

Guide for Preparing a Sustainable Business Plan

Stonegate Group

PUB PARTNERS

Contents

Introduction

Information We Must Provide to You

Rent and the Rent Proposal

About You.....

About the Pub

Market Overview.....

Planning for Your Pub.....

Gaming Machines.....

Operating Plan.....

Summary Plan.....

Some Key Questions to Consider.....

Scottish Pubs Code Requirements.....

Business Plan Sign-Off

3

4

4

5

6

7

8

9

10

11

12

14

16

Introduction

This guide is designed to assist you in how to prepare a sustainable business plan. As part of taking on a new tied agreement, you are required to provide us with a sustainable business plan under Regulation 11 of the Scottish Pubs Code.

The Code sets out what information we must provide to you to assist with building a sustainable business plan and to ensure that you can make an informed decision about taking on a tied pub agreement with us.

The purpose of the business plan is for you to establish and set out your future plans for your pub business and demonstrate that you have understood all the information provided to you, including your future financial commitments. The business plan will then become a working document for you to review at regular intervals with your regional manager.

Under the Code, we must ensure that your business plan has been prepared after considering all of the required information, as well as having had the opportunity to obtain independent professional advice (such as business, legal, property and rental valuation advice). This guide will walk you through our business plan template that we encourage you to use, as it contains all the information we require to make this assessment.



Information We Must Provide to You

We must make sure you have received certain information before you consider any independent professional advice for your sustainable business plan. The information is intended to assist you in being informed about the new agreement before you enter into it. This information is detailed in regulation 10 of the Scottish Pubs Code. We will also insist that you visit the pub before submitting your business plan.

As part of our recruitment process, we will provide you with the following information. This will be provided through a number of differing methods (including the applicant channel, email, and hyperlinks) as you progress through the recruitment process:

- The Scottish Pubs Code and any code of practice we may have for dealings with tied pubs
- Information about the type of tenancy or licence
- A full and clear description of the premises, and information about fixtures and fittings
- Information about the respective maintenance and repair obligations of you and us
- Obligations in relation to the purchase of tied products and services
- Whether the tenancy may be assigned or sold, and relevant procedures for you and us
- The advice, support, and assistance available to you during the tenancy or licence, circumstances when we may be be willing to amend its standard terms, and the events which entitle you to seek the Market Rent Only and Guest Beer option
- Responsibilities of us/you regarding insurance
- Arrangements for payment of rent and deposits
- Information about your obligations under Transfer of Undertakings (Protection of Employment) Regulations 2006
- Procedures for where you breach the tenancy or licence, or when you may believe we have breached the Code.

We will provide all of this information ahead of you producing your business plan. It is your right under Regulation 10 of the Scottish Pubs Code to receive this information; however, should you feel that you have not received the required information, you are able to refer the matter for Arbitration by the office of the Scottish Pubs Code Adjudicator (subject to the statutory time frames and associated costs). However, we would always welcome the opportunity to discuss any concerns you may have in advance of any such referral needing to be made. Should you require any further information concerning your rights under the Scottish Pubs Code, please feel free to contact the Code Compliance Officer at pubscode@stonegategroup.co.uk



Rent and the Rent Proposal

Under the Scottish Pubs Code Regulations 2024, you are entitled to receive a Rent Assessment Statement in relation to any new agreement, contractual or periodic rent review or agreement renewal in relation to a tied pub. (Regulation 10, 12 & 13).

The Rent Assessment Statement must contain all of the information contained within regulation 12 of the Scottish Pubs Code Should you feel that the proposal you receive does not detail all of the required elements, you are able to refer the matter for Arbitration by the office of the Scottish Pubs Code Adjudicator (subject to the statutory time frames and associated costs). In addition, you can request any further information you feel will assist your understanding or is relevant to the negotiation (Regulation 12). However, as previously mentioned we would always welcome the opportunity to discuss any concerns you may have in advance of any such referral needing to be made. Should you require any further information concerning your rights under the Scottish Pubs Code, please feel free to contact the Code Compliance Officer at pubscode@stonegategroup.co.uk

About You

This page allows you to tell us about you and any other key members of your team.



About you

Please provide details of the pub you are applying for:

Name of Pub	
Address of Pub	

Your details:

Name	
Address	
Telephone Number	
Email Address	

Your personal profile:

Please describe yourself including your skills, experience, personal attributes and ambitions. Please include any trade qualifications currently held.

Your partner's profile:

Please describe your partner's skills, experience, personal attributes and ambitions. Please include any trade qualifications currently held.

Other key members of your team:

Please describe the other key members of your team including any trade qualifications currently held.

About the Pub

These pages allow you to tell us what your plans are for the pub, along with setting out its strengths, weaknesses, opportunities, and threats.

About the pub

The location:

Describe the environment in which the pub is located.

The amenity / facility:

Describe the attributes of the pub (including facilities) and the outside trading areas.

Local demographics:

Describe the local demographics and the type of customers that you expect to attract.

Current trading operation:

Describe the current trading operation, and consider whether you aspire to replicate or change the trading style.

Proposed trading style:

Describe the style of operation which will attract potential customers.

Unique selling point:

Describe what your pub will be famous for.

SWOT analysis

List your pub's main strengths and weaknesses.

Strengths:

Weaknesses:

Opportunities:

What can you do in your pub that is different, better or something you would stop doing that is damaging trade?

Threats:

Consider unexpected situations - such as environment issues, negative perceptions, new competition, changes to the economy or the law and trend shifts.

Summary:

How are you going to exploit your strengths, and overcome threats and weaknesses? Focus on how you can develop your business going forward.

Market Overview

This page allows you to identify and set out your local competitors.



Market overview

What drinking and eating trends are popular in your area? Please use demographic, customer and competitor information to form your evaluation and propose your target market(s).

Competitor analysis

It is very important that you fully understand the effectiveness of the local competition for your potential customers. The competition will be from other pubs, restaurant, bars, working men's clubs and other leisure activities.

Name of pub / outlet	
Location and distance	
Retail style	
What is the price of standard lager?	
What is the average price of an evening meal?	
Customer base	
How do you rate this competition?	

Name of pub / outlet	
Location and distance	
Retail style	
What is the price of standard lager?	
What is the average price of an evening meal?	
Customer base	
How do you rate this competition?	

Name of pub / outlet	
Location and distance	
Retail style	
What is the price of standard lager?	
What is the average price of an evening meal?	
Customer base	
How do you rate this competition?	

Name of pub / outlet	
Location and distance	
Retail style	
What is the price of standard lager?	
What is the average price of an evening meal?	
Customer base	
How do you rate this competition?	

Planning for Your Pub

This page allows you to set out how you will attract and retain staff and customers to your pub.



Planning for your pub

People:

How will you recruit your staff?

How will you train, develop, motivate and retain your staff?

Promotion:

How do you plan to promote your pub? Consider your mission statement, any food and drink offers, roadside presence, web presence, etc.

How are you going to launch your new business?

What items do you need to launch your new business?

Gaming Machines

This page allows you to set out if you think gaming machines would be right for your pub business.

The Scottish Pubs Code gives you the option to operate without a gaming machine tie, but no provision is made around the terms where you decide you want to install them. Our lease agreements prohibit the use of gaming machines. If you elect to have gaming machines you will have the option to enter a machine share arrangement that will sit alongside your tenancy to permit use and set out the share arrangements and nominated suppliers.



Amusement With Prize (AWP) Gaming Machines

AWP gaming machines (and other games such as pool) can be significant income generators if used effectively. Consider how to make the most of the opportunity by selecting the right number of machines and keeping them well-maintained.

AWP machine selection - does the pub have AWP's? Or is there opportunity for new or additional machines?

How will you plan AWP locations to maximise income and minimise intrusion?

Maximising income – how will you ensure you maximise income from AWP's? Are there opportunities for other types of machines for example pool or vending?

Operating Plan

This section allows you to set out how you are going to operate the pub to maximise the retail opportunities.

Operating plan

Please consider the specific activities you will be undertaking each day to maximise the retail opportunities at the pub. Using the calendar below, tell us your plans for the year ahead, considering key events such as Christmas, Easter, Mothering Sunday, Valentine's Day, and sporting occasions (what activities you are going to host and how you are going to market them).

Day	Activities	Marketing required
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		
Saturday		
Sunday		

Month	Activities	Marketing required
January		
February		
March		
April		
May		
June		

Month	Activities	Marketing required
July		
August		
September		
October		
November		
December		

Summary Plan

This page allows you to outline your short, medium, and long term goals for the pub.



Summary plan

Please outline your summary action plan into short, medium and long term goals.

In summary, your goals:

Short term (0-6 months):

Medium term (6-12 months):

Long term (Yr 2 onwards):

Some Key Questions to Consider

This section will help you build up the data you need to complete the forecast maintainable profit and loss (P&L) account.

Some key questions to consider

There will be lots of questions that will need to be answered before you can convert your creative ideas which are contained in your operating plan into a financial appraisal.

1. Draught beer / cider potential

Main brands	Retail price per pint (inc VAT)	Retail price per pint (exc VAT)	Cost price per pint (exc VAT)	Gross margin per pint (exc VAT)	Gross margin per pint %
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%

It is assumed the inputs into the above table will be reflective having given an allowance for cask sediment and operational wastage across all draught products.

2. Bottled beer / cider potential

Main brands	Retail price per bottle (inc VAT)	Retail price per bottle (exc VAT)	Cost price per bottle (exc VAT)	Gross margin per bottle (exc VAT)	Gross margin per bottle %
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%
	£	£	£	£	%

3. Wines, spirits and minerals potential

Main brands	Retail price per unit (inc VAT)	Retail price per unit (exc VAT)	Cost price per unit (exc VAT)	Gross margin per unit (exc VAT)	Gross margin per unit %
Average wine 175ml glass	£	£	£	£	%
Average spirit 25ml measure	£	£	£	£	%
Average mineral drink ½ pint draught	£	£	£	£	%

4. What is the extent of the food opportunity?

How many covers are in the pub?						
	Average daily servings no.	Average retail price per serving (inc VAT)	Average retail price per serving (exc VAT)	Average weekly turnover (exc VAT)	Average weekly gross margin (exc VAT)	Gross margin %
Restaurant		£	£	£	£	%
Bar Food		£	£	£	£	%
Breakfast				£	£	%
Sandwiches/Wraps/Other				£	£	%
Sundry food/hot drinks (snacks, crisps, etc.)				£	£	%
Total				£	£	

5. Accommodation potential

	No. of letting rooms	Average retail price per room (inc VAT)	Average retail price per room (exc VAT)	Average occupancy %	Average weekly turnover (exc VAT)
Letting rooms		£	£	%	£

6. Machine potential

	No. of machines	Average weekly income / machine	Average weekly income
AWPs (fruit machines)		£	£
Other machines		£	£
Vending machines		£	£

7. Other income potential

Consider what other opportunities may arise.

	Average weekly takings (inc VAT)	Average weekly turnover (exc VAT)	Gross Margin (exc VAT)	Gross Margin %
Other income	£	£	£	%

8. Staff costs

	Number of staff	Hourly rates	Hours per week	Weekly cost
Bar		£		£
Chef		£		£
Kitchen		£		£
Cleaner		£		£
Doorman		£		£
Other		£		£
Total		£		£
Ave rate %				
Employers National Insurance		£		£
Employers pension contribution (if applicable)		£		£
Total cost				£

9. Utilities

	Annual cost (inc VAT)	Annual cost (exc VAT)
Water	£	£
Gas	£	£
Electricity	£	£
Other	£	£
Total	£	£

10. Repairs and maintenance

	Annual cost (inc VAT)	Annual cost (exc VAT)
Compliance service health & safety	£	£
Compliance heating / maintenance	£	£
Cellar cooling	£	£
Exterior decoration	£	£
Interior decoration	£	£
Building maintenance	£	£
Other maintenance	£	£
Total	£	£

11. Insurance

	Annual cost (inc VAT)	Annual cost (exc VAT)
Buildings insurance	£	£
Contents and Liability insurance	£	£
Other insurance	£	£
Total	£	£

12. Entertainment

	Annual cost (inc VAT)	Annual cost (exc VAT)
TV costs including SKY	£	£
PRS / PPL costs	£	£
Quiz	£	£
Bands	£	£
Poker / Bingo / Other	£	£
Other	£	£
Total	£	£

13. Other costs

	Annual cost (inc VAT)	Annual cost (exc VAT)
Marketing	£	£
Advertising	£	£
Promotional costs	£	£
Stock taker	£	£
Accountant	£	£
Other professional costs	£	£
Bank charges	£	£
Telephone	£	£
Travel / Car	£	£
Cleaning materials	£	£
Waste management	£	£
Printing / Stationery	£	£
Glassware / Crockery	£	£
Equipment hire for events	£	£
Sundries	£	£
Total	£	£

14. Initial investment

	Annual cost (inc VAT)	Annual cost (exc VAT)
Trade fixtures and fittings	£	£
Security deposit	£	£
One month's rent in advance & other contractual costs	£	£
Stock, glassware and cleaning materials	£	£
Legal fees, licensing and removal costs	£	£
Training fees	£	£
Cash floats & machine floats	£	£
Initial decoration	£	£
Initial cleaning	£	£
Equipment repairs	£	£
Other	£	£
Total	£	£

Financial Forecasts

We require your business plan to include financial forecasts for the lease period or for the next five years if the lease is for longer. The financial forecasts must include estimates of income and expenditure, a sensitivity analysis, the impact of any indexation of rent or other costs referred to in the new agreement, and a forecast of reasonable and realistic income and net profit.

The forecast maintainable profit and loss, cashflow and five-year summary section will allow us to assess if the business plan is sustainable and if it forecasts a reasonable and realistic income and net profit.

Forecast maintainable P&L

This represents your view of the annual sustainable trade that may be achieved after you have developed the trade in line with your expectations. All numbers below are exclusive of VAT.

1. Calculate your annual turnover

Category	Turnover (Sales)	Gross margin	Cost of sales	Gross margin
Beers, ciders, fabs	£	%	£	£
Wines, spirits, minerals	£	%	£	£
Food	£	%	£	£
Machines	£	%	£	£
Accommodation	£	%	£	£
Other	£	%	£	£
Total	£	%	£	£

It is assumed the inputs into the above table will be reflective having given an allowance for cask sediment and operational wastage across all draught products and therefore the impact to both turnover and margin.

2. Calculate your gross margin percentage

Total turnover	£
Total gross margin	£
Gross margin %	%

3. Calculate your annual overheads

Staff costs (excluding own earnings)	£
Business rates	£
Utilities	£
Repairs & maintenance	£
Insurance	£
Entertainment	£
Interest	£
Other (including bank charges)	£
Rent payable to Ei Publican Partnerships	£
Tie release fees payable to Ei Publican Partnerships	£
Total overheads	£

4. Calculate your estimated net profit

Gross profit	£
Total overheads	£
Estimated net profit	£

5. Sales breakeven analysis

Total overheads	£
Gross margin percentage	%
Annual sales required to breakeven	£
Weekly sales required to breakeven	£

Profit and loss (excluding VAT)

Year 1

(If Year 1 is not representative of mature trade, also provide additional years until maturity is reached)

Sales (£)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total (£)
Drinks													
Food													
Accommodation													
Other													
Total Sales (£)													

Cost of Sales (£)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total (£)
Drinks													
Food													
Accommodation													
Other													
Total Cost of Sales (£)													
Gross profit (£)													

Overheads (£)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total (£)
Staff costs (excluding publican's own earnings)													
Business rates													
Utilities													
Repairs and maintenance													
Insurance													
Entertainment													
Interest													
Other (including bank charges)													
Rent payable to Ei Publican Partnerships													
Tie release fees payable to Ei Publican Partnerships													
Total overheads													
Net Profit (£)													

Cashflow

Including VAT

(If Year 1 is not representative of mature trade, also provide additional years until maturity is reached)

Sales (£)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	w	Oct	Nov	Dec
Drinks												
Food												
Accommodation												
Other												
Total Sales (£)												

Purchases (£)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Drinks												
Food												
Accommodation												
Other												
Total Purchases (£)												
VAT payments (£)												

Business cashflow (£)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Opening cash*												
Ingoings												
Outgoings including overheads												
New finance/loans												
Capital investment												
Loan repayments and interest												
Other**												
Your drawings												
Business cashflow												
Closing cash (£)												

* For Year 1 this would be start-up cash. For Year 2 this would be the closing cash at the end of Year 1.
** The cashflow assumes the pub is an unincorporated business. If the business is incorporated and there are corporation tax liabilities, please include corporation tax in this line.

5 year profit and loss summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	£	£	£	£	£
Cost of sales	£	£	£	£	£
Gross profit	£	£	£	£	£

Rent	£	£	£	£	£
Other overheads	£	£	£	£	£
Net profit	£	£	£	£	£

Sensitivities* impact on net profit					
10% increase in sales	£	£	£	£	£
10% decrease in sales	£	£	£	£	£

10% increase in overheads	£	£	£	£	£
10% decrease in overheads	£	£	£	£	£

*Notes:
1. If a different % is more appropriate to your business then it should be used.
2. If this analysis results in a significant deterioration in profit, then a contingency plan must be provided below.

Contingency Plan

(Actions you would take to reduce the impact of a significant deterioration in profit or loss).

Business Plan Sign-Off

This page includes a section for your accountant to sign a declaration confirming they have signed off your business plan based on the information you have provided them with. We would expect you to share all the information with your accountant. We will also provide you with details for you to share with your accountant on how to upload your business plan when you are ready to submit it to your regional manager.

There is also an applicant declaration for you to complete to confirm that you believe your business plan is a realistic representation of your plan for your pub business and that you have read and understood all the information provided to you, under regulation 10 of the Scottish Pubs Code, which includes the Rent Assessment Statement. This should be completed in the legal trading entity name and signed by all parties to be named on the agreement.

This sign-off satisfies the requirement under the Code that you have prepared your business plan after you have considered independent professional advice. We cannot accept a business plan that is dated prior to us providing you with the Regulation 10 information.

We would encourage you to use an accountant with relevant pub trade experience. The British Institute of Innkeeping maintain a list of BII Accredited Advisors which you can access here: [\(Accredited Advisors \(bii.org\)\)](#)

There is a notes section for you or your accountant to include anything else you feel is relevant to the business plan.

Business plan sign-off sheet

Accountant declaration:

The business plan for (Pub name)

This has been prepared and / or reviewed and is an accurate reflection of the business opportunity based on the information provided to me.

Name of Accountant

Professional Qualification

Address of Accountant's Business

I confirm that I hold the qualification above

☐

I confirm I have attended the pub

☐

Date of visit:

I confirm I have met with the Applicant

☐

Date of visit:

Signed and dated

Applicant declaration:

Name of Applicant(s)

Name of Limited company, if applicable

I / We confirm this business plan is a realistic representation of my / our plans for the pub.

☐

I / We confirm I / we have visited the pub prior to completion of the business plan.

☐

Or

Date of visit:

I / We confirm that my / our representative has visited the pub prior to the business plan and provided me / us all the necessary information.

☐

Date of visit:

The prospective publican understands the impact of any TRF's they have opted for as well as the potential fee payable in the event of the landlord exercising a full tie release under the agreement.

☐

I / We confirm I / we have considered independent professional advice before completing the business plan:

☐

I / We confirm I / we have received all Pub Factual* information for a new letting (*Information contained in regulation 10 of the Scottish Pubs Code)

☐

Signed and dated (applicant(s))

Position within company (if applicable)
(e.g. Director, Company Secretary)

stonegategroup.co.uk

Stonegate Group 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ | 0121 272 5200
(02562808, Registered in England and Wales)