

Joint Area Committee - North – 22nd July 2009

13. Area North Community Grants – The Seavingtons Village Shop and Café (Executive Decision) (Excepted Business)

Head of Service: Charlotte Jones, Head of Area Development (North)
Lead Officer: Les Collett, Community Development Officer (North)
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Purpose of the Report

For Members to consider the request for a grant towards the construction of a new village shop in Seavington. A Capital Grant Appraisal form is attached in **Appendix C**.

Recommendation

Members are asked to approve £35,000 to the Seavington Community Shop & Café Services Project to be allocated from the Area North Capital Programme – Local Priorities allocation, subject to the standard terms and conditions for SSDC Community Grants, **see Appendix A**, and the following special conditions:

- (a) Prior to the commencement of building works, the applicant submits a staged payment plan, together with a cash flow plan for the construction period.
- (b) The applicant agrees to revise and update the current business plan, using a recommended model for social enterprises, as advised by the SCC Social Enterprise Manager, within one year of operation and undertakes to maintain the business plan as a working document, providing six monthly operating reports against planned budgets for the first two years to SSDC.
- (c) The applicant notes the advice of the SSDC Economic Development Manager, and agrees to establish regular and detailed monitoring of performance
- (d) In the event of the dissolution of the company, the written consent of SSDC is obtained, based on the planned re-allocation of the assets. SSDC reserves the right to reclaim all or part of the grant.

Application Details

Name of Applicant	Seavington Community Shop & Services Association Ltd
Project	The Seavingtons Village Shop
Project description	To build and run a village hub including a shop and café in the Seavingtons
Total project cost	£168,031
Amount requested from SSDC	£35,000 (20%)
Application assessed by:	Leslie Collett, Community Development Officer - North
Contact details:	leslie.collett@southsomerset.gov.uk or 01458 257427

Community Grants Assessment Score

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

Category	Score	Maximum
A Eligibility	Y	
B Target Groups	5	6
C Project	5	5
D Capacity of Organisation	15	15
E Financial need	4	5
F Innovation	3	3
Total	32	34

Background information

The Seavingtons comprises the two settlements of Seavington St Mary and Seavington St Michael. Seavington St Mary is the larger of the two villages with some 163 dwellings and 361 inhabitants, Seavington St Michael with 57 dwellings and 125 inhabitants.

The Seavingtons prepared a Village Plan in 2005. The preparation of the plan, including associated surveys and public meetings, were supported by South Somerset District Council and the Community Council for Somerset.

A key finding was the residents' desire to see the reinstatement of a village shop and post office. A residents' committee was established to take the matter forward with advice from the Village Retail Support Association (ViRSA). A detailed Village Shop Survey was undertaken in early 2006, to establish the detail necessary for planning.

Following visits to established and successful community run shops in villages similar to the Seavingtons, a proposal was developed and presented to residents at a public meeting December 2006. The enthusiastic reception of the proposal led to the establishment of a shop association, now registered as an Industrial Provident Society in which 120 villagers hold shares.

About the project

Feasibility

Small grants from the Somerset Rural Renaissance Programme, SSDC and Parish Councils funded the feasibility and detailed design of the shop and associated café. The building is designed to be sustainable where possible and will be heated using a low carbon heat pump system.

Location

The site is to be leased from Seavington Playing Field Association, a registered charity, on land adjacent to the village hall, creating a much needed social focus. This location puts the shop within comfortable walking distance for the entire Seavington community and utilises existing car parking. The distance travelled by car from any point in the Seavingtons is substantially less than that to any other local shop.

Business planning

A comprehensive business plan has been prepared covering aims and objectives, operating costs and other detail. Advice and support received from the Plunkett Foundation and the SCC Social Enterprise Manager, in addition to SSDC service teams.

It is intended that the shop will supply local products and produce where possible and act as a depot for other services such as dry cleaning and shoe repairs in order to offer convenience and reduce the need for travel.

Based on the results of the survey, the project has the potential to reduce carbon emissions by at least 40 tonnes each year.

Management and ownership

The Seavington Community Shop and Services Community Association Ltd is registered as an Industrial and Provident Society and currently has a committee of nine volunteers, and 120 community shareholders.

The staffing of both shop and café will be undertaken by volunteers drawn from the community. There is already a list of 36 such volunteers, drawn from the responses to the shop questionnaire.

The experience of other community run shops shows that, once trading commences and the association has an active place in the daily lives of residents, many more volunteers will come forward.

Design and Costs

This application is for the capital building and start-up costs only; the project has a full business plan, a copy of which is available.

Originally the local planning authority, Parish Council and Playing Field Association all indicated their preference for a traditional building to a high design standard. This resulted in a high cost project, which proved difficult to establish funding for, and the design has subsequently been revised to a timber-framed building. The change requires planning approval, due to the changes in materials and structure, however full planning permission was previously granted at the same location.

The Association's management committee had employed a quantity surveyor and carried out a formal tendering exercise for the originally planned building. Further, it has obtained quotations from three timber framed building suppliers based on the original design. In general, these suppliers are unable to act as a prime contractor and therefore a cost for the finished building has been derived from a mix of elements from the original tender price and the quotation from the preferred supplier - who was chosen on the basis of its prices. The costs are outlined in the table below. Full details are given in the Business Plan v.5b which is available from the Community Development Officer upon request.

The table below shows the breakdown of the project costs.

Expense	Cost £	Contributions in Kind £	Net £
Professional Fees	5,500		5,500
Service Connections	3,000		3,000
Shell construction costs	137,347	4,700	132,647
External works	2,000	2,000	0
Shop-fitting, finishing, EPOS	16,884		16,884
Contingency	5,000		5,000
Working capital	5,000		5,000
Total	174,731	6,700	168,031

It can be seen that involving local volunteers, including committee members, in certain activities as a contribution in kind, can make some alleviation of the capital requirement. The £6,700 saving that can be made through this mechanism is an estimate, which does not take account of other “self-help” savings already included in the building costs. These include the installation of insulation and dry lining and “second fix” of woodwork, which are already incorporated into the total building cost. The net capital requirement is £168,031. Volunteers are also providing most project management requirements.

Financial projections and viability

See Appendix B

Match funding

The total cost of the project is estimated to be £168,031 of which £101,646 (60%) is already secure. A breakdown of the funding for this project is detailed in the table below:

Funding Source	Amount £	Status
Share purchase by Association members	600	Secured
Local fund raising activities	6,000	Secured
Association members’ loan bonds	22,350	Secured
Residents’ donations	5,746	Secured
Donations from local businesses	4,450	Secured
Grant from Village CORE Programme (ViRSA)	20,000	Secured
Loan, part of Village CORE Program	40,000	Secured
Seavington PC (see section 8 below)	2,500	Secured
SSDC	35,000	Applied
SCC	25,000	Applied
Local fundraising	6,385	Ongoing
Total	£168,031	

Parish Council Contribution

The Parish Council is fully supportive of this project. In addition to its £2,500 contribution they have given £750 in the initial stages of the project and have agreed to pay a further **£1,000 per annum towards start up costs for the next five years** making a total input of £8,250. (£37.50 per household).

The Parish Council contribution is in addition to the current total of around £40,000 of local funding, either from residents loans (repayable bonds), donations or fundraising. In summary the total community contribution to date and planned represents 28% of the overall finance for this project.

Evidence of support for the project / consultation

Community

The need and desire for a village shop and café emerging during the preparation of the Village Plan has been confirmed during a subsequent detailed and very specific survey. Additionally, village residents' support for such a facility has been demonstrated and confirmed through participation in subsequent public meetings, general fund-raising support and individual financial commitments. The very recent Annual General Meeting of the association was attended by over fifty residents.

SSDC Economic Development

The association's business plan has been reviewed by the SSDC Economic Development & Business Support team who made the following comments:

- The plan in the main has been well put together and covers the salient points that would be expected from such a plan.
- We have to rely on external advisers for estimated sales figures, but since these are based on similar ventures, then this probably gives a good guide.
- We recommend that a single co-ordinator / manager is appointed, to "take charge" of the project, and as stated in the plan, this may require a salaried employee, we think sooner rather than later.
- A business plan is a "dynamic" document and as such, should be reviewed and updated regularly, preferably with an external observer. We would recommend that a review should take place each month, rather like a business would have a monthly board meeting. Particular emphasis should be placed on cash flow, in particular sales against target. Actioned minutes must be produced for each meeting and distributed to all relevant stakeholders.
- The plan should additionally undergo an annual review and amendment as necessary.

Plunkett Foundation (previously known as ViRSA)

Comments from the Community Retail Adviser on behalf of the Foundation in Dorset, Somerset and Mid / East Devon (David Fisher):

"My involvement with the Seavington Village Shop & Community Project has been continuous since 2006 working with the committee on all facets of their development

following the concept's inception. I, with my organisation, are delighted with the realistic reappraisal of the scheme taken by the committee following the deterioration of the economic climate.

I have worked through the revised business plan in detail and am confident that the fresh approach is based on sound and achievable objectives and outputs, and consider that the development as it is now structured will reach a successful conclusion.” David Fisher - The Plunkett Foundation 26.06.09

Summary and Recommendation (Comments by Head of Area Development)

The application is for £35,000 for a capital contribution, supported by a comprehensive business plan. The newly formed association is well-led and there is good evidence of community support, and future involvement.

This represents a significant investment by SSDC into an innovative community led project. Funding sources for this type of project are currently limited, although the community have been extremely active to raise funds locally.

The opportunity to develop a new village facility, owned and managed by the community represents a significant investment into **sustainable rural communities**, one which may be learned from in the future.

The project is recommended for support, with additional conditions to retain future control of the investment should the trading and community services activity end, and to promote the early establishment of a strong management operation.

Financial Implications

As required under SSDC financial procedures a Capital Grants Investment Appraisal has been completed for consideration with this report by the Joint Area Committee - North. The capital grant funding for the Seavington Shop Project of £35,000 can be met from the 2009/10 budget allocation for local priority projects.” NB There is also £50,000 in capital reserves.

Corporate Priorities

The project intended services and benefits address a number of corporate priorities within the SSDC Corporate Plan 2009. Key target areas include:

- 1.15 Support South Somerset Together to develop a sustained and positive “Keep It Local” campaign by 2010
- 1.16 Support SST to develop staggered milestones by 2012 to how to support the District’s economy to meet its needs for goods (including food and energy) and services locally.
- 3.14 Increase the satisfaction of people over 65 with both home and neighbourhood
- 3.29 Increase access to services and facilities by public transport, walking and cycling
- 4.23 Increase environment for a thriving third sector

Other implications

Supporting local community projects help to meet the following Area North Priority of:-

4. Increase **access to public and community services**, including the development of local public access points and access to Internet technology.

6. Retain and enhance key **local services and businesses** for residents, visitors, and employers, together with the necessary **infrastructure** to ensure their contribution to a vibrant economy, and local quality of life.

Background Papers: **Community Grant Application Number AN/09/09**
