

Community Grant to Norton-sub-Hamdon Community Land Trust – Start-up Costs for Community Shop (Executive Decision)

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Purpose of the Report

Councillors are asked to consider the awarding of a grant for £9,346 to Norton-sub-Hamdon Community Land Trust towards the start-up costs of acquiring and operating the village post office and shop.

[NB: Due to annual leave of the lead officer, this report will be presented by the Area Development Manager. Councillors are asked to contact her with any queries for further information prior to the meeting charlotte.jones@southsomerset.gov.uk]

Public Interest

Norton-sub-Hamdon Community Land Trust (Norton CLT) has applied for financial assistance towards the costs of starting a community shop, from the Area North community grants programme. The application has been assessed by a Neighbourhood Development Officer (North) who has submitted this report to allow the Area North Committee to make an informed decision on the application.

Recommendation

It is recommended that councillors award a grant of £9,346 to Norton-sub-Hamdon Community Land Trust towards the start-up costs of operating the village post office and general store to be allocated as £4,673 from the Area North capital programme (Local Priority Schemes), and the remaining £4,673 from Area North revenue grant budget, subject to SSDC standard conditions for community grants (appendix A) and the following additional conditions:

- SSDC may seek repayment of the grant if the shop is closed within five years of opening
- Norton CLT to confirm terms of proposed lease with respect to any interim change of ownership of the freehold.

Application Details

Name of applicant	Norton sub Hamdon Community Land Trust
Project	Start-up of Norton Community Shop
Project description	The acquisition of stock, fittings and equipment, together with a 6 year lease to acquire and operate the post office and shop at Norton sub Hamdon.
Total project cost	£57,246
Amount requested from SSDC	£9,346 (16%)
Recommended special conditions	SSDC may seek repayment of the grant if the shop is closed within five years of opening Norton CLT to confirm terms of proposed lease with respect to any interim change of ownership of the freehold.
Application assessed by	Charlotte Jones Area Development Manager / Sara Kelly Neighbourhood Development Officer (North)

Community Grants Assessment Score

The table below shows the grant scoring for this application. In order to be considered for SSDC funding under the Community Grants policies, applications need to meet the minimum score of 22.

Category	Actual Score	Maximum score possible
A Eligibility	Y	
B Target groups	7	7
C Project	5	5
D Capacity of organisation	15	15
E Financial need	5	7
F Innovation	2	3
Grand Total	35	37

Background

Norton-sub-Hamdon lies 1.6km to the South of Stoke-sub-Hamdon and has a church, primary school, village hall, and recreation field, Reading Room, and public house.

	Norton-sub-Hamdon
Parish Population	743
No. of dwellings	319

Altogether, in the villages of Norton, Chiselborough and the Chinnocks there are about 750 households, or a population of around 1,600 people.

Norton Community Land Trust is registered as an Industrial and Provident Society. Its objects are to maintain or improve the quality of physical, social and economic well-being for Norton-sub-Hamdon and its environs.

The post office and shop has provided a vital local service for many years. The current sub-postmaster is retiring which has led to a local review of the future provision of a village shop and post office serving Norton and other nearby villages..

One option is for the business to be put on the open market, in the hope that a suitable buyer can be found, at this stage the proposal is to enable the continuation of the shop & PO on a leasehold basis. This makes operation by a social enterprise / community run shop a realistic undertaking. The owner has expressed a preference for the business to be put in the hands of the community.

There is evidence that village shops are often unviable for 'new' acquisitions, and there are many villages who are now without a shop as a result of the limitations of the commercial market. Community owned & managed village shops are growing in number nationally – and to date have a strong track record for survival. Nationally, the five year survival rate of community shops is 99%, the average UK business five year survival rate is 45%. (Source Plunkett Foundation).

The Plunkett Foundation describes the 'business case' for community ownership of the 'general stores' as follows: -

That to succeed, a co-operative must remain engaged and connected with its local community. We are seeing community shops doing just that, particularly by adding additional services to shops that go beyond a core retail offering; services such as book swaps and libraries, cafés, meeting rooms for clubs and societies, recycling centres, parcel collection and delivery points, bakeries, and community gardens. As a result, community shops are no longer just seen as a solution for communities wishing to replace like-for-like retail services in rural areas when they are lost; communities are also looking to community-ownership to stimulate social and community activity and to address issues such as social isolation and loneliness, and for this reason, we see a bright future for community shops.

The social benefits of a local shop are well-evidenced – not to mention the economic value of supporting local producers, and employment and training within the shop itself. A locally managed 'enterprise', with the profits re-invested back into the business or associated local services is a model which is gaining national attention for its role in supporting local quality of life.

Developing the Project

As noted above, the current owner of the shop, has been in discussion with local residents, and members of the Norton CLT with a view to welcoming the conversion of his businesses into a community owned enterprise.

A public meeting was held on March 26th 2014, attended by approximately 160 people from Norton-sub-Hamdon, Chiselborough, West and Middle Chinnock and other villages and hamlets which would be affected by the closure of the shop. The meeting discussed the future of the shop and to explain how being managed by the CLT could work.

A steering group was established and used the results of detailed household consultation, and current and past trading figures to produce a comprehensive business plan. Their work has included extensive research to establish the requirements of the wide variety of legal, regulatory, financial and staffing matters for operating a business of this type.

The steering group has also visited several other community shops and held meetings with their representatives. The group has taken advice from The Plunkett Foundation, who specialise in enabling communities to run local shops, and from the Rural Shops Alliance the national body for independent rural retailers.

A second public meeting has been held, there are regular bulletins to the community and a suggestions box at the shop for any additional ideas and comments.

Local Support/evidence of need

While to most customers the existing shop is a convenience store, to some it is where they do the majority of their grocery and household shopping. The nearby villages of Chiselborough and West and Middle Chinnock have lost their shops and many people from both parishes use the shop in Norton.

There is strong local support for the continuation of the shop, whose additional services include dry cleaning; newspaper orders; ticket sales for local events; community notice board; plant sales. Ideas for additional services already put forward by residents include outlet for local crafts, services or goods; delivery of shopping for the housebound; and a telephone ordering service.

As a sign of support – around £30,000 from local residents has already been pledged – for example 53 residents have pledged to purchase a share at £250 and a further 18 indicated they would purchase more than one share. The need for volunteers both ‘front of house’ and behind the scenes, including business directors has been well communicated, and many volunteers have come forward. Board members from the community have experience in shop ownership; administrative and computer skills; finance and business. Other offers of help have included marketing, maintenance and driving.

The business plan includes the proposal to partner with Yarlinton Housing Group to provide volunteering opportunities for their residents involved in a ‘back to work’ programme and work experience will be offered to pupils at Stanchester Academy.

Project Costs

The proposal is to lease the existing shop unit, together with the two store areas, from the current owner. The project also includes the purchase (based on an independent valuation) of the current stock, fixtures and fittings, together with some new items. These items would have all have a re-sale value in the event of closure. Outside spaces for access and parking will continue to be shared as at present and included within the lease agreement.

Trading income will fund operating costs – including a paid manager to support volunteers and ensure co-ordination. Operating income is assessed to be around £240,000 pa, producing a net surplus of around 3%. The operating plan has been prepared based on advice from the Plunkett Foundation and has the support of the SSDC Small Business Support Officer.

Item	Cost
Purchase of fixtures and fittings (independent valuation)	£12,646
Stock – estimate (To be valued at handover)	£21,500
Additional equipment (till, scales etc)	£4,500
First year rent (independent valuation)	£5,000
Premises refurbishment, signage.	£3,000
Legal fees, administration costs	£6,600
Contingency	£5000
Total	£57,246

Funding Plan

Funding Source	Funds Secured	Applied for
Own funds	£30,250	
Norton Parish Council + 2 others	£1,100	
Awards for All		£9,550
Somerset Community Foundation		£5,000
Other trusts		£2,000
Total secured / applied for	£47,900	
shortfall	£9,346	
Amount requested from SSDC (16%)	£9,346	

Norton parish council has provided a grant of £1,000, together with residents fundraising this is a local contribution of 55%

Consents and permissions

This project reuses the existing shop and post office, no planning consent is required. An initial lease of six years has been agreed. Operating the post office is by contract with Post Office Limited. The current sub-postmaster is continuing for at least the first year.

Conclusion and Recommendation

This application is for £9,346, which represents 16% of the project cost. The project to acquire and operate the village shop (and in future years the post office) will secure continued access to important services for local residents. There is a comprehensive business plan for ownership and management by the community which has been prepared with the support of the Plunkett Foundation, the national leading body for community shops. The CLT is well organised and committed and have strong evidence of community support and future involvement, to make a success of this venture.

The importance of the 'last' shop and post office to rural residents is well-evidenced, and community owned / voluntary managed 'social enterprises' are gaining in number and strength nationally. Although a number of village shops are successfully run by independent traders, profit margins are low, and a business model of community ownership, including volunteer involvement strengthens viability.

Any surplus (profit) can be re-invested in the business or to a range of other projects under the direction of the CLT. The new venture shows all the signs that it will successful – but in the event that the business ends within five years, a special condition to seek repayment of the grant from the sale of assets is felt appropriate – although as noted above the umbrella ownership by the CLT will ensure our funding stays within the community.

It is recommended that this application for £9,346 is supported.

Financial Implications

Due to the items the grant is being used for, it has been assessed that the payment of this grant is 50% capital and 50% revenue funding.

There is £228,536 available in the Area North Capital programme for Local Priority Schemes. If the recommended capital grant of £4,673 is awarded, £223,863 will remain in this allocation for 2014-15 and for future years.

There is £18,217 available in the Area North grants budget. If the recommended revenue grant of £4,673 is awarded, £13,544 will remain in this allocation for 2014-15 and for future years.

Council Plan Implications

Focus Four: Health & Communities: encouraging communities to be healthy, self-reliant and with individuals who are willing to help each other.

Carbon Emissions & Adapting to Climate Change Implications (NI188)

Nothing relevant to this application.

Equality and Diversity Implications

If the CLT is successful in acquiring the village shop it will secure a valued local asset which is particularly important to elderly people, residents without access to transport and those who currently use the post office to collect their benefits. In addition, volunteering opportunities will be created that will benefit all groups within the community.

An access review of the premises will be arranged and the CLT supported with any accessibility improvements that may be required.

Background papers: *None.*

Appendix A

Standard Grant Conditions

The funding support is offered subject to the following conditions:

1.	The funding has been awarded based on the information provided on the application form for your application number AN14/03 for 16% of the total cost.
2.	The attached signed "Advice of Acceptance of Funding Offer" to be returned before payment is made to Area Development North, SSDC, Unit 10 Bridge Barns, Long Sutton, TA10 9PZ. An SAE is enclosed.
3.	Confirmation that all other funding sources are secured.
4.	The applicant demonstrates an appropriate Parish Council contribution.
5.	SSDC is acknowledged on any publicity and on any permanent acknowledgement of assistance towards the project.
6.	The applicant will work, in conjunction with SSDC Officers, to monitor the success of the scheme and the benefits to the community, resulting from SSDC's contribution to the project. A project update will be provided on request.
7.	Should the scheme be delayed or unable to commence within twelve months from the date of this committee, SSDC must be notified in writing.
8.	Should the final cost be less than the estimate considered by the Committee, the funding will be proportionately reduced. However, if the cost exceeds that estimate, no further funding will normally be available.
9.	SSDC must be notified of, and approve, any proposed changes to the project.
10.	The applicant will share good practice with other organisations if successful in securing external funding.
11.	Grants can only be paid for a single year and a second application is not allowed for the same project within 3 years (unless Service Level Agreement).

Special conditions:

12.	SSDC may seek repayment of the grant if the shop is closed within 5 years of opening.
13.	Norton CLT to confirm terms of proposed lease with respect to any interim change of ownership of the freehold.