

North Molton Community Shop Limited

Business Plan



November 2023

This business plan has been produced by the North Molton Community Shop Limited Management Committee. It is based on the information and knowledge available to the Committee at the time of publication. All calculations and predictions are, in the opinion of the Management Committee, reasonable estimates of the business potential. The Management Committee will be responsible for keeping the Business Plan up to date on a regular basis.

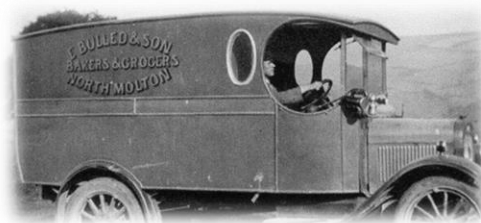
Table of Contents

Executive Summary.....	3
Mission Statement	4
Aims	5
Objectives	5
Values.....	5
The Organisation.....	6
The Team	8
The Market for a Village Shop.....	9
The Products and Services	11
The Market and the Competition	13
Marketing and Publicity	14
Premises.....	15
Staffing	16
Opening Hours	17
Café	17
Community Space	17
Start-up Costs and Funding.....	18
Risk Analysis	18
Financial Data.....	19
Exit Strategy	20
List of Appendices	21

Executive Summary

Situated on the edge of Exmoor National Park in North Devon, the village of North Molton has a population of around 770 with a wider parish population of 1,160. The village benefits from a number of excellent amenities, consisting of a primary school, public house, garage, hairdressers along with a superb sports and community centre located on the outskirts.

Up until December 2022 the village was also served by its last remaining shop, E Bulled & Sons served the village for well over 70 years and along the way had taken on the responsibility for a number of additional facilities as all of the other shops in the village closed. Not only an important resource for the village and surrounding area for these vital shopping and post office services, it also served as a contact point and had provided invaluable community support for many years. A well-earned retirement for the long-term proprietors saw the shop put up for sale in 2020. A suitable purchaser was not forthcoming and reluctantly the shop was forced to close.



Following a Parish Council public meeting a group of villagers volunteered to investigate the options available to restore, what was agreed by all, a fundamental part of the village fabric. With no previous experience in setting up a community shop, but with a wealth of experience in commercial and business operations, the team set about finding out how the community could create a sustainable, thriving village shop.

A working party was established, and initial research sought input and advice from a number of community shops that were trading successfully in neighbouring parishes. Guidance was sought from the Plunkett Foundation, a charity foundation whose purpose is to provide assistance to rural communities in the United Kingdom to create and run community-owned businesses.

In May 2023 a questionnaire was drawn up and distributed to 497 households in the village and parish of North Molton, with over half of those households returning the survey. The results were very encouraging with overwhelming support for the establishment of a community shop. This provided the working party with the evidence and motivation to proceed with the establishment of the North Molton Community Shop.

The shop will sell household items and food, including fresh and local produce. There will be a café, small community meeting space and additional services will be provided, such as an advertisement board and free Wi-Fi. A shop manager will be employed full time with other staffing needs being accommodated by trained volunteers. The environment will be safe and accessible and form a hub of village activity. There are seven members of the Management Committee, all drawn from the village. The shop has been registered as a Community Benefit Society, which best fits the intentions behind the project. It allows for widespread membership and share ownership within the community. For our share scheme the minimum age will be 18 and the cost of a share is £1. There is a minimum holding of 10 shares, with an upper ownership limit of 20% of shares. An asset lock is included in the rules of the Society.

Extensive revenue forecasting has been undertaken basing the figures on other community-run shops with similar characteristics. This practice, together with conservative assumptions, give confidence that the figures in the plan are robust and the shop will achieve a profit or breakeven no later than year three and possibly sooner.

Mission Statement

Establish a sustainable and affordable shop to serve the needs of the people of North Molton, through engaging and working in co-operation with the whole of the community.



Aims

1. Be a not-for-private profit enterprise owned by the community for the benefit of the community.
2. Develop within the premises an affordable general store and café / hub to be a centre for community information and an easily accessible space for activities and services in North Molton.
3. Create an environment to facilitate social interaction, community cohesion and promote health and well-being.
4. Establish a sustainable and affordable facility which is in keeping with its surroundings.
5. Develop close relationships and strong supply chains with local sustainable food growers and producers within North Devon.
6. Become a profitable business, reinvesting surpluses back into the business and other community projects
7. Provide volunteering and learning opportunities to the residents of North Molton Parish.

Objectives

1. Open a shop offering a range of affordable, quality day to day essentials along with a selection of premium local goods.
2. Establish a café & community hub for social interaction.
3. Recruit an experienced and dedicated Shop manager.
4. Create a compelling recruitment and training process for volunteers.
5. Maintain a bank of a minimum of 30 trained and willing volunteers.
6. Establish a customer satisfaction survey, analysis & response process to ensure customer needs are served.
7. Generate sufficient turnover to sustain the business by Year 3.
8. To reduce the parish's carbon footprint by reducing car use and food miles.
9. Identify quality suppliers within a 30 mile radius.

Values

1. Honesty: communicate clearly & honestly to foster strong and meaningful relationships.
2. Quality: to continually improve the service we provide to all our customers and stakeholders.
3. Responsibility: for our actions, ensuring that they are in the best interest of our community.
4. Ethical: source products at prices that are fair, of high animal welfare standards and will actively encourage input from any person within the community without prejudice.
5. Inclusivity & diversity: encourage involvement from all groups, ensuring that everyone feels valued and respected as an individual.
6. Sustainability: conduct our business in an environmentally, socially & economically sustainable manner.
7. Innovation: embrace new ideas & new methods to improve our ways of working and the services we deliver.

The Organisation

The North Molton Community Shop project is a social enterprise initiative of North Molton and is a Community Benefit Society formed in May of 2023 by the working party that had undertaken to establish a community shop in the village. The Society is registered with the Financial Conduct Authority. North Molton Community Shop Limited - Registration number: 9080

The Community Benefit Society model is adopted by 69% of community shops (Plunkett Foundations Better Form of Business Community Shops Report 2022) and was chosen as the most appropriate for our community shop, as it offers the following features:

1. Membership is open to anyone over the age of 18. The Committee, at their discretion, approve applications for membership from anyone who also applies for the required minimum number of shares.
2. It is a community-led, democratic organisation that operates on the principle of one-member-one-vote regardless of their shareholding.
3. Each member then has one vote to exercise at General Meetings, including the Annual General Meeting.
4. Members own and control the Society, exercising their ownership rights by electing members to the Management Committee. Members can stand for election onto the Management Committee.
5. The Management Committee is responsible for managing the affairs of the Society on behalf of the membership and to report back to the membership at General Meetings
6. The Rules also provide for several other ways in which the membership may hold the Management Committee accountable for the running of the Society, including calling a General Meeting if required.
7. Corporate bodies and associations who support our objectives can also become members, and such entities and associations must nominate a named individual to represent them at General meetings.
8. One member one vote allows for raising finance in the community (and this does not need to comply with any Company Law regulations).
9. The rules governing the body expressly state that the enterprise will not directly benefit any specific individual(s) but is for the benefit of the community.
10. It is a corporate body and, therefore, all members benefit from limited liability, meaning that all individuals involved in setting up, running and/or investing in the community shop would not be personally liable for any debts that may be incurred beyond the value of any shares purchased.
11. The organisation is eligible for most types of grant funding.
12. Provision of an asset lock ensures that any retained surplus or residual value cannot be appropriated for the private benefit of members but is firstly used for the benefit of the community.
13. Our Management Committee is elected by and from the membership on an annual retirement cycle, additionally the Committee may co-opt up to two external independent Committee members, who need not be members, for specific skills and experience. These co-opted places are appointed and removed by the Management Committee and are for a fixed time which should be reviewed regularly.

The Management Committee will be responsible for:

1. Raising capital.
2. Recruitment of employees.
3. Management of the society's financial affairs for the benefit of the community.
4. Oversee the day-to-day operations and manage the relationship between the Society, its members, and the community
5. Ensure that the Society complies with all applicable regulations
6. Encourage further community activities that align with the aims and objectives of the Society.

None of the Management Committee will have any conflicts of interest concerning this project and will not receive any fees or salary as per our Rules.

Plunkett Foundations Better Form of Business Community Shops Report 2022 states:

‘A principal tenet of a community business is that it exists to serve the people in the area who would be disadvantaged without it, and membership ensures a wide and inclusive participation. Generally, the CBS (Community Benefit Society) structure encourages and promotes the largest membership, with multiple shareholders investing in the business. The CBS model also helps to facilitate inclusive participation in decision-making about the business and use of its profits, with a one-member-one-vote system. No matter whether you have invested £1 or £100, your share entitles you to have a say in how the business is run.’

Society membership will be obtained by purchasing ten or more shares. The issue of community shares will promote engagement from individuals and organisations within the community and attract investment to enable us to carry out the works required to open the community shop. We will supplement this fundraising with additional initiatives within the parish and applications for grants from external organisations. Further details of the share offer and fundraising objectives are to be found in the Funding section below.

The North Molton Community Shop Limited Management Committee is formed from the working party established at the start of this journey. All members of the Committee reside within the village of North Molton and bring with them a wide range of skills, expertise, and experience from a broad range of sectors.

The Team



Andy Milne
Chairperson
Village resident for 33 years
Former RAF pilot & retired business owner. North Molton School Governor



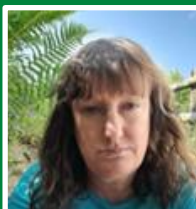
Gary Nickels
Secretary
Village resident for 9 years
Over 30 years experience in operations management



Hugh Jennings
Treasurer
Village resident for 6 years
Over 30 years' experience in multi-site retail & operations management. Parish Councillor



Dave Heath
Vice Chairperson
Village resident for 2 years. Regular visitor to the village for 12 years. Former salesman, publican & business owner



Anne Johnson
Village resident for 10 years
Experienced in retail including The Poltimore Inn (North Molton) & E Bulled & Sons. Parish Councillor



Amanda Adams
Village resident for 15 years
Experienced in retail, including with E Bulled & Sons



Andy Radley
Village resident for 3 years
Born in North Devon, associated with the village for 20 years Retired vet. Parish Councillor

The Market for a Village Shop

Devon shop serving locals for 70 years to shut

E Bulled and Sons, North Molton, has been the focal point of community life for over 70 years

NEWS By Alex Davis Community Reporter
13:02, 18 NOV 2022 UPDATED 13:05, 18 NOV 2022

Bookmark 

North Molton and the surrounding parish had been well served by E Bulled and Sons for many years. As well as offering a full range of essential items, a broad range of local produce and a post office, the store was a hub within the community. When no buyer was found for the business in 2022, a well-earned retirement dictated that the store had to close. Whilst feedback at a local parish meeting demonstrated a desire to replace the store with a community run shop, the Management Committee sought more substantive evidence for the need and sustainability of this proposal.

In this plan, evidence of the demand for a community shop in North Molton comes from two sources, data provided by the Plunkett Foundation on the business of community shops nationwide, and data derived from responses to a survey, in the form of a questionnaire, undertaken in the parish in the spring of 2023.

Plunkett Foundation Data

In its 2022 report *Community Shops: A Better Form of Business*, the Plunkett Foundation provided the following information on community shops:

In 2021:

- 407 community shops were trading in the UK by the end of the year
- The average turnover for community shops increased by 10% to £184,000 in 2021, from £167,000. The whole community shop sector had an estimated £75 million annual turnover
- 91% of survey respondents consider improving their environmental sustainability ‘very important’ or ‘somewhat important’
- An estimated 1,300 people work in casual, full- and part-time posts
- The sector has a workforce of approximately 7,550 volunteers
- The majority of community shops (57%) have between 100 and 300 members/shareholders
- The long-term survival rate of community shops was 92%
- Community shops sourced stock from an average of 28 local suppliers

In measuring impacts Plunkett has found that, almost without exception, wherever there is a community business, there has been increased provision of necessary products and services.

These include:

- Affordable essential items such as fresh fruit and vegetables, household items, fuel, and stamps
- A place to meet and specific activities for young people, families, older people, low-income households, people with disabilities or long-term health conditions
- Key services such as cash withdrawal, post office, deliveries, bill and utilities payment, food and household supplies, defibrillator, launderette, prescription pick-up and delivery, access to health services or pop-up clinics.
- A community café, garden, or meeting space

All these services can contribute to a better quality of life and improved wellbeing. Often, the community shop provides these services in the absence of any other nearby business offering them.

North Molton Survey results

The rural village & parish of North Molton has a population of 1,160 (2021 census), the Community Shop survey questionnaire was delivered to 497 households. 251 completed surveys were returned for analysis, a return rate of 51%. This high level of return offered a positive indication of the level of engagement from the community. (Full survey results are included as appendix 1)

Results

Q. On a scale of 1 – 5 (where 1 is not important and 5 is very important), how important do you think it is to have a village shop in North Molton?

Importance	Respondents	Percentage
5	204	81%
4	34	14%
3	8	3%
2	2	1%
1	0	0%

Q. If a new village shop was opened in North Molton would you or any member of your household use it?

Frequency	Respondents	Percentage
Daily	29	11%
2-3 times a week	140	56%
Once a week	58	23%
Once a fortnight	9	4%
Occasionally	16	6%

These results clearly indicated a healthy demand for the creation of a community shop and provided a very positive indication of the level of community need.

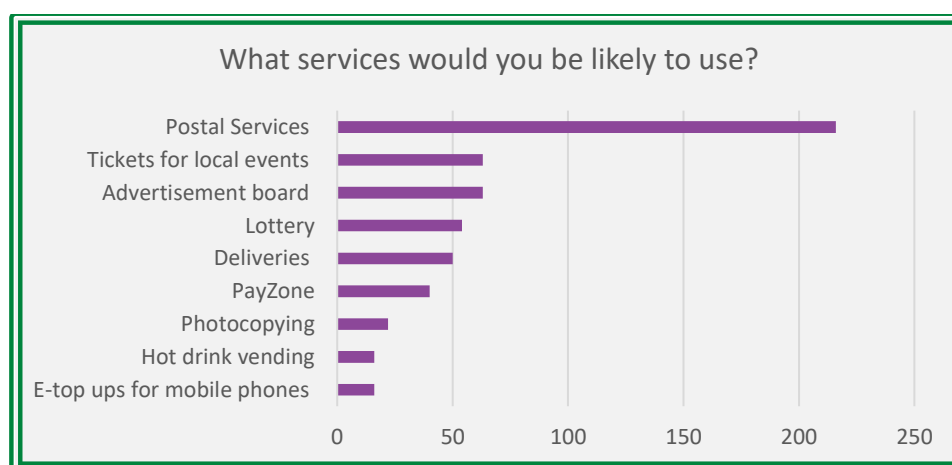
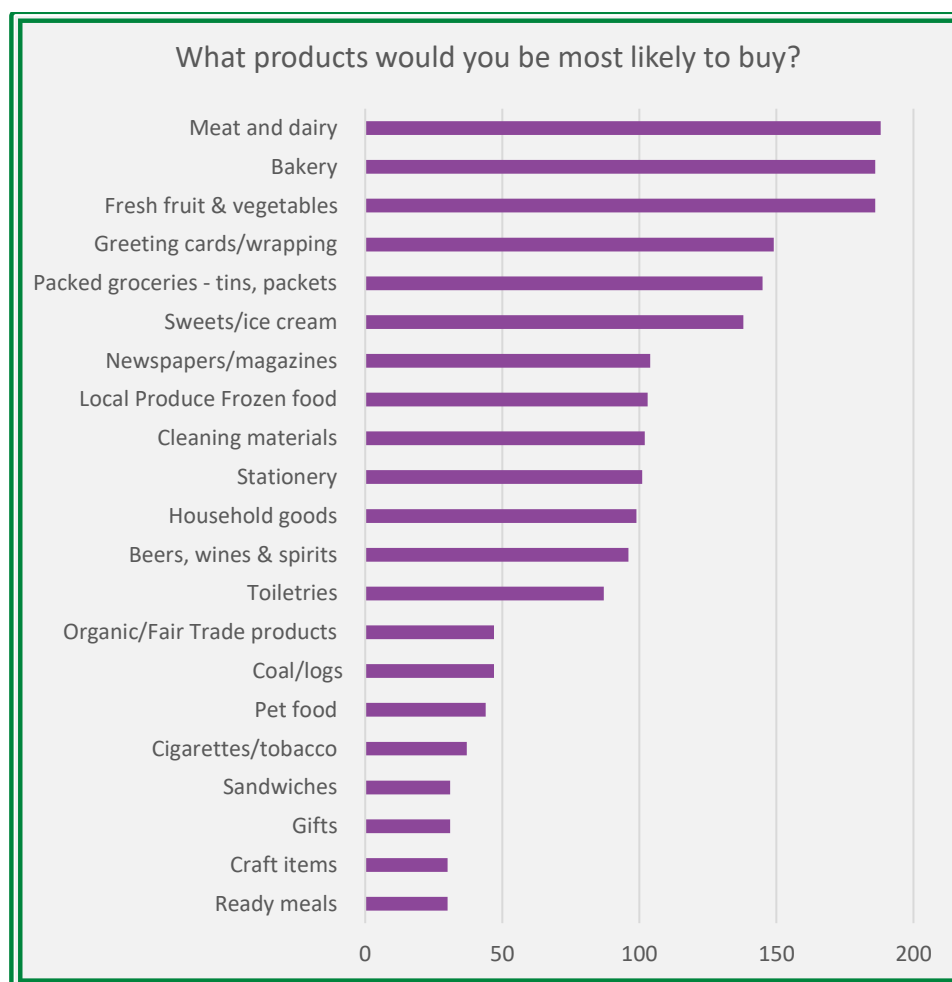
As well as this encouraging analysis from the local community, there is an additional group that will provide demand for a shop. North Molton is a gateway village from the North Devon link road to the Exmoor National Park and sees a numbers of visitors through the holiday season. It also boasts a small number of holiday lets, holiday chalets and there are camping sites in the local area.

Additional research included reaching out to established Community Shops in the North Devon area, in the villages of Parracombe, Rackenford, High Bickington, West Down, Bratton Fleming, Bishops Nympton and Combe Martin.

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The Products and Services

To meet our aims and objectives, the results of the community survey has been utilised in framing our choices on the shop offering. The range of products will primarily be provided to meet the day-to-day convenience needs of the local community along with providing a range of locally sourced premium items.



In its 2021 report *Community Shops: A Better Form of Business*, the Plunkett Foundation provided the following information on the provision of a café within community shops:

- Café facilities have been an increasingly popular addition to community shops and even some of the smaller shops manage to squeeze in a table in the corner, for people to come and have a cup of tea and a chat. This helps to increase footfall and may improve profitability (café products generally having higher margins, although may incur higher staff costs) as well as fulfil the shops' social mission of addressing isolation and loneliness. Cafés also provide volunteering, work experience or paid employment opportunities for young people.
- 31% (43) of shops responding to the survey operate a café. Most community shop cafés tend to offer a limited menu that generally means coffee, tea, and cake (these tend to be run by volunteers). Some shops offer wider choice and generally include dishes prepared on the premises including hot food

Results from our survey indicated that of those who expressed a preference, 64% of people would use a community café.



From this analysis the shop will incorporate a small café and will also offer a small, community space/hub. The village is fortunate to have access to large public meeting spaces, North Molton Victory Hall and the Methodist Hall, both situated in the centre of the village. It also has an excellent sports facility, North Molton Sports and Community Centre situated on the outskirts of the village. The additional service opportunity identified by the Committee was the provision of a chargeable space for smaller groups, who find the hire costs of these larger spaces prohibitive.

Post Office

The village had benefitted from having a Post Office in E Bulled & Sons. Approaches to the Post Office have indicated that it will not be possible to establish a Post Office in the community shop. On investigation the choice of a suitable location would enable the provision of a range of Post Office services via providing a 'payzone' facility.

The Market and the Competition

The market for the shop falls broadly into:

1. Retired residents who may have limited opportunity for travel outside the community, with 28% of the householders responding to our survey being over 65.
2. Families with young and school age children who may be confined to the local area during the working day, with 14% of those households responding to our survey having children between 0 and 16 years old.
3. Parents and their children who attend the North Molton Primary School but who do not live within the village.
4. Residents who work away from the community during the day, but who may have limited opportunity to buy essential items during that time.
5. Home workers and the self-employed.
6. Tourists visiting the village and the nearby Exmoor National Park.
7. Holiday visitors staying in the local pub or one of the holiday lets in the village.
8. Residents of surrounding villages that do not have local shop facilities, in particular Brayford, Heasley Mill, Sandyway, Twitchen, Bickington, North Heasley and Bentwitchen
9. Others visiting the village including delivery people, trades people, postmen/postwomen and refuse collectors.

The following are sources of potential competition for a community shop.

1. Retail outlets in the small market town of South Molton, 3 miles south of the village. The town is served by a small Sainsburys supermarket.
2. A twice weekly South Molton Pannier market.
3. On-line supermarket deliveries.
4. High Street shopping outlets and large supermarkets in nearest major town of Barnstaple, 13 miles west of the village.

North Molton has a limited bus service to South Molton, three buses a day for 6 days of the week. There is no direct bus service from the village to Barnstaple, requiring a connection to a service from South Molton.

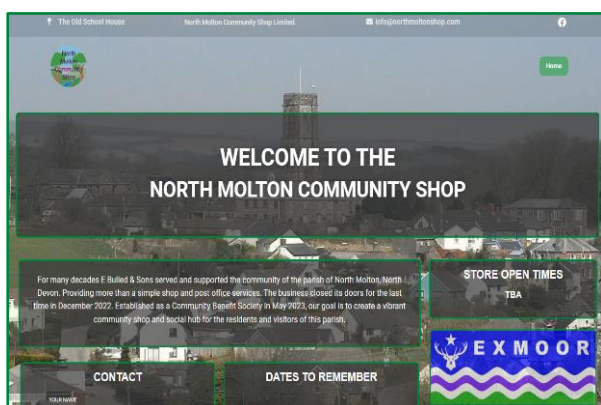
Through the survey the community has already indicated the types of goods and services it would like to see offered by the shop. Reviewing recent reports from the Plunkett Foundation, these preferences align closely with the offerings of successful community shops across the United Kingdom. Community influence will be ongoing, with a committed objective of establishing a customer satisfaction survey to ensure we remain in a strong position to satisfy local customer demands.

Marketing and Publicity

Reaching out to the community has been a key focus for the Committee. Holding two very well attended public meetings to share the team's plans, seek input and take feedback on the direction and objectives the project has set. The material presented at these meetings has been posted on the village website.

A local free distribution publication has carried two articles on the Committee's progress to date.

Poster campaigns have been utilised to encourage support for the public meetings and fundraising events.



northmoltonshop.com

A shop website has been developed and will eventually 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. Our social media platform on Facebook offers a live and current interaction with customers, promotes the shop and the village and is a source of direct feedback.

The outreach to all houses in the village and to the vast majority of the outlying parish villages and rural households when distributing our questionnaire made a major impact on broadcasting our cause.

Support from the North Molton village pub, The Poltimore Inn, has been invaluable helping to raise our profile within the community.

Volunteer meetings and a "taste of things to come" before the opening will also help to market the shop.

A brand identity is being developed for the shop, which will be used on all promotional material, merchandise, communications and online presence. The colour palette being drawn from the Exmoor Flag, reinforcing our link to the location and the Exmoor community.



Signage for our future premises will be sensitive, and fully compliant with the conservation area status of the North Molton Village square.

As the target opening date gets closer, leaflets and posters will be produced to publicise the opening date of the shop, and advertise the range of goods that will be stocked, opening hours and launch event details. Leaflets will be delivered to all households in the parish as well as local businesses, and posters will be displayed wherever possible. On the opening day a launch event will be held. Local press will be invited, in order to gain maximum publicity.

Premises

The shop location and its ability to offer the products and services established in our objectives was recognised by the Committee as being critical. A list of criteria was established to enable an informed selection of suitable location/premises:

1. A central location
2. Easily accessible for all abilities
3. Sufficient space to accommodate operations
4. Available parking
5. Impact to residents
6. Delivery access
7. Financially viable terms

A number of options were considered (see appendix 2 – Premises selection table) and The Old School House was identified as a potentially perfect solution. Centrally located, adjacent to the village square parking area and with level access via a rear entrance. The hall totals approximately 100 square metres and has a separate kitchen.



The Old School House is managed by North Molton Church Lands Feoffees. This charity owns a number of properties which it lets to produce an income. Surplus income is then either held against future repairs of the charity's properties or donated for the repairing, sustaining and maintaining of the Parish Church of North Molton. Initial discussion with the Feoffees revealed that they were in the process of renovating the hall and embarking on a revised business model, changing from local hall letting to the community and moving to commercial letting. Subsequent discussions established that a mutually beneficial partnership could be built, with the Feoffees offering very supportive terms during shop start-up and the shop providing security of tenancy.

The Management Committee carried out a workshop to ensure that the space would provide the necessary facilities and establish potential set-up costs of utilising the Old School Hall. (see appendix 3 – Shop layout.)

Staffing

Most community shops use volunteers to staff the shop and help keep overheads down. Some employ a paid manager with all other staffing by volunteers, others are run entirely by volunteers.

In its 2021 report *Community Shops: A Better Form of Business*, the Plunkett Foundation provided the following information on community shops:

From 368 available Plunkett records:

- 329 (89%) are managed by paid staff, with volunteer support
- 19 (5%) are managed by a tenant
- 17 (5%) are managed by volunteers, without paid staff
- 3 (1%) are managed by paid staff, without volunteer support

Whilst the volunteer only model is less costly, the advantages of having a paid manager responsible for the day-to-day running of the shop and for co-ordinating the work of the volunteers makes it the more attractive option. A paid manager can help to ensure that the finances, stock ordering and control, and staff cover is consistently managed. Our proposal, at the outset, is to employ a paid manager.

All other staffing will be from volunteers. Of the 251 respondents to the Parish Survey, asked “Would you be actively involved in running a new store” 61 volunteered time to help.

In order to attract and retain volunteers we will offer a flexible and inclusive approach and make working in the shop as rewarding and enjoyable as possible. We will use our well-established local network to recruit and support volunteers.

The number of volunteers needed will depend on the number of hours the shop is open. It is suggested that volunteers work in shifts of two or three hours and people will be able to volunteer for either regular shifts, e.g.: same shift each week, or changing shifts depending on their availability and the needs of the shop. From other similar community shop’s experience, it seems that two volunteers on each shift is preferable.

A volunteer team will contribute to the vibrancy of the shop, inject a range of skills and ideas, and reduce staffing costs. Volunteering also provides opportunities for work experience for school children, young adults and those who are unemployed. The shop is for the whole community and the wider the cross section of volunteers, the better. There are no special skills or experience required as training will be provided. Older children and young people can volunteer and there is no maximum age. Day to day tasks in the shop will include: working on the till, unpacking and receiving stock deliveries, helping customers, stacking shelves, labelling products and checking stock as well as help with cleaning.

The Management Committee will be responsible for recruitment of employees and line management. Manager will report to the Board on day-to-day activities and be responsible for volunteers with clear roles and responsibilities. Whilst members may be involved as volunteers on a day-to-day basis, members will not be involved in the day to day running of the shop but can feed into the strategy of the society at general meetings and consultation events as appropriate.

Opening hours

The opening hours will largely rely upon the number of volunteers and how much time they are prepared to commit. As turnover is proportional to the number of hours the business is open, the longer hours the better. The objective is to be open between the hours of Mon – Sat 08:00 – 18:00 (excluding bank holidays), Sun 09:00 – 12:00.

These opening hours are aspirational, and it will be necessary to build up to this over time, although it is our intention to provide a daily shop service for a minimum of 4 hours, Monday to Friday at shop launch.

Café within the Shop

Operating model

Our chosen model is to be a community café. A community café is more than just a place to get a drink and a snack – it is also a gathering place where people from all parts of the community can meet and socialise. It provides a space where single people or small groups can sit down and meet other people whose paths might otherwise never cross. It also provides a place where lonely, single and elderly people can enjoy social interaction.

Menu Offerings

The café will offer primarily hot drinks and snacks, ice creams, biscuits, cakes and simple meals such as soup and a roll on a daily basis. It is envisaged that as the project develops and more people volunteer the range of refreshments will expand.

Trading Space

The café activities will be accommodated within the shop trading space. The counter space will be allocated for shop transactions and the separate kitchen utilised for food and drink preparation. The main shop floor area will have communal spaces that will allow for informal seating around tables.

Social Impact

Inclusion – A community café makes sure that all are welcome, whether using the café or helping to run it, no matter their personal circumstances. Through volunteering and providing co-working spaces the social activities supported can address loneliness. Community cafés have also shown to help wellbeing, develop relationships through food and deliver wide ranging physical and mental health benefits.

Community Space

We will provide a chargeable community space/hub separate from the shop and café for holding small workshops or meetings. This space will be available for local groups to hire via the Shop.

Start-up Costs and Funding

We have carried out a lot of work to identify the costs of starting up and running the shop and will continue to adjust these with further investigation (see appendix 4 – Start-up costs). Below is a summary of our financial plan and fund-raising objectives and costs for the first six months, including lease, fit-out, equipment, stock, promotion, and staffing.

What we need	Estimated cost	Fundraising source	Projected amount
Fit out & lease	£18,500	Community events	£10,000
Stock	£18,000	Donations	£5,000
Legal & association	£3,500	Share offer	£25,000
Running costs (6 months)	£35,000	Grants/Government	£35,000
Total	£75,000	Total	£75,000

Our fundraising projections have been based on two key sources. Plunkett Foundation Data and results from previous North Molton community initiatives that have raised funds for other projects including the restoration and equipping of The Laurels playground.

Plunkett Foundation Data. In its 2023 report *Community Shops: A Better Form of Business*, the Plunkett Foundation provided the following information on community shops:

Shareholders: Based on the available information from 318 shops, according to financial records and Plunkett Foundation records as of July 2023:

- The average number of shareholders per shop is 185
- 52% of community shops have between 51-200 shareholders (164 shops)
- 35% of community shops have over 200 shareholders (111 shops)
- The average amount of share capital per shop is £28,000

Risk Analysis

There will be a number of risks involved in starting up and then running our community shop. It is crucial to be able to recognise and manage these risks, identifying actions that reduce the likelihood that they occur, or, if they do occur, that any adverse impact is minimised. Being able to manage risk from the outset of the project's set-up and onwards into the running of the shop once it has opened is a core objective of the Committee.

The Committee has carried out a risk assessment for the project (see appendix 5 – Community shop risk assessment). The analysis assesses risks in terms of likelihood and severity of impact and identifies measures for their mitigation.

The risk assessment will be reviewed annually by the Committee and a report on risk will be a matter of formal report at members' annual meetings

Financial Data

Profit and Loss Projection

Assumptions

The projected profit and loss account statement in this document is based upon assumptions according to data from the Community Shops 2017 dataset (Power to Change Trust, 2017).

The financial projection is based upon a total retail and café space of 93m² with early year trading figures adjusted down to account for the start-up nature of the business. It is also based on the usage information from the community survey.

Projection data

Statistics quoted are from the Community Shops: A Better Form of Business (The Plunkett Foundation, 2017) report which bases its findings on the Community Shops 2017 dataset. The following statistics have been used to guide the projections and make assumptions for the profit and loss forecast.

Trading area; Turnover / m2; Gross margin*; Potential turnover*; Potential Gross profit*

Plunkett Foundation Community Shops 2017 dataset * 93 Total trading area in meters sq. £2,400 Turnover / m2 average for community stores 22% Average gross margin for community stores £223,200 Turnover gives a £49,100 Gross profit on goods sold

Using the Plunkett formula, the forecasted turnover for a shop located in the Old School could be £223,200 p/a based on a floor area of 93m² using the average turnover of £2,400 per m² cited by the Plunkett Foundation. To account for the start-up nature of the business, the projection for the first full year of trading is £150,000, initially with a conservative estimate of around 60 transactions per day in the shop at an average spend of £10.00 (excl. VAT) 5 days per week, rising to approximately 80 transactions per day with average spend £10, for 6.5 days a week. By Year 3/4 this is forecast to generate sales of around £260,000 per year, returning £52,000 in gross profit. Cost of sales is calculated using a slightly higher gross average margin of 25% to allow for the higher margins achievable on goods for sale to visitors, e.g., souvenirs.

The projection includes shop and café income and excludes depreciation and tax.

See appendix 6 – Shop budget forecast

Exit Strategy

There may come a point when the Committee feels that the plan to open a shop must be abandoned.

This could be for a number of reasons:

1. Inability to secure sufficient funds.
2. Inability to secure sufficient volunteer support.
3. Inability to secure a lease on appropriate terms.

If it becomes clear to the Committee that the plan to open the shop has to be abandoned:

1. Funds received through share purchases, grants and donations will be repaid to the fullest extent possible.
2. North Molton Community Shop Limited (the community benefit society) will be dissolved.

If the shop is opened successfully but at any point in the future it is necessary to cease trading:

1. Any decision to close the shop will be made in consultation with shareholders, the Parish Council, the landlord and any other person or group who has an interest in the operation of the shop.
2. Remaining stock and assets will be sold for what they can realise on the open market.
3. If the lease has any stipulations about the premises in the event of surrender, these will be discharged.
4. Remaining funds will be used first to repay creditors and then, if possible, refund shareholders.

It should be noted that as a substantial element of the start-up costs are for refurbishment and fixtures and fittings for a leasehold premises, it may be difficult to realise any substantial proceeds for these. Therefore, if the shop fails or ceases to operate for some other reason, there is a significant risk that shareholders will lose some or the entire value of their investment. If, however, shareholders are repaid in full any remaining funds will be transferred, according to the society's rules, to another community organisation.

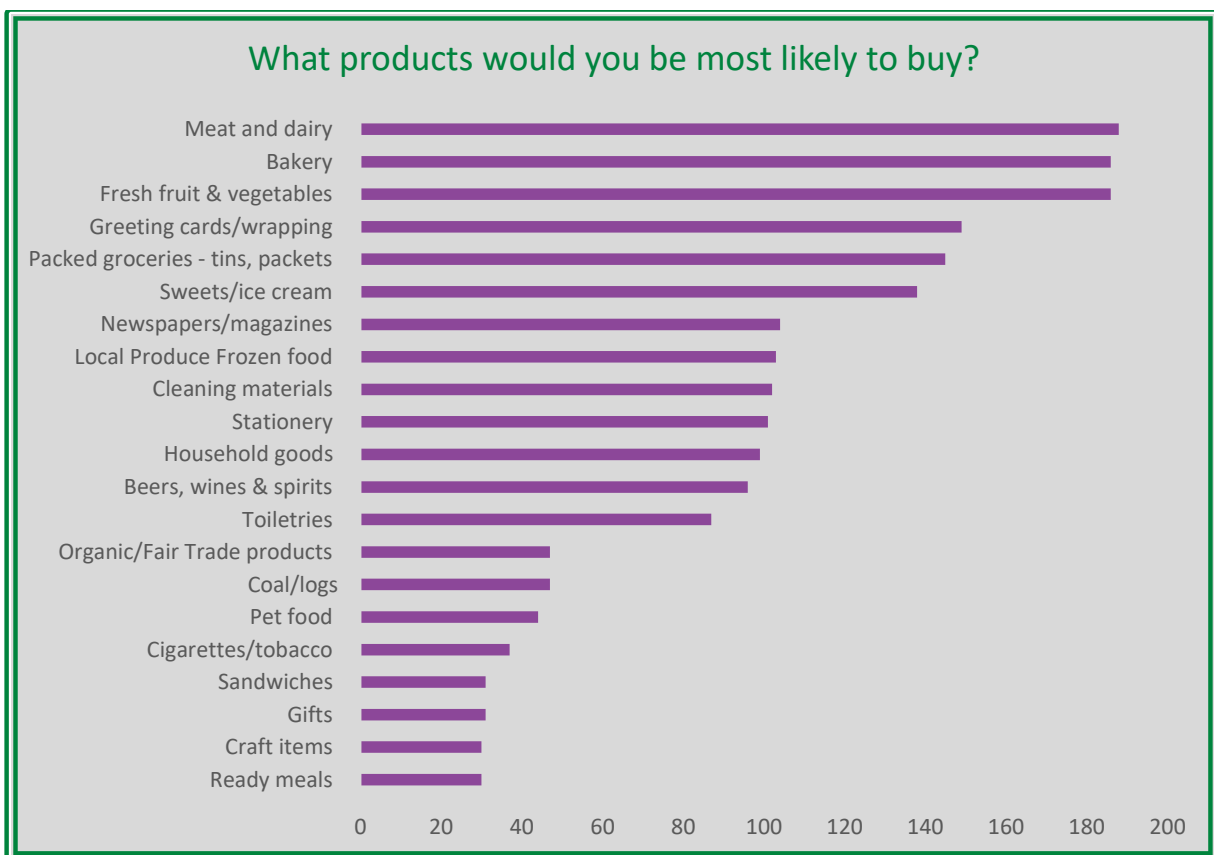
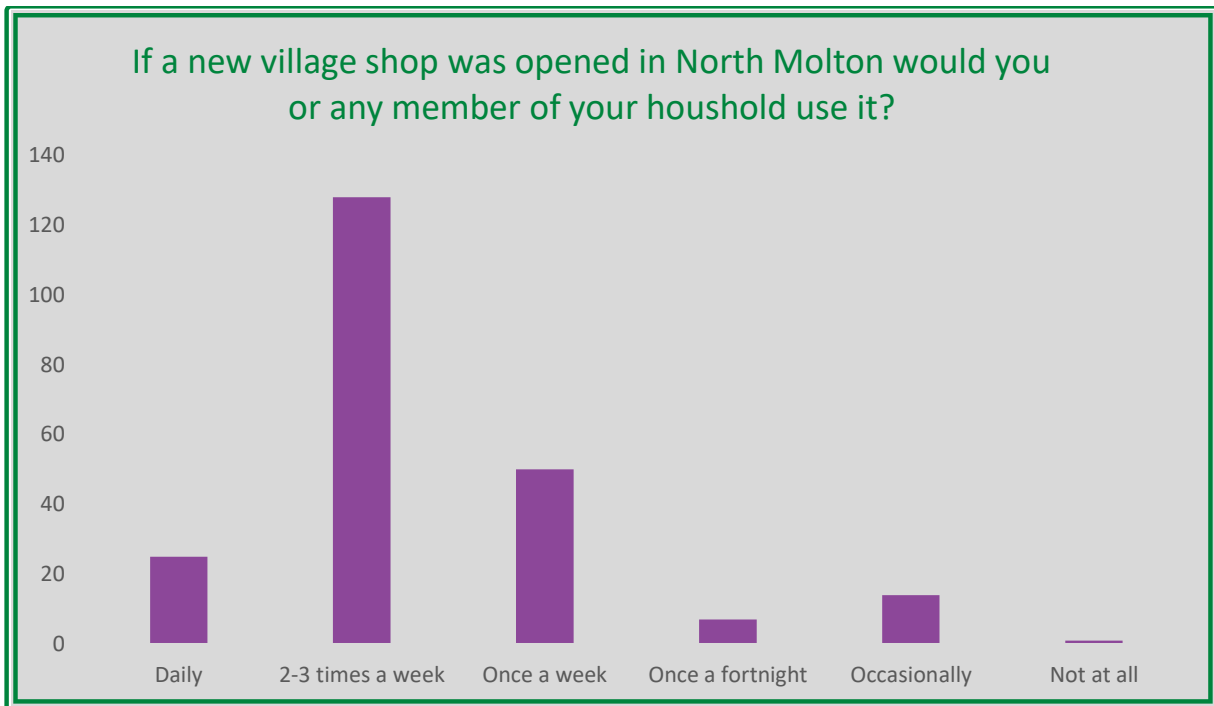
List of Appendices

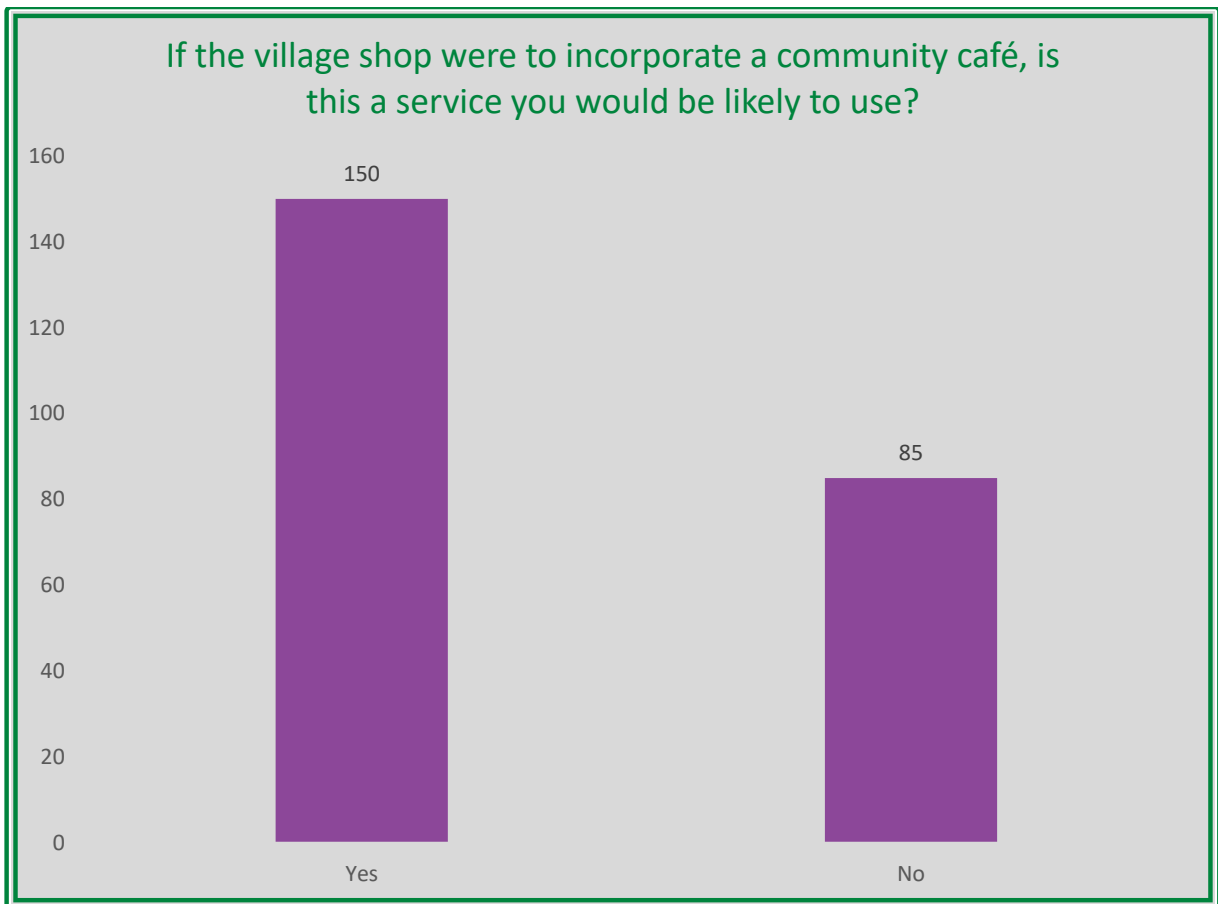
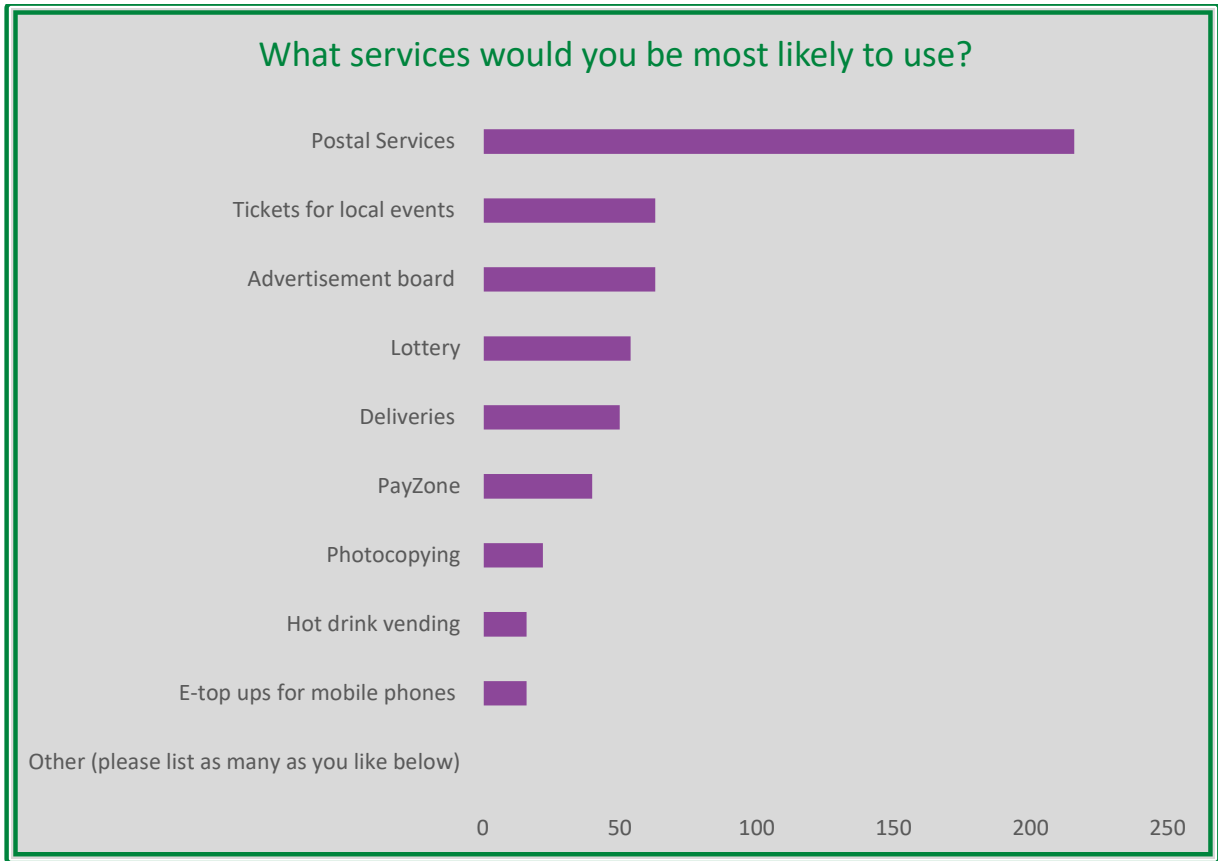
1. North Molton Community Shop Questionnaire results.
2. Premises selection table.
3. Old School Hall shop layout.
4. Start-up costs.
5. Risk assessment.
6. Shop budget forecast.

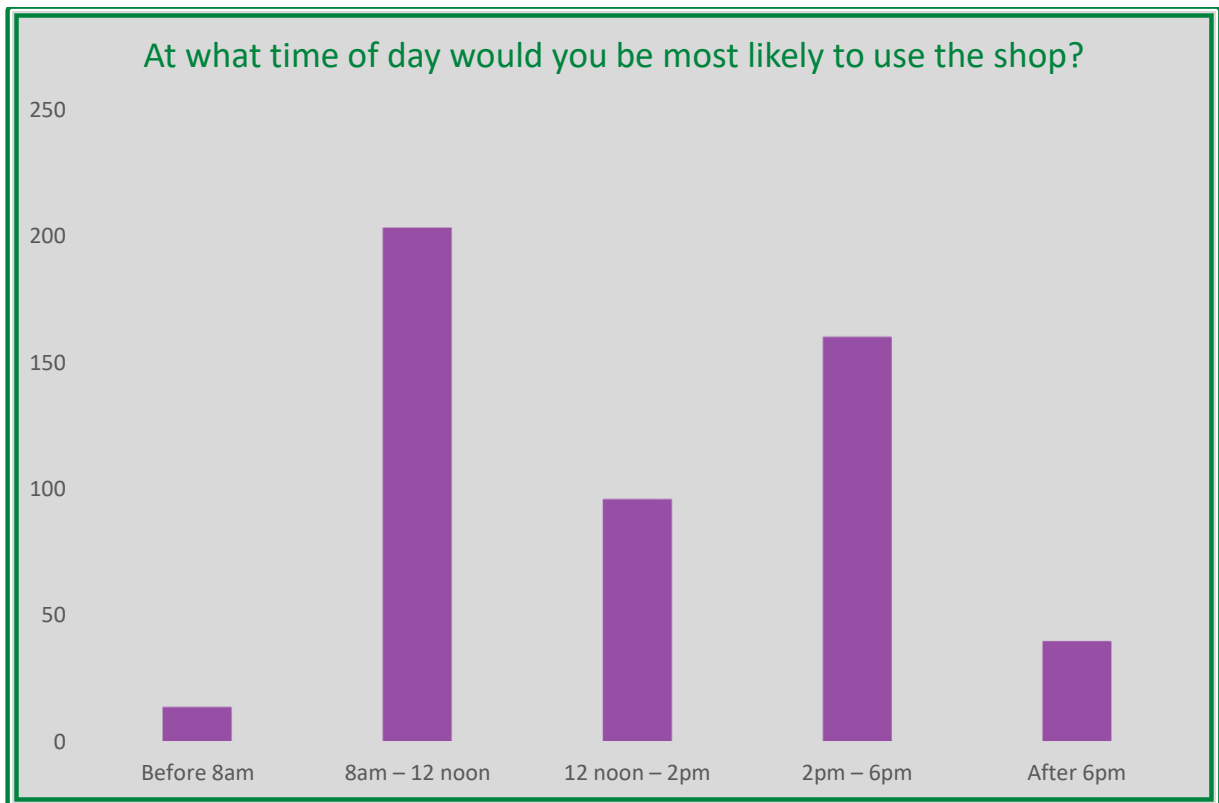
Appendix 1

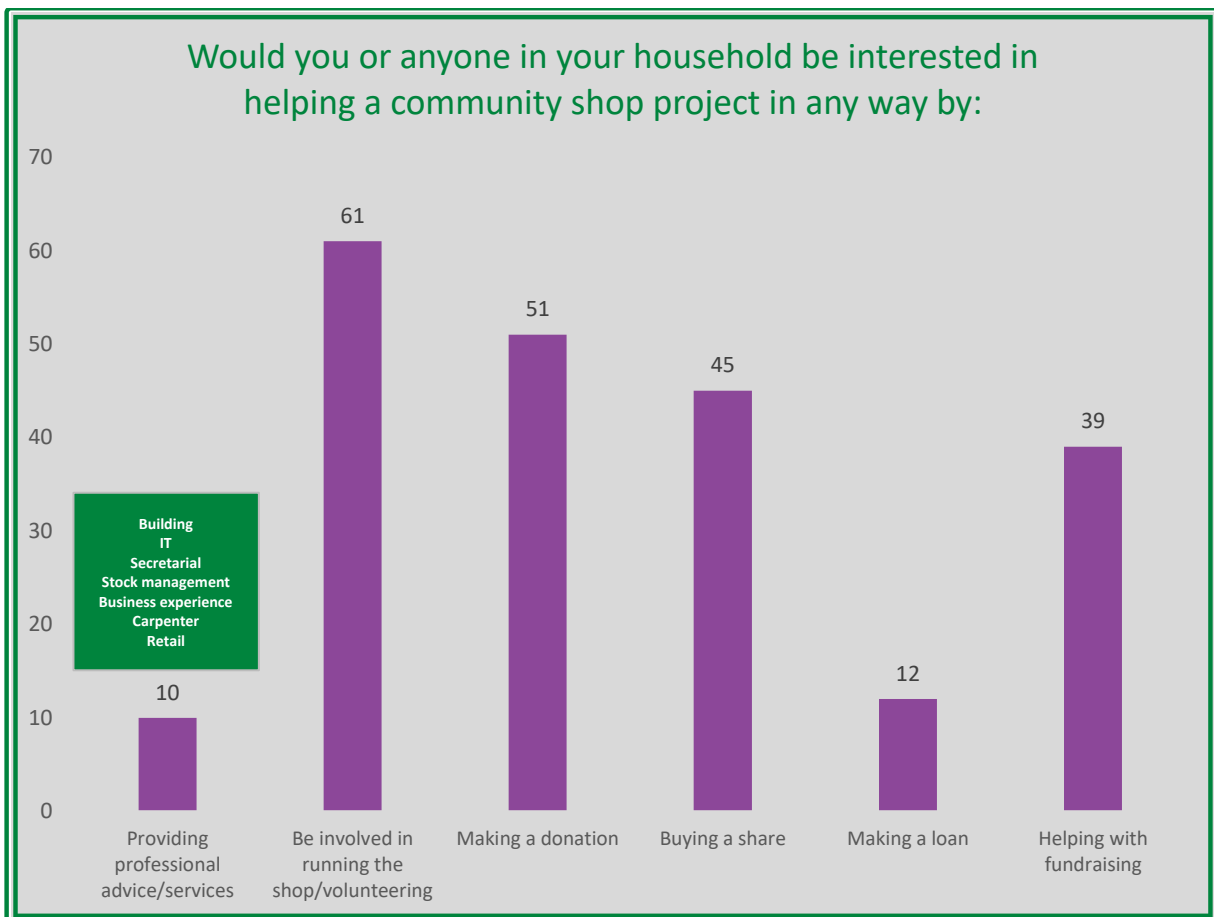
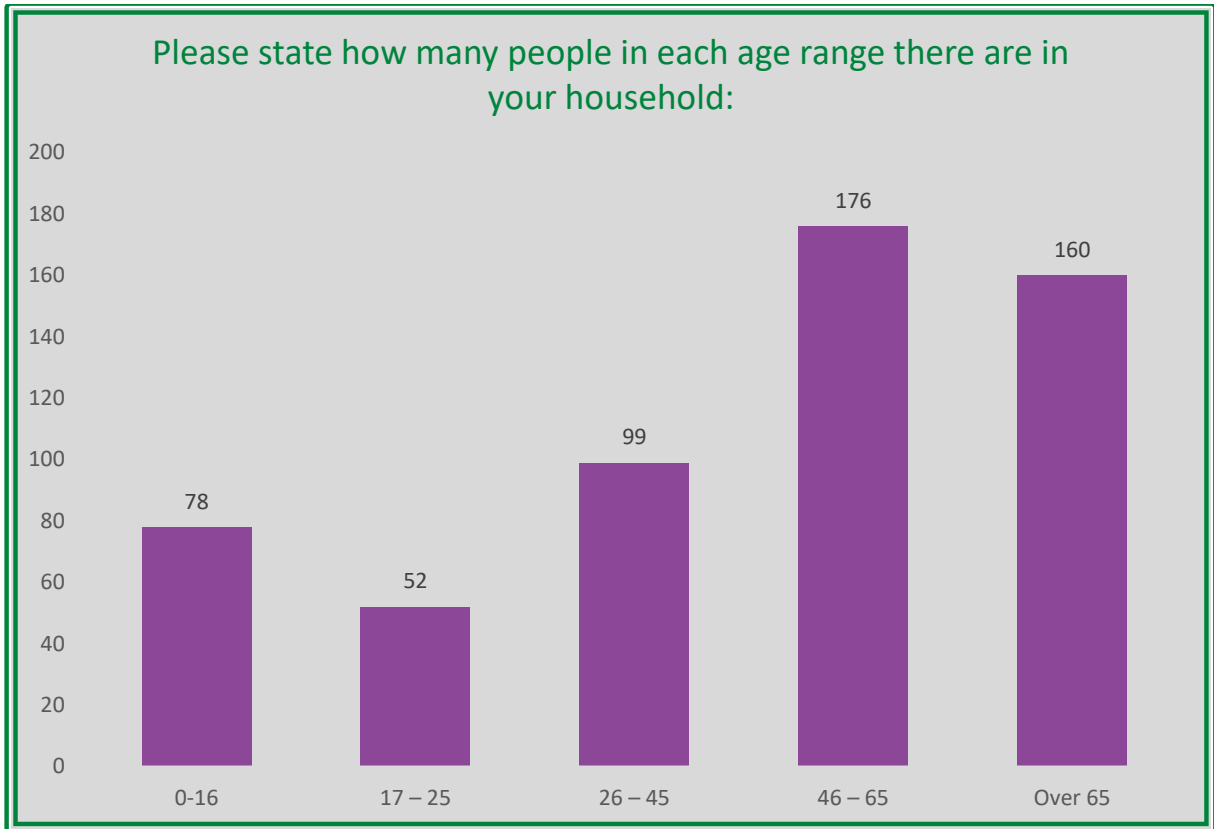
North Molton Community Shop Questionnaire results. May 2023

Questionnaires circulated	497	Return rate 51%
Questionnaires returned	251	









Are there any other products or services not listed you would like to see on offer?



Appendix 2

North Molton Community Shop Premises Options								
Option	Old school hall	Bulled's shop & house	Bulled's shop	Unit at North Molton sports club	Shop at JJ garages, North Molton	Unit on new housing development	Unit in Lil's yard	Vacant garage & land, Back Lane
Outline	Create a self-contained high-end community shop, cafe and community space within the ground floor of the old school hall situated in the village square.	Purchase the existing shop & house, with a view of separating, operating shop within existing shop floor space, & either selling or letting the house.	Purchase existing shop unit as separate entity.	Build bespoke shop or rent portacabin within car park area of sports club.	Rent shop unit attached to JJ garages.	Build a bespoke shop on proposed new development near school.	Build bespoke shop or rent portacabin within hard standing in Lil's yard.	Purchase or lease vacant garage and land at top of Back Lane and extend garage or build new shop unit.
Benefits	Central location, easy parking, Rental – no purchase reqd. Space large enough for the three elements.	Existing shop in place, no planning required, potential income from selling or letting the house, potential space or cafe or community hub, possibly not both. Easy access	- established & popular shop premises - would not require planning consent - owned premises - less reliance on others	Opportunity for bespoke unit, possible low ground rent, trade from sports club users, good parking	Good parking, fairly central location, <u>brick built unit</u>	May be able to reduce capital outlay through s106 funding.	Opportunity for bespoke unit, possible low ground rent, parking	Central location, nearby parking, Opportunity to create bespoke shop, may be able to rent land so reducing capital outlay
Concerns	Unknown remedial works, maybe too large	Initial large capital outlay, cost of separating the shop from the house, house would need work to be able to sell, parking.	- high capital outlay - legal & physical separating of shop from house - Unknown condition of shop - parking	Not a central location, and up steep narrow road, sports club may not agree, planning,	Unit currently occupied, garage owner may not agree, not large enough for cafe and/or community space,	Long lead in time, design of development Unknown, might not be able to successfully negotiate, not so central location,	Just off central location, and up narrow road, owner may not agree, would need connecting to services/utilities	Possible high capital outlay for land & building, within conservation area, planning may be an issue, large area to clear, long timescale, not connected to services/utilities

Appendix 3

North Molton Community Shop Limited
Initial Old School layout



Appendix 4

Community shop set-up costs

Requirement	£
Membership Plunkett	270
FCA registration	310
Printing	500
Planning	400
Solicitor + accountant	1000
Insurance (year 1)	550
Telephone installation	500
Burgler alarm	870
Licencing	300
Till	750
Laptop	1200
Card machine?	400
Shelving	4000
Lights	1200
Fridges (3)	3000
Freezers (3)	3200
Opening stock	18500
Baskets	200
Bins	350
Sundries (paint, cleaning etc)	500
Counter + Safe	2000
Web site	500
Keys, Locks, some window bars	1500
	42000
Staff wages (12 months)	30000
Utilities (6 Months)	3000
	33000
Total	75000

Appendix 5

North Molton Community Shop Limited Risk Assessment										
Author : G Nickels					Sheet: 1 of 2		Date : 25/10/2023			
No	Risk	Risk Owner	Probability	Impact	Risk Rating	Controls	Control Owner	Residual Probability	Residual Impact	Residual Risk Rating
1	Unable to reach the required investment	HJ	Medium	Very High	Critical	-Fund tracker -share offer extension -community fundraising focus group -external support for grant applications -phased start-up options	HJ	Very Low	Medium	Sustainable
2	Unable to secure suitable premises	AM	Low	Very High	Critical	-carry out full feasibility survey of Old School -maintain open dialogue with Feoffees -Determine full costing & embed within business plan - obtain appropriate planning	AM	Very Low	High	Moderate
3	Failure to recruit & retain Volunteers	GN	Medium	Very High	Critical	- volunteer outreach programme - establish recruitment & training process - provide suitable staff facilities - create staff engagement programme	GN	Very Low	Medium	Sustainable
4	Startup costs increase significantly	HJ	Medium	High	Severe	- firm up shop design and scope early - firm quotes for assets & services - Mates rates / volunteers for suitable tasks - incorporate 7.5% contingency in plan	HJ	Low	Medium	Moderate
5	Difficulty in recruiting shop manager	AM	Medium	High	Severe	- option of 2 x p/t workers - offer flexible working hours - core of suitably trained volunteers to reduce demand on full time manager	AM	Low	Medium	Moderate

North Molton Community Shop Limited Risk Assessment										
Author : G Nickels					Sheet: 2 of 2		Date : 25/10/2023			
No	Risk	Risk Owner	Probability	Impact	Risk Rating	Controls	Control Owner	Residual Probability	Residual Impact	Residual Risk Rating
6	Failures in operational management	GN	Medium	High	Severe	- establish/document/deploy operational policies & procedures -- create staff engagement programme	GN	Low	Low	Sustainable
7	Unable to maintain predicted level of turnover	HJ	Low	High	Severe	- effective promotion and publicity campaign - establish survey to ensure we supply what customers want - establish standards for appearance, environment & maintain - provide ongoing funding support from the community - implement cost reduction programme	DH	Very Low	Medium	Sustainable
8	Competition from home delivery by national supermarkets	DH	Medium	Medium	Moderate	- effective promotion and publicity campaign - establish survey to ensure we supply what customers want - target opening hours to customer needs	AA	Very Low	Low	Sustainable
9	Failure to comply with regulatory requirement	GN	Medium	Medium	Moderate	- establish/document/deploy operational policies & procedures - ongoing staff training programme - internal audit scheme	GN	Very Low	Very Low	Sustainable

Appendix 6

Shop budget					
	2024	2025	2026	2027	2028
Receipts					
Shop sales	150000	160000	180000	200000	220000
Café sales	5000	6000	7000	7000	7000
Club room	0	0	0	0	0
Fund raising	0	0	0	0	0
Grants	0	0	0	0	0
Total Income	155000	166000	187000	207000	227000
Purchases					
Shop cost of sales (80%)	120000	128000	144000	160000	176000
Café cost of sales (40%)	2000	2400	2800	2800	2800
Rent	3000	5000	5000	5000	5000
Council tax	0	0	0	0	0
Refuse collection	160	160	160	160	160
Electricity	2500	2500	2500	2500	2500
Water	500	500	500	500	500
Wages	20000	20000	24000	27000	27000
Maintenance	500	500	500	500	500
Insurance	500	500	500	500	500
Fees	150	150	150	150	150
Phone	720	840	840	840	840
"card" charges	600	600	600	800	800
Bank Charges	240	240	240	240	240
Tax/VAT	0	0	0	0	0
Total expenses	150870	161390	181790	200990	216990
Profit/Loss	4130	4610	5210	6010	10010
From the Survey:					
	Spend	visits	weeks spend	40 weeks	
once per week	58	20	1	1160	
2-3 per week	140	12	2.5	4200	
Daily	29	7	6	1218	
	Total		6578	40	263120
	20% gp				52624