link Officer with Cornwall Council for her vital technical support, to the Plunkett Foundation and Co-ops UK for support and kick-off funding and to the Tally Ho! community pub in Littlehempston, Devon for their support.

Special thanks to everyone who believes in the vision and has donated towards the initial costs that will make it all happen!

1. Introduction

The ruin at the heart of a village

The Old Ship Inn was probably the oldest pub in Cawsand, and one of the earliest buildings of any kind in the village. After centuries of life at the heart of the community, the pub closed some twenty years ago. Various ideas came up for re-opening it but none succeeded, and instead it caught fire in October 2013 and was burnt to the ground. All that remains is the front wall – a Grade II listed heritage feature, shown on our front cover - and a large, bare site reaching back to the cliff face below New Road, 70 ft (20 metres) above. The current owners have worked on a number of options for the site, but none have come to fruition, so they put it up for sale. The Peninsula Trust has negotiated an agreement in principle with the owners to buy the site outright – we have until April 2018 to raise the purchase cost.



The Old Ship, ablaze - Oct 2013

This Business Plan explains the role of the Trust, the creation of the new body to take on the building, what we're planning and why we think we can succeed.

The Peninsula Trust

The Peninsula Trust is a Community Benefit Society with over 600 local members, serving the rural Rame Peninsula in SE Cornwall. They run the Rame Centre in Millbrook, a thriving community hub with rented accommodation above.

They are sponsoring the creation of a new Charitable Community Benefit Society, The Old Ship Inn Cawsand, to buy the ruin and create a community-owned asset for the area.

The Trust has provided the management and admin staff to launch the Old Ship project, and will hold the funds invested in the share offer. As soon as the new society is registered and has a bank account of its own, the Trust will pass over the share capital held on its behalf.

The Peninsula Trust will be completely independent in ownership from the Old Ship Inn Cawsand but we envisage drawing on the expertise of some of the Directors of the Peninsula Trust to act in a similar capacity until the first AGM of the Society, at which point the Board elected by members of the society will take office.

The Peninsula Trust - current work

The Peninsula Trust is an independent community organisation serving the residents of the rural Rame Peninsula, SE Cornwall. We own a three-storey building in the centre of Millbrook village, offering a mix of community benefit:

The Rame Centre is a volunteer-run community hub on the ground floor, in shop premises on Millbrook's main street. The centre's services include a computer centre, microlibrary, welfare support, food bank, credit union, Adult Education classes, an art wall displaying local products, community information and meeting space. The centre is open six days a week and has become a key local asset.



The property has **two flats** on the upper floors, let out to local young people at reasonable rents. The flats provide vital accommodation for the young people, and also provide income to pay our running costs.

The Trust is currently building **six work units** on land at the rear of the building, supported by a grant from the Government's "Coastal Communities Fund". Once the work units are completed and let, the income from the flats and units will be sufficient to retain the Rame Centre hub indefinitely with no further need for external funding.

2. New community facilities

The plan

We want to open the whole ground floor at the Old Ship as a single space, with a set of different uses and users:

- **Recreate the old pub bar** and re-licence the premises. The Old Ship was an Inn, and should become one again: we have high community support for re-opening. The Old Ship reputedly had "the longest bar in Cornwall" – unfortunately we won't have the room for that!
- **Create a new café.** Cawsand has just one café, often packed and turning people away. A second café closed last year, and was also always busy- the demand is clearly there. We want to open all day, all year round, providing simple meals and a meeting place.
- **Add a children's area.** The beaches are great when the sun shines, but there are no poor-weather locations in the village for families with small children. The rear yard will become a covered play area, with room for large groups of children to play while their parents relax.
- **Build a Local Heritage centre.** Cawsand is an old village with a wealth of history, but currently has no visitor centre. A number of key local experts are keen to help us set up a small Heritage Centre; we see good educational/cultural benefits for locals and visitors alike.
- **Set up a Community Information point.** Our centre in Millbrook provides information and contacts for village residents - we would like to do the same at the Old Ship for Cawsand, to include contacts for support services, bus timetables, local events and community groups.
- **Include a Visitor's Centre.** In partnership with existing businesses/associations, we will offer tourist information - accommodation, food, etc and will sell tickets for excursions, guided walks and events, becoming a first port of call for holidaymakers.
- **Create a touch-screen information service.** We want to offer a touchscreen in the café to cover every kind of village/visitor information, updated daily with events and offers. This will provide a simple way for those in need to find support services and also earn a modest income from adverts.

We have an overall policy to provide jobs and training, especially but not exclusively for young people. We plan to offer a start in the sector for local people, especially the young. We have excellent links to training providers we will use them to help trainees gain skills and move on, either through progression in our own centre or elsewhere.

A business operation

The Heritage Centre will be run by a group of volunteers as a semi-independent facility within the Old Ship, coordinated by our manager but with control over displays and activity in the hands of the volunteers themselves. All the other aspects of the ground floor offer will operate on a business basis, with annual budgets and targets, cost control and paid staff.

We will be directly employing the manager as a part of the Old Ship team; he/she will then recruit and manage support staff as needed. It is unrealistic to hope that any new business to make a profit in its first two years and we don't expect that here – see below for more on this. However, we do expect the business to break even by Year Three and show a small profit thereafter, to support the overall finances.

Community Spaces

Cawsand already has a strong set of community halls and venues, with Kingsand Community Hall, the Institute, the Congregational Hall and the Youth Centre. ***We will not be competing with these excellent existing facilities***, as we will not be offering bookable space for outside organisations.

Positive benefits for existing Cawsand businesses

The new centre will become a destination in its own right, and will add extra attraction to the existing visitor offer in Cawsand. This will bring in new visitors and increase existing visitor spend across the village businesses; it will support the accommodation providers, create new customers for the gift shops and relieve some of the seasonal pressure on the pubs.

We are in discussion with each of the current businesses in the village that provide similar offers to what we are proposing, identifying ways to work together and maximise the benefits that the project can bring.

A quick-win opportunity – the Old Ship Shack

We want to keep our wonderful community support going by moving forward quickly with a re-opening of the site. Once the Old Ship is ours, there is some vital safety work to be done to the old walls and the cliff face at the rear; when those are made fully safe, we plan to build a stand-alone single-storey timber structure at the rear of the site. This will be permanent and designed to connect to the main building once constructed, at which point it will become the Children's Area.

The first building will house an initial bar/café providing simple food, probably prepared offsite, and basic bar facilities (no beer on tap!). We will roof in the main building area with a temporary timber frame and roof to keep the summer rain away. This first stage is our Old Ship Shack; we are aiming to open it in July 2018; a tight timetable but realistic because the setting up will be very simple.

Will all this make any money?

Hospitality is a difficult sector with very tight margins and frequent use of Minimum Wage pay rates and zero-hour contracts. We have some advantages that will help:

- We won't have a commercial owner, looking to take a profit out of the business. All income can therefore be used for operation and development.

- Grant finance is available in Cornwall to help any small business, including ours. We expect to cover the setting-up costs of the business from this source. That means no up-front loan to pay for the capital investment.
- As a volunteer-run community facility, the Heritage Centre can be funded through grant aid. Worthwhile in itself for culture and education, it will also be an attraction that will draw extra visitors into our business.
- There is useful income to be gained from the Visitor's Centre through commission on ticket sales and bookings (estimated at £50/month in the holiday season) and from adverts on our touchscreen service at £5/month per business.

The additional opportunities described above can make the difference between profit and loss in an industry with very tight margins. Our best estimates for the finances are summarised below and are detailed in Appendix C.

Income

Based on our best estimates on sale of meals, drinks and Visitor Information services, we are forecasting a gross income of £39,000 for the first year, rising to £57,500 in Year Two and then reaching a steady average of £73,500 from Year Three.

Outgoings

Our costs to run the business are of course mainly staff wages. If the business is to prosper, it will have to be open all year round, which inevitably means an initial loss from wage costs as early customers will be few.

Our projected total outgoings are £53,000 for Year One and £61,000 for Year Two onwards. On these estimates, we expect the facility to lose £14,0200 in the first year, lose £4,000 in Year Two and then make a modest profit of £11,500 from Year Three onwards.

We have included these projected figures in our overall financial plan which can be found in Appendix C.

Are the figures realistic?

We have had advice and detailed financial information from existing catering businesses and pubs, with further expert support from professional consultants. The figures used here are from real-life, successful businesses of a similar size to ours; we are therefore confident that they are indeed realistic and achievable.

Open Space on the upper levels of the site

The Old Ship site includes a large open area at the level of the road to the rear, New Road. This area will be vital for the main building work, as it will be a platform for deliveries.

Once the main build is complete, we want to turn this open space into a new community asset, ideally as an open area (with fantastic views over Cawsand Bay) for picnics, perhaps with some history/heritage information boards and seating. Please note that we have not discussed the options in any depth, nor consulted with the neighbours or wider community on these ideas, which form no part of the current plan. There is an interesting and potentially worthwhile community asset there, but we have a lot on our plates before we get to that...

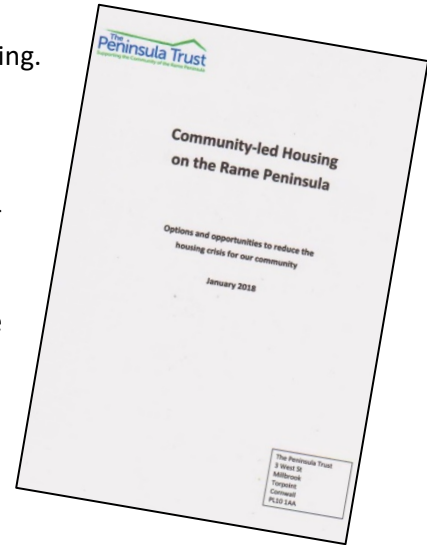
3. Housing for local people

The scale of the housing crisis

Cawsand is a beautiful seaside village in lovely countryside, with a community under pressure. In addition to the general rise in property prices, high demand for second homes has led to absurd increases, to a level way beyond any normal wage; decent employment is hard to come by, and community facilities are lacking. The result of these factors is that young people and families can't make a start here where they grew up, so they move away.

As the full-time population falls, schools lose pupils and local services - shops, doctors surgeries and transport – become harder to sustain, so they gradually close; the remaining families are left without access to the normal raft of facilities and services. This effect is why Cawsand and many villages like it score highly on the Index of Multiple Deprivation – there is substantial hidden poverty, unseen though living side-by-side with the great wealth and beauty of the area.

We ran a full research /consultation project in 2017, to establish priority needs for housing in our area, and to investigate the options open to us. The full report is available on our website www.thepeninsulatrust.org.uk and a summary is included here as Appendix D.



The community-led solution

The problems described above are well understood and recognised by national government, the county council and a wide range of funding and support agencies, all willing to invest in community-led housing to help reduce the loss of communities. We have the right legal structure, the experience and the skilled people to make a difference.

It's important to emphasise that we are **not opposed to private development** – we are simply working in a different way. The Old Ship, in particular, is non-viable as a commercial development because the return on private capital could never be high enough to justify the investment. This is precisely why grant funding is available – to make use of the difficult, expensive sites that can meet local need.

Flats in the heart of the village

We have come up with a plan for accommodation at the Old Ship which is based on our own research in 2017, combined with existing findings from other surveys and reinforced by the results of our Community Consultation. Of course, we have also had to take account of the physical limitations of the site – there will be no on-site parking, no lift and a lot of stairs... consequently this building will not be suitable for families or those with limited mobility.

The single greatest housing need that we have identified is for one- and two-bedroom dwellings, which will be the most suitable units for the Old Ship. There is a high proportion of demand for these from younger people (18-30) but this is not exclusive, nor will we be imposing any age restrictions.

The southern end of Garrett St, where the Old Ship is located, currently has just one permanent resident, who is selling up to move on. All the rest of the houses are second homes and holiday rental businesses, so empty for much of the year. The Old Ship will bring some welcome life back to

the area, provide a measure of security for the empty houses, and greatly improve the situation for the neighbours who abut the building on either side – their properties are highly vulnerable to damp and damage from the old walls, currently open to the sun and rain.

The flats themselves

Subject to planning permission, Building Control, heritage input and finance, our plan is to build four flats on the upper floors of the Old Ship, as follows:

- Two Studio flats
- Two 2-bed flats: sitting room, 2 bedrooms, kitchen, bathroom

The flats will be fully compliant with regulations, fire safety and materials used. They will be completely independent, with separate electric/water meters, laundry facilities and storage space. We will build them to the very best environmental standards that we can, to reduce consumption and cut bills for the tenants. The flats will be unfurnished, though our Rame Centre support work means that we often have opportunities to help people find furniture and household equipment.

Rent, part-own or lease?

We have had some discussions about the relative merits of “shared ownership”, leasehold or straightforward rental tenancies. Our clear choice is for the last of these, for the following reasons:

- Our main target for support is local people in precarious financial situations, young or not, living on minimum-wage contracts with no security. This group does not normally have access to savings or finance to allow part-ownership or lease costs.
- We don’t want to create a situation whereby tenants could become involved in attempts to cash in on rising property value, perhaps to the point of being able to sell on their tenancies at high cost and maybe even allowing entry of holiday usage for the flats.
- We don’t necessarily expect tenants to stay for a long time. Some at least will be young local people, just starting out on their adult lives and keen to get a first home, before moving on when they want to start a family. We believe that keeping the flats available to this group in particular is a crucial community service.
- The legislation on “Right To Buy” will not affect us, because we are a private organisation. If we are offered grant money on condition that Right To Buy is included, we will simply reject that money.

How much will the rent be?

The cost of rebuilding the Old Ship will be high; any attempt to recoup that cost through rent would lead to very high monthly amounts, thus destroying the central point of this project - genuine affordability.

There are various technical names bandied around in the housing sector, which we find confusing and to some extent irrelevant. The notion that “Affordable Housing” or “Market Rent” can be calculated as a fixed percentage of the commercial market is a non-starter in our area, because open-market prices are way out of reach; 80% of those amounts are equally unachievable.

Our principle is to set a fixed rent that bears a clear relationship to what we know people are actually earning in our home area. We know many of those who will be seeking a tenancy, as friends,

neighbours, co-workers or advice-seekers. This gives us a good grasp of the reality of life for those on low wages, so we can set a reasonable rent level accordingly.

At the time of writing, guided by the official Local Housing Allowance rates for our area and subject to further discussion, our intention is to set the rent level at **£300/month** for the studio flats and **£450/month** for the two-bed flats. .

How do you define local, and who will get the homes?

We are a deep-rooted local organisation, working on the priorities that our neighbours have listed as most important to them. Very high on that list is the concept of Local Homes for Local People. We understand that people from other areas may have equal or greater housing needs than people from this community, but we won't be able to help them. Our policy is clear and will not change - the applicants will need to show substantial local connection if they are to get a flat. The minimum will be five years' local connection, although we expect that most applicants will have a lifetime of links to the area. We will ask our Board of Directors to act as the decision-making panel on the applications, with input from support agencies and others as needed.

If we are offered Government or other finance that means we have to soften our policy and potentially allow people from other areas to get a tenancy – we will refuse that finance.

The question might arise about overall demand for the flats – what happens if we simply can't find suitable tenants with the all-important local connection? We are not at all concerned about this, because we currently have 97 separate entries on our Housing Needs list for the dwellings we will be offering. Our problem is the opposite – huge demand for a small supply. We will work hard to show fairness and equal opportunity, but we will also keep the decision-making process out of the hands of our visible staff and managers, to avoid the otherwise inevitable personal pressure.

Security of tenure and reasons for eviction

The three biggest problems that we identified with local rented housing – surely universal themes - are availability first of all, because there simply aren't enough homes; then affordability, covered above, and finally security of tenure. There are some really good rented homes around, but on short-term tenancies that will end when the owners return from abroad, retire from their jobs elsewhere, or simply change their minds about renting. The stress caused by constant moves is enormous and it makes life very difficult to plan ahead - security of tenure is really, really important.

Our principle is that tenants who get one of our dwellings will have long-term security, at the agreed rent, following their initial six-month probationary period. The two reasons for eviction will be:

- ***Non-payment of rent.*** People will get a flat by showing that they can pay - and if they then don't, they will have to leave. We will provide all the support we can, on debt, welfare advice, advocacy, rights and finance. We will take on people who are on benefits – of course – but the same rules will apply.
- ***Anti-social behaviour.*** Our flats are going to be highly sought-after, a lucky break not a soft option. We expect the tenants to show respect for us and for their neighbours. If people become anti-social (noise, mess, drink/drugs), then they will be evicted under the tenancy agreement.

Rent and save

Some housing associations have tenancies that put a small percentage of the rent money into a fund, which the tenant can have when they leave. This money can be vital for the next rental deposit, towards a purchase deposit or for life in general. We want to explore the idea and use it at the Old Ship if it is shown to be helpful.

So when can we move in then?

We are working with an indicative date of June 2021 for completion of the whole project. Unfortunately for those in need of housing right now, the process is slow: regulatory approval, fire safety, high-standard insulation and energy saving are all required and all take time. In addition, the total cost for the flats will be higher, so achieving the finance package will take longer. The full fitting-out of the flats will therefore be the last piece of work to be completed.

The reality is, of course, that we can't know at this stage how long it will all take. We are sure that we will find the finance for the whole thing – every indication is fully positive – but many of the grant funders are slow, careful operators with a lot of internal checking and waiting times.

4. Long-term sustainability and potential for a support job

Our Trust has a policy that each of our projects must be autonomous and independent – we cannot risk problems at any one site leading to risk for the others. We want each asset to provide community benefit in and of itself; in addition, we aspire to the creation of a useful cash surplus from each asset, after due regard for building up a reserve fund for repairs and maintenance costs. This surplus can then be used to support permanent, properly paid community support workers for the Rame Peninsula.

The Ground Floor

We have talked to a number of businesses with a similar operation to what we are planning, and we are very grateful to those who have given us access to their books. The contact means that we have a good grasp of the likely income/outgoings of our proposed facility.

We know that it will take a full two years to “ramp up” the income to a reasonably steady year round average. We fully expect to lose money on trading over that period, which we will cover from the overall launch finance package.

Once fully operational and stable, our estimates from Section 2 above suggest that we can reasonably expect a modest trading surplus of £8,500/year after all costs (salaries, supplies, equipment, repairs/maintenance).

The flats

Rented housing is expensive to build, but it generates income indefinitely.

We have set our Occupancy Rate for budgeting purposes at 95%, because even though demand will be high and constant, there will always be gaps between tenancies to allow for repairs and redecoration.

Using the rent levels outlined in Section 3 above and the 95% Occupancy Rate, we derive the following:

- Gross annual income: £18,000
- Less 5% for voids and tenant changes: £17,100
- Retention in reserve for repairs and maintenance: £3,000
- Maximum available income for loan repayments: £14,100

Self-sustaining income

The total expectation for self-sustaining income at the Old Ship is the sum of the two areas above and gives us a total of £22,500/year. Some part of this must go out again on loan repayments. If the Old Ship can achieve a high proportion of grant funding as opposed to loans – so reducing our finance outgoings – then the income could fund a post, probably part-time, for a Housing Support Worker to support tenants at the Old Ship and in the wider community, build confidence in the work and create further housing opportunities.

This can only be an aspiration at this stage. First we have to see how the finance works out; second, we have to ensure that the building really does pay for itself long-term and third, we have to set up the reserve fund and see what is left over.

5. Programme and timetable

This section gives our current plan for the phases of the project, based on the information we have now and the indications received to date from funders and finance specialists. The work is still developing and there will certainly be changes; what we present here is achievable, and any modifications will be improvements on this position as new funders and support comes in over time.

The Cost

Our current estimate for the full rebuild of the Old Ship is just over £1.4 million, described in full in Appendix C. This is an early estimate, based on first calculations and costings: it is possible that the real costs will be higher as we create full designs and specifications.

We have to split the project into phases for the following reasons:

- An attempt to find £1.4 million in one move would not succeed. The amount is too big and the project not advanced enough to make it achievable.
- The various funders have their own priorities, and most will fund only the areas specific to them, so a split between areas (eg job creation vs. housing) is inevitable.
- The timescales for achieving financial support will vary very much, depending on the complexity of the work, the amount of regulatory approval required first, and the total cost involved. Setting up a trading business or a Heritage Centre is relatively straightforward; creating new housing is not. There is no sense in waiting for the slowest part when we can comfortably get started on the rest.

A new legal structure - The Old Ship Inn Cawsand Limited

We are creating a new stand-alone legal structure to own and run the Old Ship. This will be a Charitable Community Benefit Society, the same as The Peninsula Trust, called The Old Ship Inn Cawsand Limited. It is important to create a new body because:

- It gives local people the chance to invest directly in the Old Ship itself, rather than across the range of our activities. This allows direct ownership and the sense of pride in the project.
- It separates the risks of this complex project from the Trust's existing work at the Rame Centre.

Completion of work on the new legal structure has taken much longer than expected due to delays with the registration process. The Peninsula Trust will therefore hold the community share investment money in a separate bank account and release it once the Old Ship Inn is registered and has its own bank account.

What happens if we don't raise all the money?

We have carried out the initial pre-project work at risk – if we don't succeed with Phase One, the time and cash expended will have been wasted. However, the terrific response from the community, planners, funders and finance people makes us confident that we can succeed.

Our initial target is £150,000 in Community Share investment. If we don't get there, we may have to return the investments and close the project, although we will search for additional grant / loan finance first. If we do get there, that amount will unlock at least a further £200,000 in grants and loans, allowing us to buy the site, make it safe and start trading.

At the very worst, if no other money can be found, we will be left with a functioning business that provides valuable community facilities, creates jobs and pays its own way. The urgency involved in the purchase deadline will be gone; if we have to, we can spend years getting the finance in place. Once the basic shell of the building is up and a good roof on it, we can go further – raising successive amounts to fit out one flat at a time. We certainly don't relish this prospect, but it is a plan B.

In the absolute worst case, our entire project fails and we are forced to cease activity. At that point, the grant funders write off their losses, the building is sold at a discount and the investors are repaid from the proceeds. We have to point out that there is a risk that a forced sale would not cover all investment amounts.

Phase Zero – the preliminary work, Dec 17 – March 18

This work is nearing completion:

- An accurate design using architects' drawings and layouts
- Estimates on the build cost from a Quantity Surveyor
- Planning Permission
- Safety surveys on the old walls and the rear cliff face
- Commercial valuation on the existing site and its value once completed
- Publicity and consultation work
- Registration fees

The total cost is around £7,000. We have paid for it from local fundraising by the community, a charitable appeal for donations and some small, quick-win grants.

Phase One – design, purchase, re-open, May – July 18

This phase will see us purchase the site and make it safe for the initial activities inside. It is the urgent phase, because the sellers want to complete as quickly as possible; the current deadline for the sale is May 2018. Once we own the site, creation of the full Funding Package can proceed at its own pace.

We are keen to get some initial activity started quickly on the site, to bring in trading income and to show the community that the Old Ship is worth having. To achieve this, we have to spend a lot of money on safety work to stabilise the rear cliff face and repair damage to the old pub walls. We have paid for specialist reports by Structural and Geo-Technical engineers – their recommendations are for repointing/repair work to the old walls and stabilising of the cliff face, costing around £75,000 in total.

The Old Ship Shack

We have included a budget of £30,000 for our first build, a one-storey timber structure at the rear of the site, where we will build a bar and small kitchen. We will install temporary toilets and cover part of the main site with a temporary timber/canvas roof, giving us enough room and facilities to run summertime cafe/ bar events and fittings – the Old Ship Shack.

The structure can remain when the main build starts, though of course it will have to close in the build period.

The budget for this phase

We need to raise £360,000 in total:

- £255,000 purchase cost + legal fees
- £75,000 safety work to the old walls and rear cliff face
- £30,000 for the Old Ship Shack

The money will come from the following:

- A Community Shares offer to raise investment from individual supporters, local or not, who want to see the Old Ship resurrected. Our target is £150,000 from this source.
- We have an opportunity for £100,000 from the Plunkett Foundation, a national charity which supports rural communities to create facilities for themselves.
- We are in contact with two other funders who support community projects, each able to provide £100,000 in finance. We expect to be successful with at least one of these.
- We have access to small grant support of up to £10,000 to “top up” the other amounts

If we are unable to raise the full amount required for the purchase by the May deadline, we will go back to the sellers and ask for more time. Other options are to ask them to take less money, or ask for an initial sale at a lower price with a period of time to raise the rest of the money.

Phase Two – the Ground Floor. August 2018 – July 2019

This phase has two parts to it:

1. Install a galvanised steel frame up to the roof level, to provide a basic skeleton for the whole building and to prop up the old walls. Put the roof on this frame.
2. Construct the full ground floor facility – the bar, café, children’s area, heritage centre and Village Information point.

The timing will be as follows:

- August- December 2018, arrange the finance and plan the work
- Jan – April 2019, install the steel cage and carry out the ground floor build
- May 2019, finishing work, installation of fixtures
- June 2019, Grand Opening and start of full-service trading

Staff costs

The Phase One work has no associated staff costs, because we already have a budget from other sources. However, we do have to provide adequate staff time once Phase Two starts, as there is a great deal of work in the preparation and supervision of the project. We have made provision for a Project Manager, admin/finance worker and technical build coordinator. The costs involved are calculated using our standard staff salary rates; the estimates on the amount of time required per week are based on current similar work. We have included the projected loss on the first year’s trading, on the basis that the new business can’t be expected to earn enough in its first few months.

The budget for this phase

We need to raise £410,000 in total:

- £320,000 capital spend
- £90,000 revenue costs (staff, fees, costs)

The money will come from the following:

- Grant support from Cornwall/ UK/EU funders for job creation and community support. We expect to raise at least £285,000 from these sources
- Specialist heritage funders, including the Heritage Lottery Fund. We expect to raise £125,000 from these sources.
- If we are unable to raise enough grant money, we have access to loan finance of up to £100,000 from the Co-op & Community Finance organisation. Servicing this loan if required would impact on the calculations but is manageable.

Is this achievable?

We have staff with many years experience in raising grant funding and loan finance for “Community Development” projects. This phase is really just another one of those, with a huge steel cage added! The ground floor facility will certainly attract grant support – we have had outline discussions with our proposed funders, giving very positive results.

Phase Three – the Flats. August 2019 – December 2021

As explained above, the complexity and cost of the Housing element makes it likely that the work will have to be done as a separate Phase Three. This isn't ideal by any means – it will involve additional disruption on the site and in the village – so we will seek every opportunity to raise the finance early and avoid the problem. However, we need to be realistic.

- July 2019 – July 2020, finalise the plans and obtain regulatory permissions; arrange the finance package including a new Community Shares offer
- August 2020 – December 2020, building work
- Jan 2021 – May 2021. Snagging and fitting out of the flats. Applications for the tenancies
- June 2021, tenants move in, project completes.

Regulatory requirements

It is important to not underestimate the work needed, and the lengthy time taken, to prepare applications for the various regulatory bodies. The authorities rightly insist that new buildings are as safe, properly planned and compliant with the rules as possible; there is always a backlog of applications waiting to be processed, so timescales are long. In our case, this work will be longer than most because we are aiming for the highest possible quality of insulation / energy saving systems - these will involve added design and approval requirements and also additional cost, although some specialist grants may be available to compensate in part for the higher prices.

Staff costs

Phase Three requires a budget for adequate staff time, as per Phase Two – there is a great deal of work in the preparation and supervision of the project. The amounts involved are calculated using our standard staff salary rates; the estimates on the amount of time required per week are based on current similar work.

We have not included any support for the ground floor trading business, as this should be making money by this stage.

The budget for this phase

We need to raise £623,000 in total:

- £488,000 capital spend
- £135,000 revenue costs (staff, fees, costs)

The money will come from the following:

- Grant support from Cornwall and UK-wide funders for community-led housing. We expect to raise the majority of the cost from this source and are aiming for at least £450,000.
- We will consider a second Community Shares offer if needed. On current estimates, the amount required would be £175,000, depending on the final result from the grant applications.
- Loan finance. If we don't raise the finance we need from grants and Community Shares, we will use the best offer we can find from the specialist loan providers. At the time of writing,

the most attractive offer seems to be the Ecology Building Society, offering low-cost finance over a 40-year term.

Is this achievable?

Arranging the approvals and build for the housing element is the most complex and will take the longest to achieve. In some ways, however, the financial side is the easiest part of the whole project:

- There is growing recognition from the Government and other funders that community-led housing of our type is a vital tool in the effort to reduce the housing crisis. New money is being made available every year, as grants or as very low interest, long-term loans.
- Local people, and indeed UK-wide investors, are keenly aware of the pressing need for new housing, and willing to put money in because of their concern and because this is a very low-risk investment.
- Rented housing, by its nature, is an income-earning activity that readily attracts long-term loans. We will work hard to reduce the need for these, because we would much rather spend the income supporting local jobs and services – but the option is there for us.

6. Finance and support

We have a range of options for funding the Old Ship and are actively exploring them now; more possibilities will come up as the work continues. This list gives our current opportunities.

Community Shares

We are registering the Old Ship as a “Community Benefit Society” explicitly because this structure allows us to take investment from private individuals for community benefit. This opportunity has become widespread in recent years, as it offers a secure way for people to invest their own cash, see that money doing good in local communities, and earn a modest return once the activity is in profit—in this case we aim to support an annual interest rate of 3% once the flats have been built and let and the enterprise is at full trading capacity

We have already received approval from HMRC for tax relief on this project. This is the generous SEIS relief, set at 50% of the investment made by UK taxpayers. The amount that can be reclaimed is substantial and will work well to encourage additional investors, and persuade those who have already decided to invest to increase their amount.

We plan to undertake the share issue for the first phase using our existing networks of investors in The Peninsula Trust, with other targeted events in Cawsand itself. This will attract the majority of the local people who we want to invest and become owner members.

In addition, the Rame Peninsula has a large number of second-home owners of high net worth, and so we will promote the offer and the tax reliefs associated with investment to local professional services practices (lawyers, accountants, tax advisors etc).

Community Housing Fund

This is a Government fund, paid for from higher Stamp Duty on second homes and specifically aimed at the community housing sector. The fund has £240 million nationally; in an earlier version, £5 million came to Cornwall, so we are hopeful of getting the chance for some of the new money.

Section 106 money

Commercial developers are obliged to provide compensatory benefit to the communities where their new building projects are based. These can be cash contributions, which is the case of a large commercial development in our parish; we are exploring the possibility that some of that local money could come to us.

National Lottery and charity grants

There is a wide range of charitable funding available to groups like ours, to cover the cost of support work, community facilities and so on. We have a good track record in securing such grants and have included a realistic figure in this business plan.

The last of the EU funds

We have good contact with the European Union funds currently available in Cornwall. The programme is expected to come to an end in the next few years but is still available over the project period; we meet most of the criteria (job creation, community space) and have a strong track record in obtaining this support, so we have included a realistic figure from this source also.

Heritage Lottery Fund

HLF is a specialist Lottery fund for heritage and history projects. They can't support the main building because "there's not enough heritage left on the site" - fair point - but have indicated that they would consider supporting the Heritage Centre element.

Loan finance

We have a viable project that will generate income long-term. From a lender's point of view, the housing, especially in an area of high demand, is a safe investment that pays a regular return. This means that long-term loans are readily available, with specific lenders in the charity/community sector who offer good support and low interest rates. We will, of course, seek out grant funding as our preference, but we will use loans as needed.

External supporters

We have strong support for the Old Ship project from a number of key experts in the field:

- ***Plunkett Foundation*** is a UK-wide charity specialising in support for rural communities that want to improve their own areas, through shared endeavour and acquisition of assets. They have worked with us on opportunities, funding support and contacts.
- ***The Community Shares Company*** is a national leader in support for share offers and the creation of community-owned assets. CSC have provided solid advice and guidance from the start, across the full range of the registration and share issue process.
- ***Co-op and Community Finance*** are a leading UK lender for social purposes. They arranged a loan of £180,000 on our first project in Millbrook and have been a source of support, ideas and advice ever since.

- ***The Tally Ho!*** is a community-owned pub in Littlehempston, Devon. They kindly agreed a study visit by our team, provided a great deal of motivation and good wishes, and gave us access to their operating accounts and calculations.
- ***Jemma Knowles*** is a specialist adviser at Plymouth Energy Community, one of the UK's most successful, Community Share operators. She has been closely involved in three successful share offers to build solar energy installations in the city. Jemma is a resident in our area and is supporting us with strategies, contacts and a prime example of a highly successful operation.
- ***Cornwall Council Officers*** have provided support, contacts and advice, including the Cornwall Housing team, the Affordable Housing team and above all Catherine Thomson, our Cornwall Gateway Community Link Officer.
- ***Our elected Cornwall Councillor***, Cllr George Trubody, has been a strong supporter of the project from Day One. He has advocated on our behalf within the local authority and raised our potential as a long-term partner for social housing.

7. SWOT analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none">• Very strong community support across the area, built on residents' priorities• Good track record from a highly experienced Board and senior staff• Relevant recent experience with funders and finance providers• Successful community shares offer only three years ago• We are a stable organisation with a secure income base from existing work, so we can think and invest for the long-term and build a housing arm slowly	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none">• Not currently involved in Community Land Trust / housing networks• Experience on housing provision limited to our current two flats• We are relatively unknown to the larger organisations /local authority structures, so this is a big "first ask"
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none">• Substantial new interest and funding is appearing nationally and locally• Initial contacts with Cornwall Council / Cornwall Housing have been positive• Our position means we can get finance and loans that private developers won't be offered	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none">• Risk that the seller might pull out of the agreement – but unlikely because we are looking viable and they have no other offers.• Important to grow slowly and not overreach in the early years• The inevitable high expectations that can't be met will anger some people

Appendix A – Organisational details

As explained above, we are registering a new Community benefit Society called The Old Ship Inn Cawsand. The registration process and the rest of the launch work is being carried out by The Peninsula Trust, an independent community-owned organisation serving the Rame Peninsula.

This Appendix lists the individuals who have agreed to serve on the Board of Directors of the new organisation. All our Directors and staff are full-time local residents on the Rame Peninsula. We expect to recruit additional Board members from the Cawsand area once the new organisation is up and running.

The Board

- **Alex Huke, Chair.** Alex works for the University of Exeter in Falmouth, as a specialist in project development and funding. He was a senior officer in the RDA. Alex brings us a strong background in the realities of public funding, its reporting requirements and operational details. He is a long-term resident of Cawsand village and a member of Maker-with-Rame parish council.
- **Debbie Patterson.** Debbie has recently retired, having sold her successful local business in the marine sector. Debbie brings us a clear insight into business planning and development work. She is a long-term resident, an active local volunteer and a mainstay of the Methodist church.
- **Simon Ryan** is an experienced community development worker with over twenty years' experience. He has run a series of property acquisitions and refurbishments in the local area including the youth centre, Congregational Church manse, charity offices/shop and The Peninsula Trust's property in Millbrook. Simon is on the Old Ship board to help create the new organisation and launch it; he will step down once it is fully operational.
- **Jane Riggs** has a lifetime's local experience in running successful businesses and managing commercial properties with multiple occupancy. She has an unrivalled grasp on the realities of day-to-day operational and financial management, service/utility provision, and tenant relations. Jane is on the Old Ship board to help create the new organisation and launch it; he will step down once it is fully operational.

Accountant

We are advised and supported by our Chartered Accountant, Andrew Wing LLB FCA.

Legal structures and registration details

An application has been made to the FCA to register a new society under the name of 'The Old Ship Cawsand Limited'. This application was made to Co-operatives UK at the start of December, but has still not yet been registered by the FCA.

Once the society is registered, it will open a bank account, and then seek registration with HMRC for charitable status. Once the bank account is open, the funds raised in this first share offer will be paid over and the project can start.

The Old Ship Inn will not be a charity, and therefore will not appear on the Charity register. Instead we will be a Community Benefit Society – a community cooperative - regulated by the Financial Conduct Authority. However, our charitable aims mean that we are able to apply for "Exempt Charity Status" from HMRC, giving us the tax and other benefits that charities are entitled to.

Track record on building projects

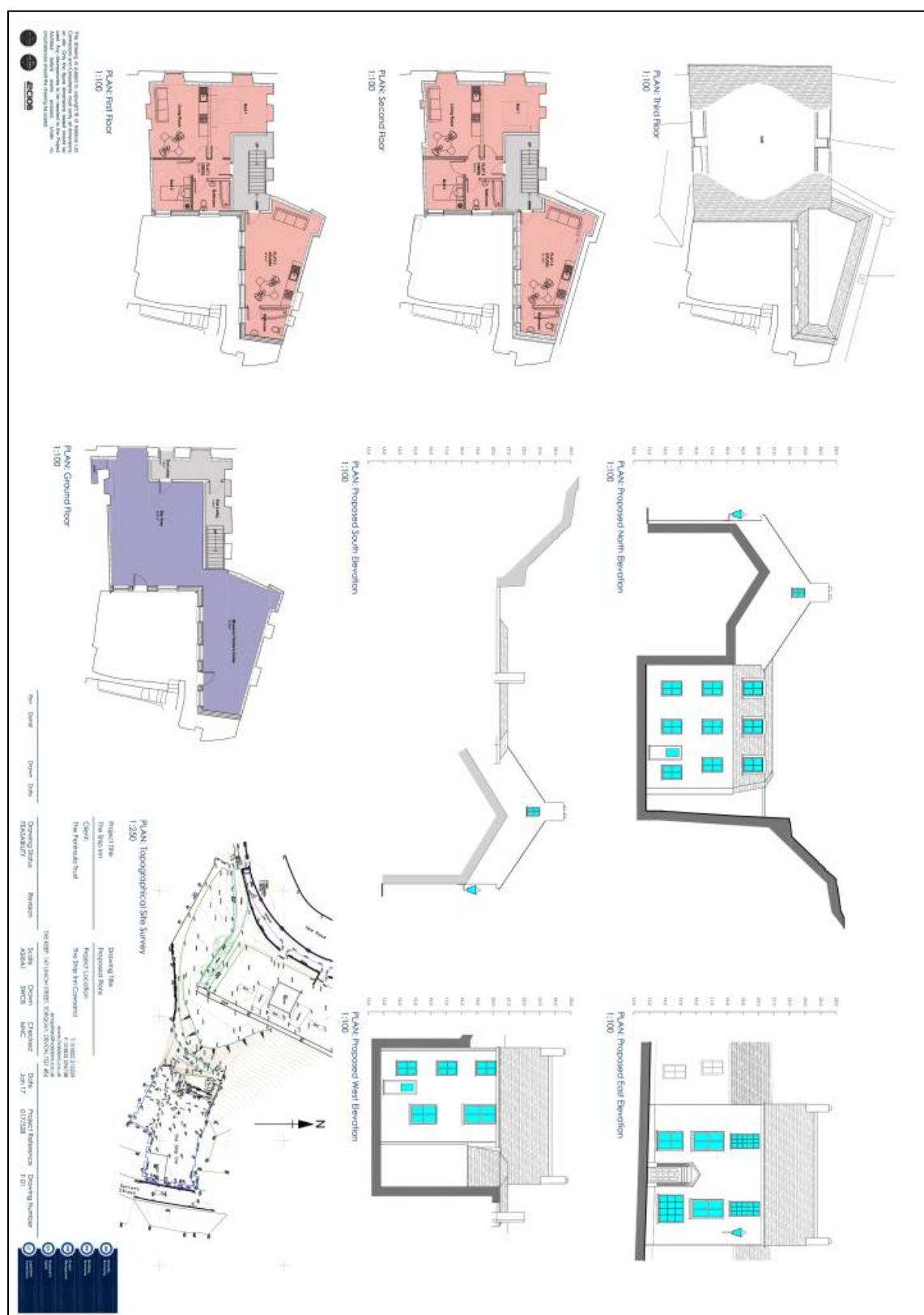
Our Director Simon Ryan has a strong track record in the acquisition and refurbishment of buildings for community use, with five projects completed on time and to budget. The knowledge gained from these is directly applicable to the Old Ship.

- ***Congregational Church, Cawsand.*** 2007-2010. Negotiated a long lease with the church and raised three successive refurbishment grants (total £390,000) to gradually improve their Manse building for the Point Europa charity. Funder: Local Action Group/Leader.
- ***Mt Edgcumbe Youth Centre, Kingsand, 2010.*** Created a new charitable trust, supported the new Trustees. Negotiated a new lease with the landowner, raised £90,000 funding for a complete refurbishment to the youth centre building. Funder: Cornwall Youth Service, Local Action Group/Leader.
- ***The Old Bank, Millbrook, 2012.*** A project to buy and redevelop a derelict two-storey building in the middle of Millbrook, to create offices, training space and a charity shop. £265,000 budget and then £130,000 for the fitting out. Funder: RDA/ Defra, Leader.
- ***The Peninsula Trust, Millbrook.*** 2014 - 15. Registered the Community Benefit Society, recruited and supported Directors. Raised £310,000 to buy and improve the premises at 3 West St, including £25k community shares (77 investors) and loan from Co-op & Community Finance.

2016-17. Arranged design and technical work, raised £460,000 to build work units at the site. Funder: Coastal Communities Fund (DCLG). Still in progress, completion June 2018.

Appendix B – proposed layouts

These are the current thoughts from our architects, still subject to revision and development



Appendix C – financial assumptions and estimates

This appendix comprises our forecasts for the cash flow, Profit & Loss and Balance Sheet for the first five years of operation. We can provide the detailed assumptions behind these forecasts on request.

<u>The Old Ship Inn Cawsand Limited - Cashflow forecast</u>					
	2018	2019	2020	2021	2022
Operating Profit/(Loss) - Before Tax	53,300	(1,391)	7,491	26,534	28,553
Plunkett (CCF) Unsecured Loan	50,000				
Grants		410,000	450,000		
Share Issue	165,000		175,000		
Share matching	100,000				
Purchase of Freehold Property	(250,000)				
Crowdfunder Fees	0				
Capital works	(105,000)	(320,000)	(448,000)		
Other costs		(62,400)	(158,000)		
Loan - Capital Repayment	(8,382)	(9,175)	(9,937)	(10,761)	(11,655)
Match investment servicing	0	(10,000)	(10,000)	(10,000)	(10,000)
Share Capital Withdrawal	0	0	0	(34,000)	(30,600)
Change in cash during period	4,918	7,034	6,554	(28,228)	(23,702)
Cash at beginning of period	0	4,918	11,952	18,506	(9,722)
Cash at end of period	4,918	11,952	18,506	(9,722)	(33,423)
Represented by:-					
Cash In Hand	1,000	1,000	1,000	1,000	1,000
Cash In Bank	3,918	10,952	17,506	(10,722)	(34,423)
	4,918	11,952	18,506	(9,722)	(33,423)

The Old Ship Inn Cawsand Limited - Profit & Loss forecast

	2018	2019	2020	2021	2022
Income					
Ground floor	39,000	57,000	74,000	74,000	74,000
Rents	0	0	0	17,000	17,000
Total Income	39,000	57,000	74,000	91,000	91,000
Staffing	43,000	43,000	43,000	43,000	43,000
Other costs	10,000	10,000	10,000	10,000	10,000
Total overheads	53,000	53,000	53,000	53,000	53,000
EBITDA	(14,000)	4,000	21,000	38,000	38,000
Interest on Loan	0	2,991	£2,229	1,404	511
Interest payments to					
Matchfund Equity	2,700	2,400	2,100	1,800	1,500
Interest payments to					
shareholders	0	0	9,180	8,262	7,436
Total other costs	2,700	5,391	13,509	11,466	9,447
Operating Profit/(Loss) -					
Before Tax	(16,700)	(1,391)	7,491	26,534	28,553
Grants	70,000	410,000	450,000		
Net Profit/(Loss)	53,300	408,609	457,491	26,534	28,553

The Old Ship Inn Cawsand Limited - Balance Sheet forecasts

	2018	2019	2020	2021	2022
Fixed Assets					
Freehold Property	250,000	250,000	250,000	250,000	250,000
Fixtures and Fittings	105,000	425,000	873,000	873,000	873,000
Total Fixed Assets	355,000	675,000	1,123,000	1,123,000	1,123,000
Current Assets					
Cash in Hand	1,000	1,000	1,000	1,000	1,000
Cash at Bank	3,918	10,952	17,506	-10,722	-34,423
Total Current Assets	4,918	11,952	18,506	-9,722	-33,423
Total Net Assets	359,918	686,952	1,141,506	1,113,278	1,089,577
Long Term Liabilities					
Plunkett (CCF) Unsecured Loan	41,618	32,442	22,506	11,744	90
Total Long Term Liabilities	41,618	32,442	22,506	11,744	90
NET ASSETS	318,300	654,509	1,119,000	1,101,534	1,089,487
Financed By :-					
Share Capital	265,000	255,000	420,000	376,000	335,400
Retained Profit	53,300	346,209	299,491	26,534	28,553
Retained Profit B/fwd		53,300	399,509	699,000	725,534
	318,300	654,509	1,119,000	1,101,534	1,089,487

Appendix D – Housing on the Rame Peninsula

The housing crisis is not unique to Cornwall, but we have specific additional challenges here, especially on the “Coastal Strip” running around the county. The nationwide gulf between average earnings and average house prices is wider here than anywhere except London, because the endless pressure from an insatiable Second Homes market is driving prices to levels that cannot be matched by anyone without real wealth. A two-bed cottage here, in poor condition and with no parking or outdoor space, sells for £350,000; a four-bed family home sells for £650,000. The average wage here is £17,000.

Where second home ownership is above 35% of all housing, the average house price is 87% higher than the high Cornish average. On the Rame Peninsula, two of the five parishes appear among the highest in Cornwall: St John at 42% and Maker-with-Rame – where the Old Ship is - at 34.7%.

In contrast to the reality of higher-than-average prices, gross weekly wages in South East Cornwall are less than 70% of the national average. This compounds issues of affordability in the open market and emphasises the need for greater social or other affordable housing solutions in the area.

Local research on the problem

We carried out three pieces of work to understand the situation in our area:

- We researched and analysed existing housing surveys and other relevant data for our area.
- We ran a large Community Consultation on local housing in Sept – Dec 2017, reaching 337 individuals and many more via social media – details below.
- We also ran a targetted survey (questionnaire) on specific housing needs, aimed primarily at those who were in need at that time.

The results of our work are available in a report “Community-Led Housing on the Rame Peninsula”, available on our website at www.thepeninsulatrust.org.uk

The survey

From the total number of people engaged in the wider consultation, we received 71 completed and usable survey questionnaires. Of that total, 49 households – 69% - have a housing need. However, less than a third of those with a need – 31% - are currently registered on Cornwall Council’s HomeChoice system.

We started a programme to register people on HomeChoice system, having discovered that the numbers registered were so low.

We can provide a full set of the survey returns and statistics on request.

The Consultation

The wider consultation was largely informal, at community events or face-to-face. We specifically asked every attendee if they approved of our work, with 95% agreement achieved.

<i>Activity</i>	<i>No. residents involved</i>	<i>Notes</i>
Harfest community event	47	Primarily younger people and families
Social media	1,730	No. of separate contacts across a range of posts
Public meetings	38	
Parish Councils	97	Includes councillors and public
Rame centre display material	29	
Young Adults group	109	
HomeChoice workshops	17	7 small group sessions in November
Total contacts	337	Direct face-to-face engagement
	2,067	Total including social media contacts

Research and references

There is a huge amount of relevant research and statistics on the housing crisis in Cornwall. Some of the sources are listed below, including references for the new Rame Peninsula Neighbourhood Development Plan.

National Audit Office Department for Communities and Local Government Housing in England: overview. Jan 2017 <https://www.nao.org.uk/wp-content/uploads/2017/01/Housing-in-England-overview-Summary.pdf>

Cornwall Local Plan: Housing Needs Evidence Base. Affordable Housing Need; Briefing Note 10. Nov 2013 <https://www.cornwall.gov.uk/media/3642940/BN10-Affordable-Housing-v4-Nov-13.pdf>

Cornwall Council Strategic Housing Framework. Mar 2014
https://www.cornwall.gov.uk/media/9631240/strategic-housing-framework_web.pdf

Cornwall Local Plan: Housing Needs Evidence Base. Second and Holiday Homes; Briefing Note 11 Version 2. Dec 2015 <https://www.cornwall.gov.uk/media/17171641/bn11-second-and-holiday-homes-v2-dec-15.pdf>

ONS 2011 Census: Number of people with second addresses in local authorities in England and Wales, March 2011
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/2011censusnumberofpeoplewithsecondaddressesinlocalauthoritiesinenglandandwales/2012-10-22>

NOMIS Official Labour Market Statistics Annual Survey of Hours and Earnings (ASHE) 2016 extracted
Aug 30 2017 <https://www.nomisweb.co.uk/>

GVA Strategic Housing Market Needs Assesment (SHMNA) Cornwall. Jul 2013
<https://www.cornwall.gov.uk/media/5830826/SHMNA-revised-2014.pdf>

Rame Peninsula Neighbourhood Plan Housing Needs Survey. May 2013
<https://ramepeninsulaneighbourhoodplan.com/draft-plan/evidence-gatheringhousing-needs/>

The Rame Peninsula Neighbourhood Development Plan. 2017 – 2030
<https://ramepeninsulaneighbourhoodplan.files.wordpress.com/2016/07/rame-peninsula-ndp-with-post-examination-modifications.pdf>

Appendix E – Tax Relief

The new Community Benefit Society has been awarded tax relief from HMRC for individual investments in the Old Ship project. This appendix explains the detail and the process to claim the rebate. We have attached the confirmation letter from HMRC below. Some general points:

- To claim Tax Relief, you must be liable to pay at least same amount in tax as you are claiming in relief in the tax year.
- You can get the relief on income tax and also Capital Gains Tax
- People who earn their wages through PAYE (most waged workers) can still claim the rebate– but you will have to send in a Tax Return by 31st January.
- Registered businesses cannot claim these tax reliefs, only individuals. However, businesses may be able to get tax relief on donations to our project – please ask us for details.
- Even though investment in this share issue is eligible for tax relief, individual investors might not be, and if in doubt, you should speak **to an accountant or financial adviser**.

For the first £150,000 invested

We have approval for Seed Enterprise Investment Scheme (SEIS) tax relief at the rate of 50%. This means that for every £100 that you invest in the project, you will receive a tax rebate of £50. This is how it works:

- You invest in the Old Ship project, within the first £150,000 received.
- Once we start trading, we issue you with a Tax Relief certificate
- You include the certificate in your Tax Return for the current financial year. Your tax payment to HMRC is then reduced by 50% of your investment amount in either tax year 2018-19 or 2017-18 (you can choose which year the relief is most helpful to you).
- We can only issue certificates after we have been trading for 4 months or spent 70% of the sum we have raised (ie, after we have bought the Old Ship).

First come, first served

The opportunity for the higher rate tax relief will be allocated strictly in chronological order of investment received. Once we are trading and able to issue the tax relief certificates, we will ask each individual investor if they want to use their allocation. If some people don't want to, we will then offer the opportunity to the next investor(s) in the list, and continue until the full allowance is taken up.

For investments over £150,000

We have also been awarded a second Tax Relief, called Social Investment Tax Relief, or SITR. This relief works differently to the SEIS described above:

- The tax relief amount is 30% instead of 50%
- There is no upper limit on the total investment, so any taxpayer can claim this
- We can only issue certificates after we have been trading for 4 months. This means that the rebate will come later than it will with SEIS.



**HM Revenue
& Customs**

Mr S Ryan
The Old Ship Inn Cawsand Ltd
3 West Street
Millbrook
Torpoint
Cornwall
PL10 1AA

**Wealthy Mid-size Business Compliance
Small Company Enterprise Centre**
Insight Understanding and Risk
S0777
NEWCASTLE
NE98 1ZZ

Email: - enterprise.centre@hmrc.gsi.gov.uk

www.gov.uk

Date 19 January 2018
Our ref WMBC/IUR/S0777/noUTR/SCEC/ELC

Dear Mr Ryan

The Old Ship Inn Cawsand Ltd

Thank you for your correspondence dated 16 November 2017.

Seed Enterprise Investment Scheme

On the basis of the information provided, I would be able to authorise the company to issue compliance certificates under Section 257EC(1) ITA 2007 in respect of the shares to be issued, following receipt of a form SEIS1 satisfactorily completed.

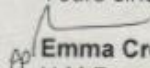
Enterprise Investment Scheme

In addition, subject to the EIS shares being issued on a later date to the SEIS shares, I would be able to authorise the company to issue compliance certificates under Section 204(1) ITA 2007 in respect of the shares to be issued, following receipt of a form EIS1 satisfactorily completed.

Forms SEIS1 and EIS1 are available via the gov.uk website and entering "SEIS1" or "EIS1" in the search facility.

These assurances do not guarantee the availability of any form of relief under the Seed Enterprise Investment Scheme or Enterprise Investment Scheme to any particular subscriber and are given on the basis of the legislation as enacted at the date of this letter. In the event of any changes to the legislation which take effect on or before the date of any share issue, the assurances given may not continue to apply.

Yours sincerely


Emma Creeden
HM Revenue & Customs

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001

Assistant Director: Andrew Gibson





**HM Revenue
& Customs**

Mr S Ryan
The Old Ship Inn Cawsand Ltd
3 West Street
Millbrook
Torpoint
Cornwall
PL10 1AA

**Wealthy Mid-size Business Compliance
Small Company Enterprise Centre**
Insight Understanding and Risk
S0777
NEWCASTLE
NE98 1ZZ

Email: - enterprise.centre@hmrc.gsi.gov.uk

Fax 03000 588901

www.gov.uk

Date 19 January 2018
Our ref WMBC/IUR/S0777/SCEC/noUTR/ELC
Your ref

Dear Mr Ryan

The Old Ship Inn Cawsand Ltd – Social Investment Tax Relief

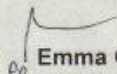
Thank you for your correspondence dated 16 November 2017.

On the basis of the information provided, I would be able to authorise the Social Enterprise to issue compliance certificates under Section 257PC(1) ITA 2007 in respect of the shares to be issued, following receipt of a Sitr compliance statement satisfactorily completed.

The proposed investment(s) would meet the age requirement or other conditions of Section 257MNA ITA 2007 and would constitute State aid under Article 21 of the General Block Exemption Regulation (EC Regulation 651/2014).

The Sitr compliance statement can be found on the HMRC web-site at <http://www.hmrc.gov.uk/forms/sitr.pdf> with guidance on completion of the compliance statement at <http://www.hmrc.gov.uk/forms/sitr-notes.pdf>. For more information on State aid go to <https://www.gov.uk/guidance/state-aid>.

Yours sincerely


Emma Creeden
HM Revenue & Customs

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001

Assistant Director: Andrew Gibson

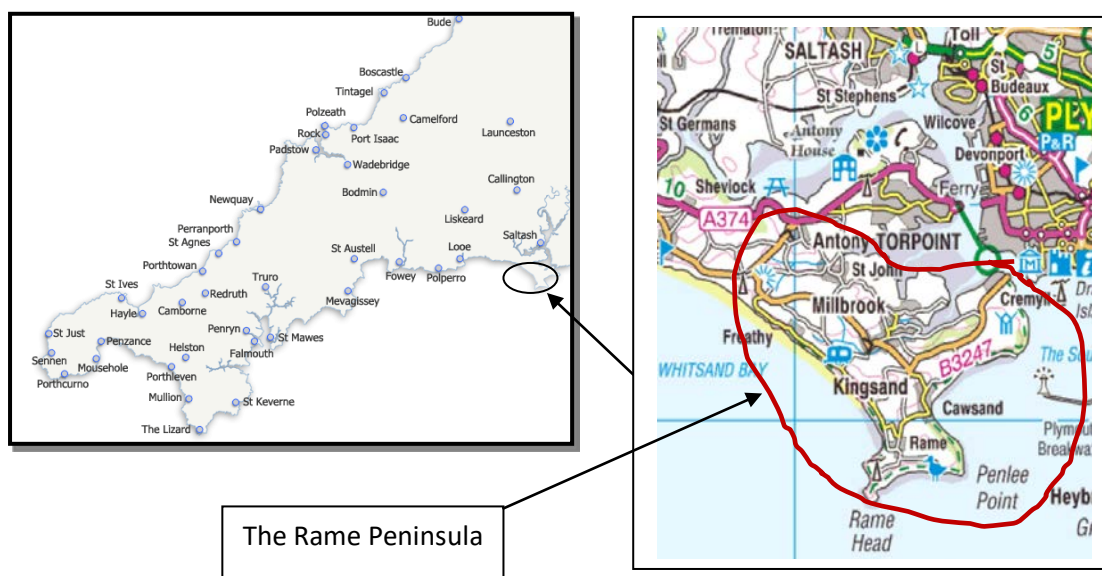


Appendix F – Risks

Risk	Impact on the Society	Impact on your investment	Mitigation
Society cannot raise the funds to buy the Old Ship Inn, or cannot complete the purchase	The society would be wound up	All funds would be returned to investors	The society has an agreement to buy and we are confident we can secure funds to ensure completion.
Society cannot raise funds to develop the ground floor	The society would be wound up; the resale value of the Old Ship Inn would determine the amount of investment we could return	Some funds would be returned to investors, depending on the value the society was able to secure for the site	We are confident that given the track record of our manager and our sister organisation The Peninsula Trust, we would be successful in securing the funds to develop the ground floor
Society cannot raise the funds to complete development of the upper floors	The society would have much weaker revenues, lower trading surpluses and lower retained surpluses	The society would be far less likely to meet its aspirations for withdrawal or share interest	Cawsand sits in the ward with the highest proportion of second home ownership in Cornwall. Home availability is emerging as a major policy issue for central, regional and local government and we are very confident that we can secure grant funding and other social finance (along with a second share issue if needed) to complete the development.
Society cannot let the upstairs properties	The society would have weaker revenues, lower trading surpluses and lower retained surpluses	The society would be far less likely to meet its aspirations for withdrawal or share interest	<p>Cawsand sits in the ward with the highest proportion of second home ownership in Cornwall. We know survey after survey has demonstrated the crying need for affordable housing in the community and we consider this outcome very unlikely.</p> <p>In addition, as long as the ground floor was trading adequately, we would be able to develop housing capacity in a piecemeal fashion, bringing units onstream as funding allowed.</p>

Appendix G – the Rame Peninsula community

The Rame Peninsula occupies the far southeastern corner of Cornwall, on the border with Devon and the city of Plymouth (see maps below). The area comprises five rural parishes with seven village/hamlet settlements and no town. The largest village is Millbrook, in the centre of the Peninsula, with just under 3,000 residents; Cawsand village is the next largest with 950 residents and there are a further 2,500 inhabitants spread around the rest of the area.



The local economy

The Peninsula is unusual in Cornwall because of its proximity to Plymouth and especially to Devonport Dockyard on the west of the city. The area always had the general run of agriculture and fisheries, but also a substantial population of working-class families who travelled in to the Dockyard or worked in the numerous naval supply sites in the Rame area: brewery, armaments, brickworks and more. Through the 1980s and 90s, the Rame industries all closed one after the other and the Dockyard itself shrank from 18,000 workers to the current 2,500, laying off thousands of skilled specialists who were often unable to find new work. Those who could moved away to find new livelihoods; those who remained were often those with lower-level education or confidence.

This history means that the area hides considerable deprivation behind its beautiful landscape and the great wealth of retirees and second home owners. There are no fixed Local Authority services in the area, so residents must travel to Plymouth or Liskeard to access support but public transport links are very poor, making this challenging.

We were fortunate enough to be awarded a secondment project from the Office of National Statistics, who ran a full analysis of the local situation for us in March 2016. The key findings are:

- Population estimates show that Rame has an aging population in comparison to that of Torpoint and of the UK. In May 2014 the proportion of Rame residents in receipt of a state pension was 34%, compared to 18% in England overall. In Rame 318 people are aged 65 and over and are also living alone.
- The proportion of Rame residents who provide unpaid care is 13%. This equates to 632 carers and is a greater proportion than that of the UK overall (10%).

- Of Rame's working age population, 53% were employed in 2011, compared to 59% in Plymouth.
- Less than 3% of English households do not have central heating. In contrast, 8% of Rame households are without central heating.
- In terms of barriers to housing and services, Rame falls in the top 10% of deprived areas in England.
- Rame and Millbrook both score in the most deprived 10% of areas for living environment. This deprivation is due to deprived indoor environments (poor housing conditions) rather than outdoor environments (air quality and traffic).

We have unpublished findings from an analysis of support agencies in Cornwall, showing that the area has one of the highest proportions of teenage pregnancies, very young families and youth unemployment in Cornwall.

Housing and jobs

Sitting alongside the challenges described above, the area has one of the highest concentrations of second homes in Cornwall and indeed in England as a whole. As described in Appendix D above, the result is that the national housing crisis is particularly acute here.

The employment pattern on the Peninsula is the familiar one of most small coastal areas. The available jobs are in the tourist trade, with a marked fluctuation in employment through the year, minimum wage posts with zero-hour contract as standard, no security and poor opportunities for career progression.

Appendix H – Community Shares marketing strategy

We intend to run our Community Share offer directly ourselves, without using one of the national platforms in the initial period. Our reasoning is the following:

- Our sponsor and launch coordinator, The Peninsula Trust, is already very well known and respected in the local area, with one successful Community Share offer completed in 2014. This gives us good recent experience to build from.
- The Old Ship is an iconic building in the centre of Cawsand village, a much-missed pub and social centre. We have massive community support from residents, second home owners and visitors; many of these people are High Net Worth individuals who have expressed interest in the share offer.
- We have a strong and active publicity operation in place, including over 630 paid-up members, an e-mail bulletin reaching 1450 people, a strong social media presence with over 2700 Likes on Facebook, and an established system for printing and distribution of posters and leaflets.
- We have excellent links to the local mainstream media (newspapers, radio stations and TV). The Old Ship is a good news story which has already attracted considerable attention.

We believe that we can reach the whole of the local community through our own efforts, without needing to pay the fees to a national platform.

Our timetable for the Share Offer is as follows:

- Lead-up to 15th March launch. We have made presentations to parish councils, community groups and at our own public meetings. We have leafleted the area door-to-door with information and an invitation to invest. We have built support amongst our membership and now have a core group of 14 local people ready to actively support the share offer. We have a four-minute video ready to launch.
- 15th March launch. We have a public meeting booked for the evening of Launch Day, allowing us to answer questions and take applications face-to-face. We have created a specific Information Pack containing the key documents and a covering letter; this will go out by post, e-mail and social media.
- Early weeks. We will run a continuous stream of social media updates and a weekly circular by e-mail and poster, announcing our achievement to date and keeping people informed. We have some media stories planned, including investment by local young people and by some of the area's very oldest residents.
- Later weeks. The closing date for the offer is Thursday 10th May. In the closing two weeks, we will modify the tone of the publicity towards "you are running out of time"!
- We will run a public meeting on Closing Day to announce the final total of investments and (hopefully) confirm that the project can go ahead.

We will consider the use of a national platform after the first two weeks (29th March) by assessing the results to date.