



## **Current Year 2022–23: Plans for the immediate, and thereafter**

The Society's vision and objectives continue to be: to establish and maintain a solid capital base as the foundation for the activities of the Society; to provide a community focus and scope for community engagement; to provide goods and services, including basic Post Office banking and postal services; to cater for the needs of the local customer base while also looking to appeal to a growing tourist and visitor clientele; to expand opportunities for more local and artisanal products; and to ensure for the community a refreshed and well-stocked shop which has attractive appeal to passers-by and enhances the overall look of this central part of our village.

A major contribution to our vision and objectives has been made by the very recent issue on 30 November 2022 of the practical completion certificate for our refurbishment and extension building works. This enabled us to move back into our own premises over the last weekend in November, and we are now established in what we trust will be the shop's permanent location for many years to come. The main unfinished item of building work is the re-paving of the forecourt, for which we only recently succeeded in getting planning approval for the whinstone material we wanted to use. That material is on order now, and we expect the contractors will be back to finish off that area in the coming weeks. We are advised that the estimate for contractor's final cost figure is likely to be of the order of £206,000: if it is, we will have ready funds to cover that.

The main challenge now before us as a business will be to cope with the effects of inflation. Our suppliers' prices have been increasing, and this is likely to continue. Inevitably at least some part of these increases has to be passed on, but we will do our best to minimize this, especially for the staple foodstuff items which have been the shop's traditional offering. One way of doing this will be buy forward whenever we advantageously can – and of course bear any risk of occasional wastage (which we have so far managed to keep within industry norms). Since we are a community benefit society and do not have to pay out dividends to shareholders, we should be able to live with profit margins more modest than would be the case with businesses in private ownership.

Inflation also has its effect on our overheads. Electricity costs will be a worry, since, like any other food retailing business, we need to retain substantial freezer and chiller capacity. We will be vigilant as to the chances of making intelligent savings, and claiming financial relief wherever occasion offers.

We are challenging the level of bank charges which Royal Bank of Scotland have begun to levy on us – now running at some £70 - 80 per month - which we consider unprincipled and exorbitant for a not-for-profit customer such as ourselves. Our complaint is pending before the Financial Ombudsman Service. As yet we have no sense of when a decision will be issued, and in what terms.

Our largest item of overheads is however payroll costs. We had a resignation last August, so at present we have, in addition to Louisa O'Brien, our almost full-time manager, three part-time paid employees: Karen Cockburn, Christine Cowan, and Kay Manley. They are all experienced and valuable staff members, and have loyally supported us through the disruptions of the decant months. Their hourly rates will need to increase in accordance with the Government's decreed upping of the national minimum wage next April.

This underlines the crucial role played by volunteers in our business model. We have had some 18 volunteers working on shifts alongside our paid employees at various times since July 2021. There is a core of some half a dozen who have turned out regularly since that very first week: they understand the shop's objectives and customer-facing processes, and are now a huge asset to its business. Nonetheless our staffing resources will continue to be stretched at times, especially when there are holiday or sickness absences, and we remain very keen to add new members to our panel of active volunteers, not simply at the counter.

We hope this will be encouraged by the progress we envisage in staff training, now that this can be conducted on-site in our own now more spacious premises, with the upstairs area also available to us. We will be pushing forward with our training programme for both paid and volunteer staff, and we have retained the services of a specialist retail consultant (for whose fees we have received some grant funding). We also need to maintain individual employees' mandatory accreditation for the sale of alcoholic products and for work on the Post Office counter. We expect shortly to bring together into a comprehensive staff handbook the various existing know-how sheets and checklists for routine operations and also emergency measures: this will be a convenient day-to-day reference for the staff, and make it much easier for new volunteers to find their feet.

Karen Cockburn is being appointed the village Postmistress, subject only to formal Post Office approval coming through and expected at any time now. Christine Cowan is also accredited for Post Office work, but we need to have other staff, paid or volunteer, accredited as well: Louisa O'Brien has been enrolled for the initial remote learning modules, and we are awaiting approval for Kay Manley to do the same. When they are duly accredited we will achieve the desired level of flexibility.

The disparity between our fee income from the Post Office for running the sub-branch, and the cost to us of covering our Post Office opening hours is a continuing concern for us, and we will be looking at ways and means of exploiting the potential for increased transaction levels which the Post Office tell us is there. We believe the new positioning of the Post Office counter in the layout of our refurbished shop floor will assist in this, as it gives more privacy to customers and more secure off-counter working surface for the staff to audit stocks and cash holdings, or handle possible new lines of Post Office services. An unexpected new challenge here are Royal Mail's recent initiatives to

service the public directly for dispatch of their letters and parcels, other than via the Post Office - which have the potential to diminish our turnover levels. In the meantime we would urge the community to go out of their way to use our sub-branch as much as they possibly can, not just for postal services, but also for the basic banking facilities and other offerings available there, such as gift cards.

As regards the upstairs space, our position will remain as stated in our social enterprise plan, but now that our refurbishment works are behind us the Management Committee will be able to turn to consideration of potential uses. We have already had tentative contacts with South of Scotland Enterprise on this. For the time being we are open to discuss occasional community use which does not involve permanent or exclusive occupancy of the space. While there may be some revenue from occasional use of the space in the meantime, this will not be revenue on which we rely in our financial planning for the current year.

Our financial ambitions for the current year in terms of the shop's trading activities are to achieve a break-even level of turnover. We expect the greatly enhanced kerb-side appeal of the shop, its array of new shop furniture and equipment, and its well-lit and well-stocked shelves, backed by our new website and active facebook presence, to feed through into increased turnover. Our break-even turnover figure looks like being in the region of £275,000, assuming that we can maintain a margin of 30% on average on our cost prices. Our figures for the first three months of the current year (July to September) are not far out of line with that, but we must first weather the winter months when we will not have the passing trade from visitors.

At the moment we cannot rely on the availability of additional income from grant funding, as such donors as are now active are tending to focus on capital projects, as opposed to revenue support.

4 December 2022

The Management Committee