

Business Plan for Kilsby Village Store and Post Office

Version 2.1

1 November 2016

Kilsby Village Store Community Group



Kilsby Village Store and Post Office
owned by the community
run by the community
for the community

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1. Executive summary

1.1 Kilsby Village Store Community Group ("The Community Group") was set up in July 2016 to carry out a feasibility study to determine whether establishing and running a community owned and run shop and post office for the benefit of the community would be a viable business proposition.

1.2. The Community Group has concluded that it would be a viable proposal, given sufficient custom, funding and volunteer time from the community.

1.3. The community shop will replace the former village store and post office following the retirement of the previous proprietors. The former building is not available for use so new premises needed to be found.

1.4. A new wooden building will be constructed on land leased from the Red Lion Village Pub. The shop interior will be purpose designed, and the layout, fittings and product displays will create an attractive and welcoming retail environment, where the look and feel will be 'farm shop' rather than 'corner shop'. We will also make good use of the available surrounding space to support other income-generating activities in the future.

1.5. A newly-recruited, full-time, experienced shop manager will be recruited, who will be supported by a team of trained and dedicated volunteers.

1.6. It will be a phased development:

During December 2016 the site will be secured via a lease with the owners of the Red Lion and the ground prepared for the shop build

During January 2017, Funding will be secured for the build and a supplier selected, funding will be awarded via a grant from the Princes Countryside Fund and money will be raised via a community shares issue.

The shop build will be completed by end March 2017.

Shopfitting will be completed by end April

The new Village Store and Post Office will open in May 2017

1.7. This draft timetable depends on the lease with the Red Lion being secured and the fundraising targets being reached by the end of January 2017, and firm commitments of volunteer support from the community.

1.8. An estimated £50,000 is needed to build the community shop, to be raised via a Public Works Loan through Kilsby Parish Council. The Parish Council will own the building and lease it to the Community. The fit-out of the building will be funded from money raised by a community share issue, grants, donations and loans. With conservative income estimates, the community shop will be in profit by the third year of trading.

1.9. Following the agreement of a lease for the site from the Red Lion, the Community Group will set up Kilsby Village Store Cooperative Benefit Society. The current members of The Community Group will be invited to join the management committee of the Society and will act until the first annual members' meeting, at which a Management Committee will be elected. This meeting will be held within a month of the shop opening.

2. Introduction to the Business Plan

2.1. The Management Committee has developed this Business Plan:

- a. To set out our aims and objectives along with the resources needed to achieve them.
- b. To present strong arguments as to why a community shop would be more viable than a “commercial” village shop.
- c. To explain how a community shop would provide wider benefits than just a simple retail outlet
- d. To illustrate the thinking, research and effort that has gone into the proposal.
- e. To help secure funding from the Parish Council, the community, the Post Office, and grant providers.
- f. To encourage community support and involvement.

2.2. It is a “work in progress” and will be reviewed and revised to reflect new thinking, new opportunities, and changing circumstances.

3. Background



Kilsby Parish lies in the county of Northamptonshire, 5 miles south east of Rugby, and 6 miles north of Daventry at the intersection of the A5, the A361 and the B4038. Part of the Daventry International Rail Freight Terminal (DIRFT) lies within the parish at its northern edge. Kilsby covers an area of roughly 4 square miles and is home to about 1,200 people and the population has been stable now for some years. The population is spread over approximately 518 households.

The first known settlement here was probably between 900 and 950 AD so as a village it has been evolving for a period of well over 1000 years. Today Kilsby is a largely residential village with a small range of local community services and facilities including a village hall, primary school, two public houses as well as two churches. Until recently the village also had a shop and post office. There is

little employment in the village itself, although the nearby DIRFT development, part of which lies within the wider Parish, offers opportunities in distribution.

In the Northamptonshire Current Landscape Assessment, Kilsby is identified as lying within the Landscape Character Type 13 - Undulating Hills and Valleys where:

‘The landscape is characterised by undulating, productive mixed farmland interspersed with small villages and often remote farmsteads. It retains a strong rural character, which is eroded in places by modern incursions such as major transportation routes and large urban areas. Whilst wide views over the landscape are possible from elevated areas, the undulating hills and valleys generally have an intimate, human scale, reinforced by landform, small woodlands and hedges screening long distance views and creating enclosure. Even where wide open views are possible, villages, or more often church towers, offer focal points on the horizon and therefore reduce the perceived scale of the landscape.’

The 2011 Census shows that 63.3% of 16 - 74 year olds are economically active in Kilsby, - higher than the National average

Table 1 shows that Kilsby has a slightly below average number of school age residents; also the number in the age range of 18 - 44 years is somewhat less than the national average. Numbers in the 45 - 59 age group are relatively comparable but the over 60 group is considerably higher than the national average. This clearly demonstrates a higher ageing profile for the village than is occurring nationally.

This may be partly accounted for by the existence of housing specifically designed for older residents – the bungalows in Devon Ox Road and the sheltered housing complex at Stephenson Court where people live independently in self-contained flats with some shared facilities. There is also a residential care home, Kilsby House, in the village. There is an identified need for an increase in housing and facilities including service and support for senior residents who would wish to remain in the village as they grow older.

Demographic profile – Table 1

Table 1		Demographics - Age profiles - data from 2011 census							
		All Ages	0 - 10yrs	11 - 17yrs	18 - 24yrs	25 - 44yrs	45 - 59yrs	60 - 74yrs	75yrs +
Kilsby Parish	Count	1196	103	87	60	195	286	293	172
	%age		9.00%	7.27%	5.02%	16.30%	23.91%	24.50%	14.38%
National	%age		11.87%	9.52%	9.38%	27.53%	19.39%	14.57%	7.75%

In 2014 the Parish Council developed the Neighbourhood Development Plan for Kilsby. As part of this exercise the steering group prepared a questionnaire to get up-to-date and relevant information about the parish and to give residents the opportunity to feed back their views on what is important to them; their concerns, and their ideas on how the village should develop over the next fifteen years. This task was undertaken by a team of 12 volunteers during the period 4th – 18th August 2014, and a response rate of 76% was achieved.

The responses to the survey questionnaire showed that a significant majority of respondents highly valued local facilities in the village, with the highest proportion considering the village hall, village shop, post office, public houses, recreation ground and primary school as “very important”. The Kilsby Post Office and Stores emerged from the Neighbourhood Development Plan Survey as the most important and appreciated facility in the village. The Post Office and Store was flagged as needing to be supported to ensure its ongoing survival.

The survey asked - How important to the Village are the following facilities?

The Village Shop – 712 of 780 respondents replied “Very important” or “Important”

The village Post Office – 847 of 917 respondents replied “Very important” or “Important”

By far the largest number of people in the village who responded to the Survey – 309 – are retired, with only 105 in education, reflecting the age demographic of Kilsby and further highlighting the need for specific service provision and support for this demographic.

A follow-on survey was conducted in April 2016, once it was known that the current village store was due to close, via a parish questionnaire to determine the demand for a replacement shop and post office. The aim was to gauge the level of community support and to poll for ideas around the types of products and services people really want or need.

Highlights from this questionnaire were:-

Response rate of 63%

167 individuals expressed an interest in becoming directly involved in the project

The highest valued characteristics of a new village store were convenience, social interaction and preservation of village culture.

68% of respondees indicated that the presence of a new and improve community shop would change their current shopping habits.

This was followed by a public meeting in July 2016 to update the community on the results of the questionnaire and to further gauge support and awareness. There was overwhelming support to form a Community Group to look into the feasibility of opening a new and sustainable village store and post office.

The Community Group was set up as a joint committee of Parish Councilors and Community Representatives to lead the initial stages of the program. The stated aims, objectives and vision of The Community Group are described below

The Aim

To lead the community in opening a financially sustainable village shop and post office which is owned and run by the community for the benefit of all who live and work in Kilsby

The Vision – *Through the Community Shop we aim to strengthen the social hub and support engagement to enhance the well-being of the local community. This will be achieved through:-*

Provision of a physical focus for ad-hoc and informal social interaction

Provision of excellent customer experience and service

Providing locally sourced, quality goods in an economically sustainable way

Providing outreach services which enhance quality of life and reduce social exclusion

Encouraging volunteers to deliver supportive services to the community

Encouraging the young to help the old cope with the increasing reliance on technology

Encouraging the old to help the young to learn from a lifetime of experience

Enabling the young to develop skills and experience vital to obtain a first job

3.1. The plan is to have completed the feasibility study by the end of October 2016 and present our recommendations at a second public meeting in early December. If the proposal was considered to be viable, and if the community gave its approval, the group would then seek incorporation and proceed with entering into agreements on leasing the building and the site as well as issuing a prospectus prior to a shares issue.

4. Kilsby Village Store Cooperative Benefit Society ("The Society")

4.1. Community shops trade, employ staff, manage volunteers and enter into contracts and financial arrangements. They therefore require a legal entity to protect the individuals running the business by giving them 'limited liability', and they also require a legal structure to ensure that they are compliant with legal necessities such as tax, insurance, trading standards and employment rights. In deciding which form of legal entity would be most appropriate for our community shop the guiding business principle was that the more people who get involved and buy into the enterprise the more likely it will succeed.

4.2. The plan is to incorporate in December 2016. The Society's objective is to provide and sustain an attractive community shop and post office. It will sell good quality goods and services at a reasonable cost, which will meet the shopping needs of parish residents and adjacent parishes, as well as visitors to the local area. There will be an emphasis on supplying good quality local produce at a fair price.

4.3. There are additional objectives, which are:

- To safeguard and enhance the parish's resilience by improving village facilities, acting as a hub for the parish, fostering a stronger community, supporting the well-being of residents, and helping to meet the needs of the local community.
- To promote a sense of common ownership and collective effort for the good of the community as a whole.
- To demonstrate that the business is sustainable and viable within three years.
- To support local businesses and the rural economy by providing an outlet for local producers, craftspeople and artisans, and enabling them to advertise themselves.
- To develop a regular, loyal and profitable customer base from within the parish and beyond by providing a good retail option, personal service, and being flexibly responsive to the needs, requests and suggestions of customers.
- To offer a cheerful, welcoming, friendly and helpful service.
- To reduce the parish's carbon footprint by reducing car use and food miles.
- To provide a central, informal meeting point for villagers.
- To provide training, voluntary work opportunities and work experience for local people.
- To distribute all profits not required to sustain and develop the business to local community projects.

4.4. The Society will operate for the benefit of the community, under the Co-operative and Community Benefit Societies Act 2014. The principal objective of a Registered Society is that it will be owned by the community and any profit from the shop not required to be re-invested in the business will be put back into the community.

4.5. The Community Group have chosen this model for a number of reasons:

This model is operated at numerous similar village locations elsewhere in the country and is recognised as a viable approach to running and maintaining a vibrant village shop in a rural location. It allows as many people as possible in the community to buy shares in the business (some other options restrict the number of shareholders) and become Members of the Society, thereby enhancing the sense of community ownership and enabling people to invest and offer their services for the benefit of the shop and ultimately to the parish community. Buying shares in a Society is an investment in the community, intended to secure and enhance a lasting asset, part of a thriving and sustainable community. In recent years community share issues have been responsible for raising an average of £35,200 towards the start-up costs of community shops.

The ownership structure is completely democratic – one vote per shareholder, as opposed to one vote per share. Shareholders can influence the management of the shop by electing Management Committee members and voting on issues at the Annual Members Meeting and Special Members Meetings. Net profit is used to develop the business and then build a financial reserve in the early years. Thereafter, the principal objective is to use the net profit to benefit the wider community. At the discretion of the Management Committee, interest may be paid to shareholders. Unlike other

forms of private company, community shares cannot be worth more than the price paid for them and they are not transferable to a buyer at whatever price the buyer will pay. They are withdrawable shares with the prospect of getting some or all of your money back from the company, subject to the discretion of the Management Committee, generally after three years.

4.6. Community shops with a Registered Society structure have an average of 191 Members, in comparison with 113 for other structures. The benefits of a large membership base include having a larger number of people who have a financial interest in the shop and who are more likely to use it regularly; a greater number of people who attend Annual Members Meetings and other Members Meetings and positively contribute to the overall direction of the business; and a larger and more accessible pool of people to draw on for Management Committee tasks, or when more volunteers are needed to help run the business.

4.7. The Society's governing document known as the Model Rules, (available on request), will set out the way in which The Society is owned, organized and governed. There will also be code of conduct and a policies and procedures handbook.

5. The Management Committee

5.1. The current members of the community group are:-

Chair - Steve Kettlewell

Vice Chair - Nigel Gostick

Treasurer - Peter Ayton

Secretary - Elaine Atherton

Asst. Secretary - Elaine Lester

Retail Planning - Elaine Atherton

Parish Council Liason - Liz Rochford

Project management - Andrew Simpson

5.2. We believe that the Community Group has the necessary skills, experience and contacts to take the project through and beyond the incorporation stage and set up the community shop together with volunteers and paid staff, enabling it to quickly become a well-used and valued resource for the parish, as well as visitors.

5.3. The Community Group has been meeting at least monthly, reporting regularly back to the Parish Council and this will continue through the incorporation phase.

5.4. Once incorporated the initial Management Committee will formally stand down at the first Annual Members Meeting, to be held within a month of the shop opening, and a Management

Committee will be elected from, and by, the shareholders (although former Management Committee members will be eligible to stand for election). All members of the Management Committee will work on a voluntary basis and adhere to the Code of Conduct.

6. Accountability

6.1. The Management Committee is very aware that the success of this venture wholly depends on getting and keeping the support of parish residents, some of whose families have lived in the village for many years, and many of whom have moved here to live in a more rural area.

6.2. Every effort will be made to keep residents informed of the progress that is being made to establish the community shop, through email, the village newsletter, the village website, posters, printed updates, social media, and word of mouth.

6.3. There is a broad range of ages and household incomes in the area, and we have taken (and will continue to take) every opportunity to listen to what people say they want, and to be answerable to the parish as a whole for the decisions that the community group makes.

6.4. All residents aged over 16 will be encouraged to buy shares in the company to become a Member. Members will have one vote, regardless of how many shares they have. Members will be able to attend Members Meetings, at which they can speak, submit motions for consideration, and elect the Management Committee.

6.5. The project has been assisted so far by local residents, the Parish Council, the Princes Countryside Fund, and the Plunkett Foundation.

7. Why do we think we can be successful?

The Community Group is under no illusions about the difficulty of setting up and sustaining this enterprise, but we are confident that with sufficient, timely and sustained community support it can be successful. Here are ten reasons for our confidence:

1. The success rate of community-owned village shops is far higher than it is for shops which are independently run. The number of community-owned village shops in the UK has grown from 27 in 1994 to 309 by the end of 2014, opening at an average rate of 27 annually during the last five years. Only 15 community shops have closed since records began in 1992, indicating a long-term survival rate of 95%. The 5-year survival rate of community shops is 99%. This compares extremely positively with estimations for UK businesses, which have an estimated 5-year survival rate of 45%.

In stark contrast, independent village shops have struggled to survive in the last 25 years, with around 400 closing every year.

2. The average turnover in 2014 of 163 community shops located throughout the UK was £154,687, while the average net profit (after re-investment in the business and distribution of part of the profits) was £3,220. Average sales in 2014 increased by +1.9% on previous years sales (as compared to Sainsbury +0.2%, Co-operative -0.2%, Tesco -1.3%, and Morrisons -2.8%)

3. The shop will be purpose designed and the layout, fittings and product displays will create an attractive and welcoming retail environment, where the look and feel will be 'farm shop' rather than 'corner shop'. We will also make good use of the space around the building to support future income-generating activities.

4. Much greater emphasis will be put on communicating with our customers and marketing to potential customers. We will communicate more effectively with our customers, using a range of methods, to ensure that our product lines and services reflect their wishes and we will alert them to special deals on a regular basis.

5. More than half of community shops have the Registered Society ownership model, as highlighted above. As the new business will be owned by the community for the benefit of the community, it will be in the interest of everyone in the community to make it a success. With almost 1200 residents in the village the market is big enough to support our venture.

6. Community shops can access funding and discounted services not available to purely commercial operations. There are a number of cost exemptions which can be applied for by community owned ventures.

7. We will be able to draw on a wealth of local expertise in the village as well as benefitting from many sources of advice in areas such as food and general retailing, business advice, property planning, accountancy and tax advice, legal advice, banking and the post office. We have also benefitted enormously from advice from the Plunkett Foundation.

8. We will employ an experienced shop manager who will have the relevant skills to help train the team of volunteers.

9. Residents of the parish will volunteer to carry out a range of tasks, for instance working behind the counter, managing stock or cleaning. Volunteers reduce salary costs and can also be expected to be good ambassadors for the shop.

10. The elected Management Committee will receive weekly financial reports, so that any significant negative financial indicators can be identified early and appropriate measures taken.

8. How the community can help

8.1. In the previous section we set out ten reasons why we are confident that the new business can be a success. However, the most important factor will be the wholehearted and ongoing support of residents of the parish and of the wider community.

8.2. The initial proposal of a community shop and post office was enthusiastically supported by residents. Evidence of this was shown by the 60 or so residents who came to the public meeting in July; by the majority of the 307 households who completed and returned a questionnaire; by the 167 people interested in supporting the proposal, either through joining a steering group, fundraising, helping with refurbishments, making a donation, or buying shares; and by the 67 people who said they would help with the day-to-day running of the shop on a voluntary basis.

8.3. We need to ensure that this initial enthusiasm is turned into real and ongoing action and support. The community can assist the new enterprise by:

Helping us raise capital by purchasing community shares in Kilsby Village Store Cooperative Benefit Society or making a donation or an interest-free loan.

Helping with the fundraising, publicity, refurbishment and shopfitting.

Becoming a volunteer member of the shop staff.

Spending money in the shop.

9. The benefits of having a village shop

9.1. Having a shop within the community has several key advantages:

- Alleviation of social isolation for the older or less able members of the community who do not have access to alternative stores.
- Better and closer local access and provision.
- A positive effect on house prices.
- Research claims that every £10 spent with a local food retailer is worth £25 to the local economy, compared to just £14 generated from supermarket chains.
- Half of the turnover generated from local retailers is returned to the local economy, in comparison to large retailers who return as little as 5% to the local economy.

9.2. Specifically, the community shop will provide the following economic, social and environmental benefits:

- Creation of a new local business.
- Creation of one full-time job.
- Provision of a Post Office Local facility.
- An opportunity for local people to volunteer with a community activity. The use of volunteers also reinforces the inclusive nature of the project.
- Increased visitor and passer-by spend in the community.
- An enhanced rural economy through support of local businesses. We plan to source as many products and services as possible from within a 30-mile radius of the shop.
- Training and learning opportunities for new employees and volunteers.
- An information centre and an informal meeting place.
- The employment of a number of volunteers, most of whom are likely to be among the retired residents.
- Potential learning opportunities for the local primary school and work experience placements for local secondary students.
- Lower environmental impact through reduction in vehicle journeys and food miles.

10. Action Plan

10.1. Our Action Plan for the opening of the community shop and post office is as follows (actions assume our fundraising target being achieved by the end of January 2017, and firm commitments of volunteer support being given):

Action / task	Start	Finish
Form Community Group to assess feasibility	July	Early November
Become incorporated as a Registered Society	End-December	

Secure the lease with the owners of the Red Lion	Mid-December	
Write a business plan	Early November	End November
Decide on building supplier and negotiate lease terms with Parish Council	Early January	End January
Liaise with Post Office Ltd to open a 'Post Office Local'	Late October	End November
Draw up job descriptions, policies, etc	January	February
Research, prepare and submit grant funding proposals	August	December
Design and print share prospectus	December	January
Public meeting to present recommendations		December
Recruit volunteers	February	May
Public meeting to launch share issue		December
Secure funding to cover start-up costs	January	
Shopfitting	March	April
Advertise for, interview and recruit manager	February	April
Get systems in place, become VAT registered, train volunteers, buy stock, etc	April	May
Launch event for shop opening		May

1st Annual Members' Meeting June

Post Office training for manager and April
volunteers

11. Market research and analysis

11.1. We have undertaken a risk analysis and a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of setting up and running a community shop (see Appendix 1) and the findings have been incorporated into this Business Plan.

11.2. The critical risks are below:

Risk

Insufficient funding to start up the shop

Counter measures

Ensure that start-up costs are kept low; widely promote the viability and benefits of the shop so that the target figure for fundraising is met; make well-targeted, high-quality funding bids

Insufficient income generated

Ensure the community shop is providing the products and experience that customers want and expect (regularly consult community on this); use of volunteers will keep costs down; ensure pricing is competitive; ensure good promotion of the shop; encourage customers to pledge minimum weekly/monthly spends; offer a reverse credit scheme

Lack of volunteers

Promote volunteering opportunities within the parish for people who want to give their time to help the community, for young people who will benefit from the work experience, and for older people who will benefit from the social interaction

Loss of volunteers or volunteers with lack of necessary skills

Good training, support and recognition from the shop manager and Management Committee; ongoing promotion of volunteering opportunities

Litigation/prosecution

Ensure risk assessments are conducted;
thorough staff and volunteer training;
full legal compliance; adequate
insurance

12. Customer base

12.1. Although named after its geographical location, the intention is that the community shop serves the wider community, ie the whole of the surrounding area including, outlying farms and houses, adjoining parishes, and visitors. However, our primary target market is the residents of the parish. The demographic make-up of the parish is broad, with a number of older residents, some of whom have no means of transport, and many families with children under 18 years.

12.2. Visitors to Kilsby as well as passing trade are also clearly potential customers.

12.3. We have analysed and categorised potential customers into seven groups. The groups of potential customers residing in the parish are:

A Those who will use the shop as their primary source of supplies because they are unable to shop non-locally due to their dependency on (limited) public transport and lack of internet access

B Those who will use the shop as their primary source of supplies because of its convenience and/or its social benefits

C Those who will use the shop regularly but as part of a mixed shopping pattern that includes non-local shopping

D Those who will use the shop only occasionally or in an emergency.

E Commuters passing by and en route to the many arterial road routes and other nearby villages

G Workers and lorry drivers. Visitors to the primary school, playpark, village hall, church, and visiting tradespeople providing maintenance, repairs and building work for residential properties and farms.

12.4. For those in groups A & B, the community shop will provide an essential and consistent service and we expect business to grow quickly in this group in the very early days.

12.5. We will focus on strategies to increase and maintain custom from groups C & D in the mid to long term by listening carefully to feedback from these customers to carefully crafted offers, followed up by a quick and positive response with regard to changes in the business. It will be key to win a proportion of their business that would normally go to our competition.

For these groups we are in competition with the supermarkets primarily in Rugby and Daventry and with the home delivery services of big chain supermarkets. In addition there are village stores in the nearby villages of Barby and Crick as well as in Hillmorton on the outskirts of Rugby. Where we can,

we will compete with these competitors on item price (and promote this). However, where we believe we can compete most effectively is by offering a high quality, easily accessible shopping experience offering convenience, locally produced goods, lower travel costs and time, carbon footprint, friendly service, local knowledge, and community-based management alert and responsive to customer demands.

12.6. Home delivery services, such as that provided by Tesco, present a different challenge in that they are convenient. We can compete with them on people's preference to see groceries before purchase, on freshness of the produce, special local goods not otherwise available, and on the provision of an inclusive social facility. In certain circumstances we will be able to supply delivery services to residents unable to make it to the shop via a community service provided on a volunteer basis.

12.7. Once established, an efficiently run and well managed shop stocked with an attractive range of reasonably priced products should ensure continued successful trading.

13. Marketing strategy

13.1. News concerning the community shop proposal has so far been communicated by articles in the village newsletter and word of mouth as well as through the use of social media. We plan to increase the level and scope of our interaction during November and December as we become more certain of our funding and access to an appropriate site for the new building.

13.2. Another public meeting will be held in the Village Hall in December to present our plan and recommendations. Prior to that we are planning a number of drop-in events where parishioners can come and talk to the community group on an informal 1-1 basis – starting in November.

13.3. As we get closer to our target opening date we will produce leaflets and posters to publicise the opening date of the shop, and advertise the range of goods that we intend to stock, opening hours and launch event details. Leaflets will be delivered to all houses in the catchment area as well as local businesses, and posters will be displayed wherever possible.

13.4. On the opening day we will hold a launch event. Local press will be invited, in order to gain maximum publicity.

13.5. Once the community shop is open, our marketing objectives become the promotion of the shop and its services. As our business model is based on repeat customers, with lots of people returning to us again and again, we need to ensure that every time someone shops with us they leave having had a positive experience. This includes the environment we provide, but most importantly it is the way our staff and volunteers deal with them. Customer service will be of the highest importance. Our customers must feel confident that whatever they buy from us will be of the quality expected, and if people are not satisfied with a product we have sold we will take it back. We'll provide feedback forms in the shop to encourage customers to tell us what they think, what products we should offer and what we can do better on. If the community shop provides a positive experience for our customers and volunteers then we would hope that they will provide word-of-mouth publicity.

13.6. The marketing planned for the shop includes:

- Brand image: a brand identity will be developed for the shop which will be used on all promotional material, communications and the website.

- Website: a shop website will be developed to include details of opening hours, contact details, products and promotions. The website will also give customers the opportunity to provide feedback on what they want to see in the shop.
- Miscellaneous marketing activities: advertising special promotions and seasonal goods on posters placed in the shop windows and newsletters distributed door-to-door; selling branded re-usable cotton bags; providing Recipe of the Week leaflets with the corresponding ingredients prominently available in the shop. We will hold regular “tasting” sessions for produce such as wine, cheese and deli meats.
- There will be prominent signage on the shop and the main road leading to the shop
- Newcomers to the parish will be targeted with ‘welcome packs’ that will alert them to the shop and its services, provide them with a voucher towards their first purchases in the shop, and invite them to become shareholders and/or volunteers in the shop.
- Support for local activities: from time to time the community shop may support other groups, eg. donation of raffle prizes in return for publicity in a programme.

13.7. We may introduce a shop membership club with our own loyalty cards and discount points. Founding shareholders will be entitled to 12 months free membership of the club when the scheme is launched.

14. Premises

14.1. The community shop will be a new wood built facility – in keeping with the village look and feel. The building will be erected on land owned by the Red Lion pub in the village. A number of alternatives were considered but none offered the same ease and flexibility of a site which is already prepared for building, in a prime location and has its own ready-made car park. The clinching factor is the likelihood of reciprocal trade for the two businesses and the potential for joint business ventures between the pub and the store in the future.

The building will cover a floor area of 50 square meters to begin with in order to allow us to get the business up and running within the available projected budget. The design will be modular and will lend itself to easy and cost effective expansion when more funding become available, with a corresponding expansion of the business. Future possibilities include more sales space for a wider variety of produce, a small café area and an outside area for use in Summer.

14.2. By mid-December we expect to have agreed the terms of the lease with the owners of the Red Lion pub. The key terms that we will aim to secure are:

- A rent-free period until the shop has started trading.
- 25-year minimum term, with a rolling six-month break clause.
- Use of the adjoining car park.
- A yearly rental of £2400, followed by a rent review every three years.

15 Building Plans

Illustrative plans and elevations are included at Appendix 3.

16. Layout and look

Exterior and fascia

16.1. A highly visual fascia will be created along with clear signage to provide maximum visibility of the shop from the main road, some 40 metres away. A coloured awning will be installed to draw attention to the store and provide a sheltered place for customers to sit. The windows on the westerly elevation will be as large as possible to let in maximum natural light and to make it possible to see into the store and its wonderful produce displays. These windows will be supplemented by skylights and suntubes to further increase the natural light levels. Where possible, outside the store will be a colourful and enticing display of local and seasonal fruit and vegetables, all stacked in wicker baskets and wooden crates on tiered stands. Local plants in terracotta pots and flowers displayed in galvanised metal watering cans and buckets will provide a fresh and natural spectacle.

Interior

The community group has visited a number of stores to gain inspiration as to the look and feel of a successful village store in a rural community. They are usually characterised by the use of open informal displays on low tables or in baskets. The layout is open with a relatively small retail counter doubling as the post office counter. Apart from cigarettes and some medicines, most items will be self service. Frozen and chilled goods will be displayed in appropriate wall units. Fresh fruit and vegetables, baked goods and artisan type products will feature prominently to achieve the farm shop look. The more day to day and household items will be displayed on wall shelving. Illustrative building plans can be found in Appendix 3.

Below are a number of photographs of village store interiors which have inspired us.









17. Environmental management

17.1. We are committed to minimising the environmental impacts of the shop, through minimising use of energy, reducing waste, and cutting resource consumption. We expect this policy to be cost neutral during start-up and that it will reduce day-to-day running costs. Below are the key ways in which we will build environmental management measures into the setting up and running of the community shop.

- Wherever possible we will source used but high quality fixtures and fittings.
- We will specify cost-effective energy-reducing measures such as primary insulation, we will invest in energy-efficient refrigerators, chillers and lighting, and we will investigate both the sourcing of electricity from a green energy provider and the potential for renewable energy generation, such as solar panels.
- The shop will require heating and we will install energy efficient heating units to provide an appropriate work environment for our staff and volunteers.
- We will use our purchasing power wisely so as to minimise food waste, and we will sell a range of portion sizes of fresh food to help customers to reduce their wastage as well.
- By sourcing a large percentage of goods from within 30 miles of the shop we will reduce food miles, and by providing the goods that local residents want we will reduce car usage.
- We will reduce, re-use and recycle packaging, and we will provide collection points for recycling batteries and fluorescent light bulbs.
- We will promote our environmental policy and the measures we take to implement it so as to help customers see how they can make savings and reduce their own environmental impacts.

18. Retailing hours and staffing

18.1. Initial proposed opening hours are as follows:

	Community shop	Post Office
Monday to Friday	8.00am to 7.30pm	9.00am to 5.30pm
Saturday	8.00am to 6.00pm	9.00am to 1.00pm
Sunday	8.00am to 2.00pm	Closed

18.2. The role of shop manager will be advertised on appropriate websites and in local and regional media. While the community shop is becoming established there will be no other paid members of staff.

18.3. Given the extent of the proposed opening hours and services, and to keep costs down, a team of trained volunteers will be required to provide support to the shop and the shop manager. From the community consultation we are anticipating sufficient volunteers will come forward, as 67 people indicated that they would be prepared to assist in the day-to-day running of the community shop. Volunteers will be recruited in the months leading up to and following the shop opening and a rota will be developed to suit volunteers' requirements. For the shop to operate efficiently volunteers will

need to be able to commit on a regular basis but for short periods of time, eg a volunteer may typically commit to working alternate Tuesday afternoons for four hours.

18.4. Some volunteers will need to fulfill a management function and/or be trained to provide post office services when the shop manager is absent or otherwise occupied. A few volunteers will also be sought for standby duties, to be able to take over when a regular volunteer is unable to fulfill their shift. Volunteers will be expected to arrange a swap with another volunteer when they know in advance that they will be unable to perform a shift.

18.5. Draft job descriptions and person specifications for the shop manager and volunteers will be available on request.

18.6. The shop will be staffed throughout its opening hours by at least two people (including the shop manager whenever available). Actual staffing levels will be varied to match peaks and troughs in demand. Customer feedback, demand for longer opening hours (for instance, late closing on one or two days) and actual footfall will be reviewed regularly and, where a viable business case for change exists, opening hours and salaried staff hours/posts will be revised.

18.7. Staff and volunteers will receive an induction course in using the till system, food safety, health and safety, and age-related sales. A handbook of policies and procedures will be written. Regular refresher training will be provided and there will be monitoring and mentoring from the shop manager. New volunteers will be accompanied by another trained volunteer for the first session or two. The shop manager will report to the Management Committee and will provide weekly sales and wastage reports. Any urgent issues will be brought to the attention of the Management Committee immediately.

18.8. Having volunteers is a very visible way of demonstrating that the business is community owned, and allows all those involved to feel a sense of ownership and contribution. 83% of community shops use volunteers to support the running of the business, with an average of 31 volunteers and with most volunteers working 2-4 hours per week. This model of operation has worked well in the community shops that the Community Group has contacted.

19. Products and services

19.1. The community shop will offer the products and services that are most useful to the community, at competitive prices, and provide a market for local producers. It will initially be designed to meet the needs for convenience shopping (fresh produce, meal-for-tonight, top-up items, etc), but our aspiration for the shop is that it will be increasingly used for weekly shops. It will provide a good range of items that will expect to achieve a higher margin than basic provisions.

19.2. It will initially provide the following range of products:

Dairy and other chilled goods

Frozen food

Grocery items (tins and packets)

Fresh fruit and vegetables

Bakery items

Household goods and toiletries

Over-the-counter medicines

Ice creams, sweets, snacks and cold drinks
Freshly-made sandwiches
Greeting cards and stationery
Cigarettes
Wine, beer and spirits
Newspapers, magazines, and comics

19.3. Goods will be obtained through links with other shops and producers, from wholesale providers, and other local arrangements as well as local “cash & carry” outlets. Quantities of perishables such as fresh fruit and vegetables will need to be closely monitored to avoid wastage.

19.4. The community shop could provide a medical prescription delivery service and dry cleaning collection service in the future, and it will be an information point for residents and visitors. We will possibly provide a grocery delivery service for less mobile parishioners.

19.5. We will aim to have close ties with the local primary school and may, for example, be able to provide learning opportunities and exhibit children’s art work. It will also provide the opportunity for local secondary students to gain work experience.

20. Post Office services

20.1. We have liaised with Post Office Ltd about hosting a Post Office Local. This model entails having the post office counter as part of the main shop counter. The society will earn commission on sales. The shop manager and a number of volunteers will be given training. A PO Ltd trainer will be on-site during the first week that the post office is open.

20.2. Post Office Locals provide the following services (PO Ltd claims these represent well over 90% of all post office transactions):

1st and 2nd class mail, postage stamps, next day delivery, registered post, etc
Home shopping returns
Inland Parcel Services up to a 20kg weight limit
Royal Mail International Standard and Priority mail
Printed Paper and Small Packet up to a 5kg weight limit
International Signed For and Airsure
Pension and benefit payments, including Post Office Card account withdrawals and green giro cheques
Personal and business banking withdrawals and deposits
Business banking of up to £1000 a day
Postal orders
Key recharging
Electronic bill payments
Swipe card bill payments
E top-ups

E vouchers

Pre-ordered foreign currency.

20.3. Apart from convenience for customers, a benefit of providing post office services is that it will generate additional footfall for the community shop.

20.4. We will progress the process for a Post Office Local license as soon as is practically possible.

21. Storage space

21.1. In order to maximize salesfloor space in the shop itself there will be external and secure storage provided through metal storage containers. There is adequate space for these on the site.

22. Professional support and strategic fit

22.1. The Plunkett Foundation provides a wide range of advice and support to any community running or considering setting up a community enterprise in rural areas. We have benefitted from tailored advice, support and information from James Alcock, one of Plunkett's community advisors. Once the community shop has started trading, contact will be maintained with the Plunkett Foundation so that we can continue to access advice and support, and in return we may be used as an example of a successful community-owned enterprise to inspire other communities.

22.2. The Plunkett Foundation has set up the Community Shop Network to support proposed and existing community shops. Annual membership enables community shops to generate savings and reduce running costs, access additional information and support, and become part of a recognised movement of community shops. The Society will become a member in December 2016. Annual membership costs £240.

22.3. We will employ the services of a chartered accountant to prepare our annual accounts. Depending on the experience and skills of the shop manager, bookkeeping and monthly accounts may also be looked after by the chartered accountant.

23. Financial projections

23.1. Appendix 2 shows our Profit and Loss account, Balance Sheet and Cash flow forecast respectively, for the first five years of trading.

23.2. Figures used are justifiable and credible estimates based on the best available information, including from other community shops that we've been in contact with. Expenditure will be closely under our control and therefore relatively straightforward to estimate. Income is subject to factors that we have less control over and so is more difficult to estimate, and we have therefore been conservative in estimating this.

23.3. We are projecting that the community shop will generate small net losses in the first three years of trading but that it should become financially viable in the fourth year. We believe this to be an acceptable scenario for a new business with a long-term vision.

24. Start-up costs

24.1. The total estimated cost of starting up the new business is £57,000. This comprises the following costs (excluding VAT):

Utilities & Services provision £6,000

Fit-out and decoration £30,000

EPOS & IT £2,000

Legal and professional fees £3,000

Publicity and other marketing materials £2,000

Staff recruitment and training costs £1,000

Initial stock £10,000

Incorporation costs £3,000

Total £57,000

24.2. The purchase of some fit-out and marketing items can be postponed or reduced if necessary, though this would affect the proposed look of the community shop and how well we can promote it.

25. Fundraising strategy

25.1. The start-up costs will be met by share sales, donations and loans (from residents, other supporters, businesses and organisations), and grants.

Share capital

25.2. Shares will be sold at £10 each. Shareholders become members of The Society. A shareholder can purchase between 10 and 100 shares. Further details will be in the Share Prospectus.

25.3. Interest may be paid on the original value of shares as trading conditions allow. This will be at the discretion of the Management Committee and must be funded from trading profits, after first considering the long-term interest of the business, the need to maintain prudent reserves and The Society's commitment to community benefit.

25.4. Individuals investing in shares in The Society will be eligible for income tax relief (currently 30%) of the value of the shares purchased against their tax liability, provided the shares are held for three years. Investors can also defer capital gains tax where the gain is invested in The Society. We will issue each eligible investor with Form EIS3 to enable them to claim tax relief. It is the responsibility of each prospective investor to make their own enquiries and to satisfy themselves as to their eligibility for tax reliefs. For more information, visit www.hmrc.gov.uk/eis

Donations

25.5. Donations can be sent as cash or cheques.

Loans

25.6. Interest-free loans from members of the community can be negotiated, subject to approval by the Management Committee.

Grant funding

25.7. Grant applications have been made to The Princes Countryside Fund, and other grant-giving bodies.

Bank loan

25.8. Ideally we will raise all necessary funding through shares, donations and grants so as to avoid having to take out a loan from a financial institution which would incur interest charges. We would only consider taking out a bank loan if we had exhausted all other funding streams, including interest-free loans, and have strong volunteer commitment.

26. Exit strategies

26.1. If, by the end of January 2017, we have failed to secure sufficient funding and/or volunteer support to open the community shop and we have no realistic prospect of imminently doing so we will inform the Kilsby Parish Council that we will not be in a position to take on the lease to the building and advise against committing to a Public Works Loan. In addition, we will withdraw from the lease on the land with the Red Lion pub.

26.2. If we succeed in opening the community shop but at any time in the future it proves not to be viable:

Any decision to close the shop will be made in consultation with shareholders, the local community, the Parish Council, and other local groups and organisations.

Any remaining stock will be sold to other local or community shops.

Fixtures and fittings and any other assets will be put up for sale.

The premises will be cleared and returned to a useable condition.

Funds will be used firstly to pay creditors, then to repay loans from residents, and then, if possible, refund shareholders. Any funds left will be used to support or create other community assets in the parish.

We will then dissolve The Society.

Appendix 1: SWOT analysis of setting up and running a community shop

Strengths

The only general store and Post Office in the village.
Local food producers and craftspeople.
The project has the support of the community, the Parish Council, the Plunkett Foundation.
The community Group has a wide range of skills and experience.
Good community spirit with many community-run initiatives.
Parish has a comprehensive Neighbourhood Plan in place.
Public transport links to competitors are weak.
High percentage of dwellings with year-round occupancy.
Local food shop reduces carbon emissions from travelling to alternative retailers.
Local money remains within the local community.
Reciprocal business relationship possible with Red Lion pub.
Car parking on site

Opportunities

Shop services can be tailored to meet the needs of the local community.
Purpose designed shop layout and refit
Develop scope of offerings as the business matures in line with income growth.
Staffing costs can be reduced by using volunteers.
Eligible to apply for grant funding.
Shop could stock specialist foods.
Work in partnership with local businesses.
Make links with the local primary school.
Provide a local focus and be a centre for community information.
Provide a meeting area with Wi-Fi access.

Weaknesses

Former village store struggled to attract and retain customers..
Income from the Post Office will be based on commission and will be less than the salary that the previous post mistress received.
Target market is currently shopping elsewhere - need to change habits.
Business will require some volunteer staffing - this will need coordinating and may not be reliable.
Substantial fit-out needed.
.

Threats

Lack of use and support from villagers.
Lack of voluntary help.
Lack of financial investment from villagers.
Lack of grant funding available.
Delivery service offered by major supermarkets via internet shopping.
May not be viable in the long term.
The loss of the post office licence.
Failure to recruit or keep a good manager.

Provide employment, voluntary work and social interaction for local people.

Share issue will promote loyalty to the project and a sound customer base.

Improvement of village facilities and lifestyle.

Possible home delivery service where genuinely needed.

New housing developments will bring new customers and volunteers.

Appendix 2 – Financial Projections

The following assumptions have been made in the production of the financial projections:

1. The financial year end will be 31st March.
2. The store will open for trading on 1st June 2017.
3. The store manager will be employed on a starting salary of £24,000 and will take up the post on 1st May 2017.
4. No rent will be payable until the store starts to trade.
5. Ground rent will be payable to the Parish Council from 1st May 2017.
6. In the first nine months of trading there will be an average weekly turnover of £2,300, rising to £4,615 by year 5.
7. Initial staff training costs are included in the start-up cost analysis at 24.1
8. Grants totalling 80% of the start-up costs will be obtained.
9. The total received from share issues will be £30,000. This represents 3,000 shares at £10 each, or 30 residents applying for the maximum number allowable.
10. Loans totalling £5,000 will be needed for the first three years to avoid expensive bank borrowing.
11. The write off of preliminary expenses, fixtures and fittings will be provided for at a rate of 10% per annum on the net cost after having received grants.
12. No credit will be allowed for sales, but Post Office Commission will be paid one month late.
13. Cash flow for the cost of sales assumes that payments to suppliers will be two weeks after receipt of the invoice.
14. The value of stock will rise by 5% per annum after the end of the first trading period.

TRADING AND PROFIT AND LOSS ACCOUNTS

	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
Sales					
Income	90,000	150,000	180,000	210,000	240,000
Cost of Sales Inc. 5% waste	69,000	115,000	138,000	161,700	184,800
Gross profit	£ 21,000	£ 35,000	£ 42,000	£ 48,300	£ 55,200
%	23%	23%	23%	23%	23%
Overheads					
Ground rent	2,000	2,400	2,400	2,600	2,600
Building rent	1,500	2,400	2,400	2,400	2,400
Rates	1,800	1,800	1,800	2,000	2,000
Electricity	2,100	2,700	2,900	3,000	3,000
Water	1,000	1,400	1,600	1,700	1,700
Salary and NIC	22,030	26,500	27,160	27,840	28,500
IT maintenance	-	600	600	600	600
Accountancy	1,000	1,000	1,000	1,250	1,250
Insurance	850	1,200	1,200	1,200	1,200
Advertising	600	600	600	600	600
Repairs & Maintenance	100	1,000	1,000	1,000	1,000
Staff training	-	500	500	500	500
Contingency	1,500	1,800	1,800	1,800	1,800
Loan Interest	-	-	-	250	-
Total overheads	£ 34,480	£ 43,900	£ 44,960	£ 46,740	£ 47,150
Trading Profit/Loss before other income	(13,480)	(8,900)	(2,960)	1,560	8,050
Other income	1,250	2,000	2,200	2,400	2,600
Profit/Loss before tax	£ (12,230)	£ (6,900)	£ (760)	£ 3,960	£ 10,650
Preliminary costs written off	783	940	940	940	940
Profit/Loss for the year	£ (13,013)	£ (7,840)	£ (1,700)	£ 3,020	£ 9,710
Balance brought forward	-	(13,013)	(20,853)	(22,553)	(19,533)
Balance carried forward	£ (13,013)	£ (20,853)	£ (22,553)	£ (19,533)	£ (9,823)

DETAILED CASH FLOW – FIRST YEAR OF TRADING

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Year 1
Cash balance b/f	-	13,197	14,306	13,201	12,122	10,997	10,275	9,394	8,572	8,067	7,389	-
Receipts												
Shop sales		7,000	7,631	8,051	8,220	8,961	9,149	9,330	9,922	10,026	11,711	90,000
Post Office commission			80	90	100	110	120	140	160	150	150	1,100
Grants	37,600											37,600
Share Issue	30,000											30,000
Loans	5,000											
Total receipts	72,600	7,000	7,711	8,141	8,320	9,071	9,269	9,470	10,082	10,176	11,861	158,700
Payments												
Cost of sales		2,683	5,609	6,011	6,237	6,586	6,942	7,083	7,380	7,647	8,333	64,511
Cash overheads	2,403	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	34,480
Set-up costs	57,000											57,000
Loan repayments												
Total payments	59,403	5,891	8,816	9,219	9,445	9,793	10,150	10,291	10,588	10,854	11,541	155,991
Net cash movement	13,197	1,109	(1,105)	(1,078)	(1,125)	(723)	(881)	(821)	(506)	(678)	321	7,709
Cash balance c/f	13,197	14,306	13,201	12,122	10,997	10,275	9,394	8,572	8,067	7,389	7,709	7,709

SUMMARY FIVE YEAR CASH FLOW

	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
Cash balance b/f	-	7,709	596	252	(368)
Receipts					
Shop sales	90,000	150,000	180,000	210,000	240,000
Post Office commission	1,100	1,983	2,183	2,383	2,583
Grants	37,600				
Share Issue	30,000				
Loans					
Total receipts	158,700	151,983	182,183	212,383	242,583
Payments					
Cost of sales	64,511	115,197	137,567	161,263	184,417
Cash overheads	34,480	43,900	44,960	46,490	47,150
Set-up costs	57,000				
Loan repayments				5,250	
Total payments	155,991	159,097	182,527	213,003	231,567
Net cash movement	7,709	(7,114)	(344)	(620)	11,016
Cash balance c/f	7,709	596	252	(368)	10,648

BALANCE SHEETS

	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
SET UP COSTS	9,400	9,400	9,400	9,400	9,400
Less Written off	783	1,723	2,663	3,603	4,543
	8,617	7,677	6,737	5,797	4,857
CURRENT ASSETS					
Trading stock	10,000	10,500	11,025	11,576	12,155
Cash at bank	7,709	596	252	(368)	10,648
Debtors	150	166	183	200	217
	17,859	11,262	11,460	11,408	23,020
CURRENT LIABILITIES					
Creditors	4,489	4,792	5,750	6,738	7,700
NET CURRENT ASSETS	13,370	6,470	5,710	4,670	15,320
LONG TERM LIABILITIES	5,000	5,000	5,000		
NET ASSETS	£16,987	£9,147	£7,447	£10,467	£20,177
Represented by:					
Share Capital	30,000	30,000	30,000	30,000	30,000
Profit and Loss Account	(13,013)	(20,853)	(22,553)	(19,533)	(9,823)
	£16,987	£9,147	£7,447	£10,467	£20,177

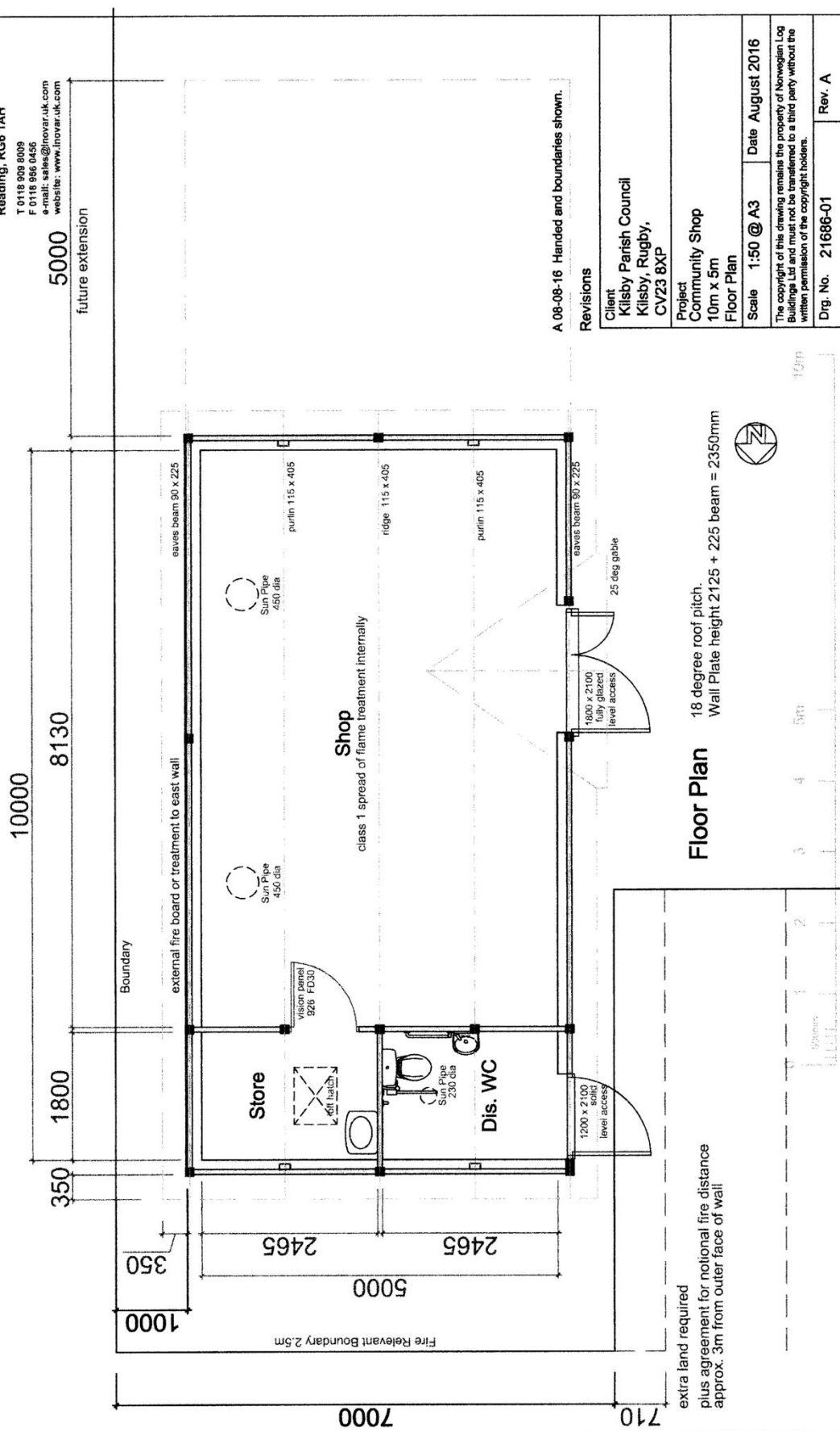


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230 London Road
Reading, RG6 1AH

T 0118 909 8009
F 0118 956 0456
e-mail: sales@inovar.uk.com
website: www.inovar.uk.com





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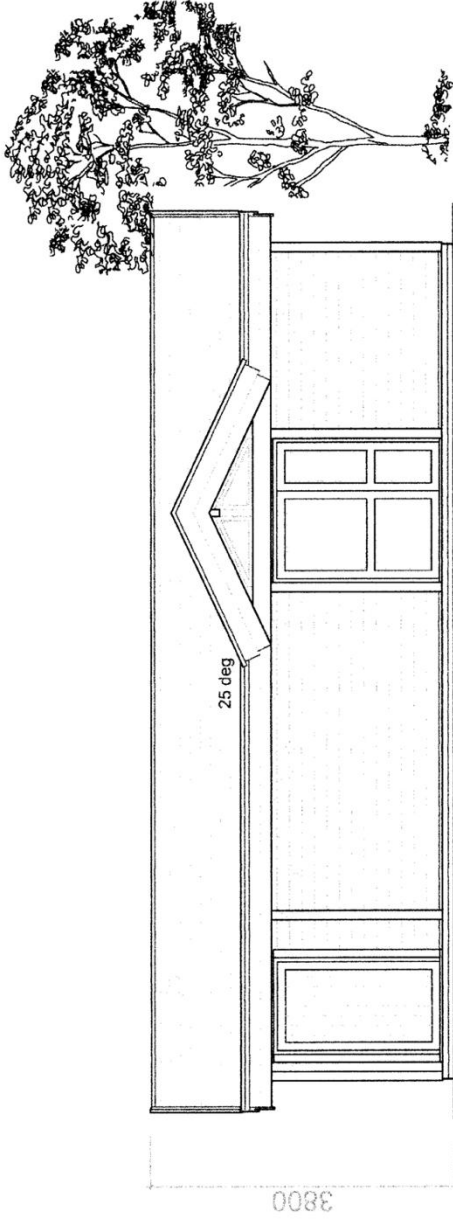
230 London Road
Reading, RG6 1AH

T 0118 960 8009

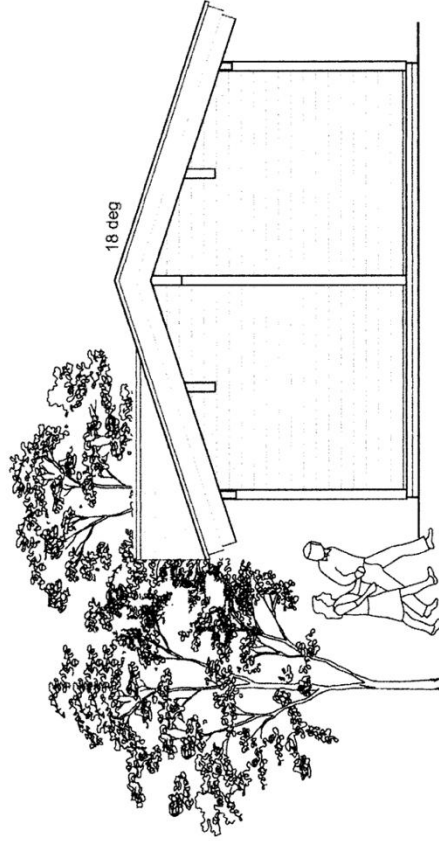
F 0118 960 0456

e-mail: sales@novar.uk.com

website: www.novar.uk.com



West Elevation



South Elevation

A 08-08-16 Handed.

Revisions

Client	Kilsby Parish Council
	Kilsby, Rugby,
	CV23 8XP
Project	Community Shop
	10m x 5m
Elevations	
Scale	1:50 @ A3
Date	August 2016
The copyright of this drawing remains the property of Norwegian Log Buildings Ltd and must not be transferred to a third party without the written permission of the copyright holders.	
Dwg. No.	21686-02
Rev.	A