

Strategic Plan for



29 August 2017

1. Introduction

Our vision is to create a sustainable and accessible shop and build a community hub to provide an informal environment serving the everyday shopping and social needs for residents and the wider rural community.

Our purpose is to enhance the daily life of the village by significantly upgrading and expanding the shop and post office into a vibrant community hub by incorporating additional social space in the form of a café area. The emphasis is on contributing to the local economy and seeking to improve the lives of all who use the facilities, particularly those who face mobility challenges in accessing services outside the immediate area and those who live alone or would, for other reasons, benefit from an opportunity for social interaction.

This plan sets out the phases, activities and timescale for achieving this vision in the next 5 years. In summary the phases are:

- Phase 1 covering years 1 & 2, for the acquisition of building freehold, essential repair works to building fabric.
- Phase 2 covering years 3 & 4, for major works to create the community hub and refurbish the shop.
- Phase 3 covering years 4 & 5 for improvements to building externals and grounds and reducing environmental impact.

The scheduling of activities is dependent on the availability of funds from grant providers, donations and the community. In the event of funds not being available for the timetable, the schedule will be adjusted accordingly. However, the vision, aims and activities will remain as stated, albeit with a lengthened timescale.

This version is a draft and is published for consultation with Members of the Community Benefit Society, the wider Roadwater community and other interested parties. The Society has a wide group of stakeholders including:

- i. Members
- ii. Shop staff and volunteers
- iii. Shop patrons and potential hub patrons
- iv. The wider community
- v. Grant and finance providers

The Society considers it important that all stakeholders are consulted and have the opportunity to comment on and influence this plan. Following consultation and amendments the plan will be published as final, becoming the guide for strategic direction of the Society.

The plan will be updated and published annually for further consultation, giving a rolling 5 year strategy.

2. Phase 1, Years 1 & 2. Purchase

2.1 Building Acquisition

Acquiring the building freehold is the foundation that provides security of tenure and makes refurbishment and building the community hub a sound investment. Included in the building purchase will be the equipment, fixtures and fittings of the shop, the flat and the surrounding grounds, including parking area.

Stock and assets owned by the existing shop company (Roadwater Community Shop Ltd) will be purchased, supplier contracts changed and employees transferred. The shop business will be owned and operated by the new company (the Community Benefit Society).



It is hoped sufficient funds will be in place, or pledged, for the process of negotiations and purchase to start in January 2018 with a view to completion in July 2018.

Following acquisition, essential repair works are needed to make the building fabric, shop and flat environment safer for customers, staff and flat tenants plus improve the financial and operational performance of the shop. At the time of writing these works are:

- Separation of water and electric supplies between flat and shop
- New till and stock control system

Furthermore there are items considered possible but until possession is taken the urgency and requirement cannot be assessed, these are:

- Roof and guttering repairs
- Repairs to drains
- Repairs to wiring
- Smoke and carbon monoxide alarms
- Improvement of flat insulation to a minimum EPC rating of E
- Repair of stove flue and ventilation to flat
- Repairs to floor at shop entrance

The works will be executed in such a way as to achieve the objectives for this phase, while at the same time enabling and contributing to the refurbishment. Wherever possible expenditure on work that will be replaced within 2 years will be avoided however regulatory or legal compliance may require this.

2.2 Financial

Fundraising is key to the success of this phase. Sources of funds include the public share offer, donations and grants. Multiple grant providers will be approached who support the viability and sustainability of the rural economy. Providers will be asked to fund part or all of one cost element that aligns with the purpose and objectives of the provider fund.

Appeals will be made to philanthropic organisations and individuals who may wish to support this type of project. It is hoped the potential of Sitr (Social Investment Tax Relief) will increase the attractiveness of making a donation.

Profit and flat rental income will make minimal contribution as the cash flow will not start until after acquisition and the need to continue investing in the business.

If initial fundraising does not meet the required target, further efforts may extend to local, and / or commercial borrowing, provided this does not burden the business with too high repayments or over too long a period. An indication of the maximum that will be considered is £30 000 over 10 years.

2.2.1 Cost

Purchase of the building freehold	£200 000
Fixtures fittings and goodwill	£17 500
Professional fees & taxes	£3 000
Refrigeration equipment and stock	£9 000
Essential repairs	£9 000
Total Cost	£238 500



2.2.2 Funding

Share subscriptions	£110 300
Grant awards	£58 200
Donations	£70 000
Total Raised	£238 500

2.2.3 Business Trading

In the first year the shop will continue to trade at the same level as the previous year, £247 000. GP (gross profit) remains above 20%. Electricity is the third largest cost for the shop after rent and staff costs, electricity usage by the flat is currently estimated with the shop paying the bill. Separating the electricity supplies between shop and flat will enable accurate allocation of cost and it is believed will reduce cost to the shop. Rent will be eliminated and replaced by ownership costs which will be significantly less than rent.

Under an operational plan, shop operations and processes will be reviewed to optimise cost and maximise revenue and profitability in line with achieving our vision. A new till system will enable better control of stock and pricing policy while providing insight to trading performance.

Voluntary and employed staff levels will remain static

The saving of rent will increase net profit by £600 per month, less building ownership and maintenance costs. Rental income from the flat will add to net profit at £420 per month after fees and maintenance.

In year 2, a 4% increase in revenue to £257 000 is planned, driven by an improving shop environment, improved operational processes and wider range of produce. GP remains above 20%.

Repayment of any loan would significantly reduce the increase in profit and put at risk funding of phase 2.

Residual net profit from year 1 will be used as contingency for any unforeseen essential building or repair works. If this is not required it will be held in reserve for phase 2. Year 2 net profit will be held as invest for phase 2. There will not be scope to build a share buy-back fund, disperse to members or community causes.

2.3 Success Criteria

The community owns the building and shop business through the Community Benefit Society

The shop and flat are safe for customers and staff

The shop and flat are legally and regulatory compliant

Improved decision making from insight to trading performance

3. Phase 2, Years 3 & 4. Refurbishment and Community Hub Build

3.1 Community Hub

The community hub will be a furnished informal meeting area serving hot and cold drinks, cakes and snacks. Its purpose is to provide a place for individuals or small groups to meet, socialise and relax in an informal atmosphere.

Additional floor space will be created by extending the building line towards the car park from the underused storeroom behind the plate glass window running perpendicular to the road.



Access to the car park will not be restricted by the extension. Stock room provision will be created as part of the shop refurbishment and along with better utilisation of existing stock space.

The building project is anticipated to take 12 months from the initial planning application until completion of the building works. A pre-application consultation has been held with the planning authorities and at this stage there are no known objections to the granting of planning permission.

Preference will be given to employment of local companies and workers where costs and quality are comparable, in order to support the local economy.

3.2 Shop Refurbishment

A complete refurbishment and re-modelling of the shop will be undertaken, incorporating the space created in the extension described above. Included in the refurbishment will be new flooring, ceiling, entrance, lighting, decoration, displays and counter. The works will also include improved disabled and mobility impaired access, ventilation, fire safety and compliance with regulations.

It is estimated this work will take 3 months and during this period the shop and Post Office will need to be relocated. Options for temporary relocation will be investigated including using the newly built hub extension, the village hall or a temporary building.

3.3 Financial

A further round of fundraising will be required to meet the cost of the works required. Sources will be grant providers, donations and potentially a loan. Sources will be identified and applications made at the time, but it is anticipated they will be different from phase 1 because of the different nature and purpose of the funding.

Net profit from fiscal years 19 and 20 will be held in a reserve to contribute to the building works. There will not be scope to build a share buy-back fund, to disperse to members or community causes.

3.3.1 Cost

Build extension & fit out hub	£45 000
Refurbish shop	£65 000
Total Cost	£110 000

3.3.2 Funding

Grants	£80 000
Donations	£17 000
2 years profit FY20 & 21	£13 000
Total Raised	£110 000

3.3.3 Business Trading

In year 3 the shop will continue to trade at same level as previous year, £257 000. GP is planned to remain above 20% but with improvements in stock control and range of products an increase to above 21% is targeted.



In year 4 an increase in turnover and net profit is targeted due to an improved shop environment, increasing use of the hub and energy efficiencies from equipment and building works.

3.4 Success Criteria

The community hub is open
The shop environment has been refurbished
Reduced energy cost
Increasing net profit

4. Phase 3, Year 5. Environmental Impact and External Landscaping

4.1 Shop and Flat

By the end of year 4 refurbishment of the shop will be complete.

A full energy use review will be performed to understand consumption and identify further measures that could be undertaken to reduce cost and carbon footprint. An investigation into the feasibility of roof mounted solar panels or other forms of green energy generation will be undertaken. Initial assessments indicate a 7 year payback on solar panels.

Consideration will be given to provision of an electric car charging point.

An assessment of waste generation and disposal will be undertaken with a view to creating less waste and maximising recycling. Investment will be considered where a clear environmental benefit can be shown.

It is likely that external decoration of the shop (areas not renovated by previous works) and flat will be required. Internal decoration of the flat may also be required. Condition will be assessed and the work undertaken accordingly.

Landscaping of the grounds will be planned to create a seating area, improving views and sight lines and reducing maintenance. Provision for cycle parking will be considered.

4.2 Community Hub

No strategic changes to community hub.

4.3 Financial

Funding will come from profit generated by trading activities of the shop and hub, plus flat rental income.

There may be grants available for some of the work e.g. solar panels, energy efficiencies, and electric car charging point as these measures reduce environmental impact. These will be researched at the time and applications made where appropriate. For budgeting purposes, it is assumed £6 000 will be available.

It is not anticipated funds will be available to build a management reserve, share buy-back fund or distribution to members and community causes. However if trading is better than planned or profit exceeds the funds required for investment in this phase these will be considered.

4.3.1 Cost

32 Solar panels to 2 roof sides	£9 000
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Energy efficiency measures	£1 500
Car charge point	£500
External decoration	£2 000
Environmental waste improvement	£1 000
Flat internal decoration	£2 000
Grounds Landscaping	£2 000
Total Cost	£18 000

4.3.2 Funding

12 months profit FY22	£12 000
Grant awards	£6 000
Total Raised	£18 000

4.4 Business Trading

There will be an increase in trading levels driven by the improved shop environment and accessibility, GP is planned at 21%. The hub will contribute significantly to turnover and net profit, estimated at £18 000 and £3 000 respectively.

Benefit of a full year of energy efficiencies following phase 2 works will increase net profit.

4.5 Success Criteria

- Lower energy consumption
- Smaller carbon footprint
- Lower waste with increased recycling
- A pleasant external environment with seating space
- Building externals improved

