

HOTV interim Management Committee meeting minutes

The Royal Oak, 28 April 2021, 7:00pm

Present: Graham Gleed (Chair), Mike Blair (Vice-Chair), David Crabbe (Treasurer), Nick Sloan (Secretary), John Davison, Chris Reah

The Bank Balance

- 1.1 GG: there is currently between £65.5K and £66K in the bank, not including St Austell (£2K) or next week's wages (£3+K). Is our policy of maintaining a £50K buffer justified or an artificial bar to further spending? GG has completed an Awards for All application for £10K, but, like the possible PC grant, this would not become available until late summer/autumn and could not be spent retrospectively. By the end of the month our balance will be around £50K; what is our position on further expenditure?
- 1.2 CR says that it is normal for a new business to run at a loss initially, and suggests that we should be running various cash flow scenarios based on assumptions about revenue, rather than settling on a random sum for the buffer. DC summarises anticipated revenue expenditure over the next few months. Current revenue from the pub has been encouraging, but is unpredictable.
- 1.3 JD asks why we need a £50K buffer. GG replies "fiscal prudence". JD repeats that no startup would expect to maintain such a balance: the normal scenario would anticipate losing money in year 1, possibly breaking even in year 2 and coming into profit in year 3. CR says that we want to avoid having to raise more money. NS points out that the possibility of doing so exists as a safety net. JD says that shop revenue so far has been better than expected, and the indications are that the pub will show an increasing profit as well, even without food.
- 1.4 JD thinks we need to employ more help with the pub and maybe shop. DC feels confident that the shop will continue to make a gross profit of at least £7K a month, but has concerns about increasing overheads. From August we will be incurring an extra £1K monthly cost when we have to start repaying our SCF loan. (A brief diversion on renegotiation of terms concludes that this would not be a viable option.) JD feels nevertheless that anticipated revenue is comfortably enough to cover costs, and that maintaining a £50K safety buffer is overly cautious. GG suggests that maximising revenue is essential. He points out that we have no immediate access to emergency funds should we need it; JD asks why we should need it? We *do* need a contingency, but not £50K. MB says that Covid developments could affect us. DC cites unanticipated expenditure on wiring and duff equipment.
- 1.5 NS suggests that rather than concentrating on an abstract level of buffer we need to prioritise expenditure: divide this into things we *have* to do, expenditure that would bring a return in revenue, and expenditure that could be deferred without compromising profits. MB asks if renting the flat/s would be worthwhile. GG argues that the potential income would be minor compared to sales, and in any case the accommodation is ear-marked for Phil Evans.
- 1.6 JD suggests compiling a figure for everything we need to do to make the businesses profitable, including basic equipment of the kitchen and housing the bar manager (tentative estimate around £12K) and making a decision on whether to go ahead.
- 1.7 GG suggests asking Plunkett for advice. **GG to do so.**

- 1.8 DC estimates that remaining capital expenditure proposed is in the region of £20K. We could proceed with this if a reduced buffer of £40K was considered acceptable. NS repeats that we should spend what will bring a return in revenue but defer what will not. MB adds that we should make a business case for large items of expenditure. NS says that we should consider deferring major costs that could be covered by grants in the future, and suggests that we could provide simple food effectively on a relatively minor outlay on equipment.
- 1.9 CR points out that for a business running at a small loss, the buffer would need to be substantially higher than for a business running at a small profit. In answer to JD's question as to whether he would find a £40K buffer acceptable, GG says that the absolute number is of less concern than the slope of the curve.
- 1.10 GG proposes that we continue with caution, completing work on the kitchen to enable us to offer simple food, phasing further expenditure as appropriate, even if this involves dropping the balance to £40K. **All agreed.**

Solar panels

- 2.1 CR: we have a £15K grant; we can top up to pay for a system costing more than this, but we cannot use the shortfall if the system costs less. This incentivises us to choose a system costing £15K or slightly more.
- 2.2 DC, CR and NS have all contributed to a table which shows comparative data for 10 different configurations from 4 companies. CR shows that across all the proposals, system cost per kWh generated annually equates to about 1, plus or minus a surprisingly small margin. According to this measure, the front runner would be SunGift-2, which proposes panels on both sides of the skittle alley roof. DC: it is clear that we should be using both sides of the roof. Counter-intuitively, output from the NE should be from 60 to 65% of that anticipated from the SW.
- 2.3 GG asks if we have sufficient information to choose SunGift-2 and proceed with a planning application. If for any reason this is opposed by Planning, we would be back to square one. NS suggests that some of the options might not need planning, which could slant the choice. **GG volunteers to clarify the position with Planning.**
- 2.4 GG asks what more we need to make a firm choice? A firm price from SolarSense, some more research on the benefits of optimisation, and due diligence on the companies, including testimonials from previous customers. **DC, CR and NS to research and agree a recommendation within two weeks.**

Other business

- 5.1 GG: The shop-in-a-box is being collected on Friday.
- 5.2 MB: Broughton is offering pre-prepared panini and sandwiches, heated and served with salad using disposable (recyclable) plates and cutlery so that there is no need for a dishwasher. He suggests that this would be a practical way to offer food while we are waiting to upgrade the kitchen. Agreed to be a good interim solution.
- 5.3 DC concerned about increase in rubbish since pub reopened. He is looking into increasing the frequency of our Viridor collection, and possibly adding cardboard and glass. **DC to research this further.**

The next scheduled meeting is the public HOTV meeting, which has been moved to Monday 10 May, at 7:00 pm.