



## Proposal for way forward – Sept ‘17

- i) This proposal builds on the meeting held on 26<sup>th</sup> July 2017, its following discussion paper and wide ranging discussions covering many options, restrictions and opportunities.
- ii) This paper sets out a firm proposal for how Blas Lon Las could be taken forward so that it can be challenged, understood and promoted by key stakeholders and potential investors.
- iii) To follow will be the Business Plan that details the current operating figures and a forecast.

1. **Timing.** The farm goes up for sale in mid-September and bids should be in by early November. Having taken time to digest the news of the farms sale and consider options we now need to both shape and position this proposal ahead of getting it financed.
2. **Shaping Blas Lon Las – what is it?** When Cwm Harry employed Carol and set the brand it was clear that Blas Lon Las was about enabling a more sustainable food economy to emerge in the Ogwen Valley. **Phase I** was very much about getting the shop and café established on the farm but this was to be the start of growing both sales and production more widely in the valley. This proposal confirms Blas Lon Las as being ambitious to develop through three further phases which can overlap / run concurrently but do show a priority flow as follows:

| Phase IV         | Phase II                                    | Phase III                                      |
|------------------|---|--|
| Use buying power | Increase sales and capacity on current site | Use core capacity to extend sales off the farm |



|  |   |  |
|--|---|--|
| Contract grow<br>Utilise polytunnels / fruit field to support new growers<br>Teach and train | Proper café cooking capacity / space<br>Larger shop sales space<br>All on site catering | Meals on Wheels<br>Ready-made meals to sell<br>Hampers to self-catering holidays<br>Sales outlets in other shops |
|--|---|--|

3. **Preparing Blas Lon Las for coming change.** The farm is for sale and it is uncertain who will buy it or what interest they may have in Blas Lon Las. Whilst we have a preferred pathway we do need to position Blas Lon Las – and its business plan – flexibly so that it can adapt to circumstances as they emerge in the coming weeks. The options – in preferred order - are:

- a. **On the farm and part of Ymlaen Moelyci** – a new consortium called Ymlaen Moelyci is preparing a bid to purchase the farm. As a consortium Blas Lon Las can be one consortium member able to buy a long lease and able to take on the contract for all on site catering. Dialogue with Ymlaen Moelyci is well developed.
- b. **On the farm with a different owner** – there is no guarantee that Ymlaen will make a bid or succeed with any bid they might make. A new owner may still be interested in having a café / shop on the farm and Blas Lon Las needs to be in a position to bid for that opportunity (although terms may alter).
- c. **Somewhere else in the valley** – a new owner may not want a café shop, may want a shop café but not want Blas Lon Las or may create a setting that Blas Lon Las does not want to operate within. In this case there is the opportunity to relocate Blas Lon Las elsewhere in the valley. Remember Blas Lon Las is interested all aspects of the local food economy and could operate from a café shop location elsewhere.

## Location on the farm and space requirements

Whilst we have considered relocating the café shop up to the main barn – where the commercial kitchen is – we have ruled this out for a number of reasons (constrained space, darker building, sat in amongst other activities / operations, no roadside visibility etc.) but the decisive factors for rejecting it are that the road condition is unworkable plus moving it away from the roadside would be misinterpreted by the public as closure of the farm. The current location offers many advantage most visible location, easiest access and parking, space to expand, direct links to growing spaces etc. For these reasons Blas Lon Las stays put.

## Physical plans for Phase II

A number of proposals flow from this core decision about location and flow from the decision that Blas is about more than just a shop café. These are:

1. That the **commercial kitchen** installed in the barn should be relocated to Blas Lon Las. A crucial part of achieving a fully functioning cafe is a fully functioning kitchen; and one that is adjacent to the customers and not up the road;
2. In return the **warming kitchen capability** (not necessarily all the equipment) initially installed at Blas Lon Las needs to be moved to the barn so that the kitchen in the barn continues to serve events and barn bookings etc. NB – this will be the location for bigger and bigger events (for which Blas Lon Las will have the catering responsibilities) so is an essential component of Blas's future;
3. Blas Lon Las needs **expansion space around it**. Not possible in the barn the current location allows room for the following to be considered:
  - a. Additional seating space (and thus additional shelf / selling space);
  - b. Space for kitchen (if more than current porta cabin needed)
  - c. Space for replacement toilet;
  - d. Outdoor seating able to expand in to 'garden' in front;
  - e. Space for potential play area (for kids to play safely whilst parents spend money)
  - f. Options around car parking
4. Blas Lon Las also has a clear interest in **all the polytunnels and easy access growing space**. Over and above the potential need to use some polytunnels space for practical / operational needs (such as new toilet block) the full / longer term purpose of Blas is to animate and enlarge the local food economy and for this (Phase IV) being able to harness high value growing spaces will prove invaluable, so taking them on now as part of Blas Lon Las is essential if, in the future, we wish to explore aspects such as:
  - a. Being able to offer micro allotments (which in Newtown are fully booked out) and which bring in many new growers to the farm;
  - b. Having space for teaching and training may be crucial for new growers and to provide horticultural skills to farmers etc.;
  - c. Having the flexibility to offer 'work shares' might be of interest.

INCLUDE MAP HERE

## Phases of the Business Plan

### Phase I – start up - completed

It is assumed to have taken place i.e. the repair of the building, the installation of equipment and stock, the employment for a Manager and the first years full trading (albeit on five day opening and limited space restricting stock and seating).

Under these restricted circumstances the shop / café covers its costs (and has increased turnover month on month with the early losses having been borne by Cwm Harry). But it has a number of issues that need to be invested in if it is to move to a more profitable state. These include:

1. There are some fantastic volunteers but with an over reliance on a limited number of volunteers there is a severe limit on how Blas Lon Las can grow.
2. The kitchen space is only a warming kitchen so food preparation capacity is limited;
3. The seating space is consistently 'filled', with outdoor seating only available when weather permits;
4. Similarly the shelving space for stocking goods for sale is limited, restricting turnover;
5. The toilet is okay but is not appropriate for an enlarged operation connecting to a wider audience.

Phase II, III and IV – there is a clear set of phases with the priority being phase II but work within phase II should build toward later phases and it may be that activities from Phase III and IV are initiated / begun earlier. But what is being proposed for the coming 1 – 2 years is a clear focus on Phase II.

### Phase II – Increase sales and capacity on current site

We are looking for new investors / partners for this Phase II in which we purchase a lease that secures the site, create more spaces and relocate the commercial kitchen, invest in staff and stock and as a result of which turnover and profits increase:

1. The café become a fully functioning café:
  - a. we move the kitchen down;
  - b. employ a cook;
  - c. sell higher value meals;
  - d. prepare foods for sale from the shop;
  - e. Take on all catering provision on the farm (initially low but intended to expand).
2. The shop diversifies its produce:
  - a. Take in more of current ranges from a wider array of producers (effectively become a shop front for local producers);
  - b. Expanding ranges and adding higher margin products that we currently don't have the shelf space for e.g.:
    - i. Deli counter for cheeses and quiches etc. (higher value products);
    - ii. Garden centre products such as Mike's hurdles, local charcoal, bird food etc. More plant sales;
    - iii. Crafts / consideration of taking on a Post Office franchise (there isn't one in Tregarth, Rhwlas or Pentir).
3. Behind both of the above we invest in a full complement of paid staff who can then be supported by Volunteers and which allows us to:
  - a. Deliver both of the above ambitions;
  - b. Seek out and fulfil new opportunities – for example on site catering for events, chilled meals for sale, use of surpluses for preserves etc.

Specifically the staffing would be:

- a. Allowing our manager to manage by employing more front of house staff;
- b. Employing a cook to maximise use of the kitchen and move us to a full café provision, optimise use of the kitchen asset and respond professionally to catering opportunities.

### Phase III - Use core capacity to extend sales off the farm.

With a solid foundation of sales from on the farm to begin to increase sales opportunities off the farm. Reminding that Blas Lon Las is about selling ever more local food for and on behalf of local producers it is a natural extension, once capacity is reached on the farm, to look to utilise the assets (of manager, of kitchen, of relationships with growers) to provide food to a range of outlets off the farm. Opportunities to consider for phase III include:

1. Meals on wheels provision;
2. Hampers for self-catering holiday lets;
3. Specify Blas Lon Las supplied stands within Spar / Londis etc.;
4. Stalls at shows / events;
5. Veg boxes.

The intention being to add to the impact, turnover and profits of those achieved in Phase II so that we can consider investing in Phase IV.

### Phase IV - Use buying power to get more good food grown locally.

With an increase in demand the ambition is to invest in new growing capacity in and around the valley so that more livelihoods are supported, healthier food can be provided to more people and more resilience built up.

It is with this in mind that we see it as highly desirable that, from day one, Blas Lon Las takes on the polytunnels as they form not only an appropriate backdrop to the shop / café / kitchen but also an important key to initiating / unlocking new growing potential through opportunities.

The increased buying power and access to polytunnels space provide Blas Lon Las with a range of opportunities such as:

1. Contracts To Grow – to encourage stock farmers to move in to horticultural production by agreeing in advance to buy produce allows them, in turn to invest in polytunnels, field scale equipment etc. This applies also to new entrants (so young farmers, horticultural graduates, super keen allotmenters etc.)
2. Utilise polytunnels / fruit field to support new growers – by renting easy in easy out polytunnels space, allowing them to get established before finding their own land etc.
3. Teach and train – there is an identified skills gap and whilst we may use partners to provide the training the polytunnels, and Blas Lon Las, provides and good focal point to start commissioning this.

In the short term (perhaps up to first five years) the polytunnels under the control of Blas Lon Las could simply be let out and to date there have been several expressions of interest for this.

## Investment requirements

To achieve the above requires investment in:

CAPITAL = Physical space;

REVENUE = Staffing complement, stock, marketing;

LEASE = an up-front capital expense that is essential if Blas Lon Las joins the Ymlaen Consortium (see below) but also brings with it the advantage of long term security and increased profitability within each financial year (helpful whilst still in these early stages).

The Business Plan to follow this proposal document will need to look out five years and provide detailed figures for the first 2 or 3 years, quantify the investments needed and outline how returns will be provided. No investment would be taken in without this first being made available.

We see a wide range of benefits for investors:

1. For those requiring a return on investment then a modest interest rate should be possible;

2. For those sharing the risk of investment then a share of the profits can be considered;
3. Bags of community benefit – good food, tackling food poverty, health and wellbeing etc. etc. etc.
4. An ability to influence and enlarge a local food economy (so to grow a market sector).

Investment – which could come in a range of forms such as shares, loans, donations, goodwill, contracts for services etc. - is seen as coming from perhaps three sources:

1. Cwm Harry who can invest all the current equipment and stock;
2. Financial investors drawn from perhaps three areas:
  - a. Current producers (for whom this is a sales outlet) and who might be persuaded to share the risks and rewards;
  - b. Customers / community who whilst wanting a return might be happy lending patient capital at affordable rates;
  - c. A local community organisation / public body interested seeing the public goods and services develop i.e. the reduction of food poverty, the development of sustainable farming, and the initiation of food based enterprises.
3. The new owner – potentially Ymlaen Moelyci - who can offer a contract for the provision of catering services across the farm.

However important goodwill, existing assets and contracts for services might be no one should be in doubt that to effectively step forward in to Phase II (and beyond) will require many tens of thousands of pounds.

Perhaps almost as important will be what skills and experiences investors might bring the Blas Lon Las.

### A new legal entity

A new legal entity will be required, which can then also hold the brand and identity of Blas Lon Las. The initial suggestion is a simple company limited by guarantee (wrapped in Community Interest Company status (which provides community purpose and enshrines an asset lock, ensuring assets are only ever used for community purpose)). If investment is taken in in the form of shares it will need to be a company limited by shares (but can still be wrapped in a CIC status). Depending on the views of investors other legal entities can be considered but it should be based on establishing the function required before setting the form of the company.

### New management support

It is clear that Blas Lon Las needs a new, dedicated, management and support structure if it is to thrive through Phases II, III and IV. Carol is keen to stay on as the manager and to both develop and deliver this proposal / the business plan; building on her work of the last year. However as this is not her private shop – and Blas Lon Las is intended to serve a wide section of society – there will be the need to establish a strong support and governance structure around her (or around any manager / team that is employed). This is especially true if Blas Lon Las is to become a legal entity and is to take in investment.

Initial suggestions are that, linked to where investment is derived from and where benefits of Blas Lon Las are intended to land, input in to oversight could come from:

1. Producer investors;
2. Customers investors;
3. Financial investors;
4. Staff & volunteers;
5. Cwm Harry and / or Ymlaen;
6. Community organisation / public body investor.