

**Report on the Society’s plans for the current year and the next year**

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 kerbside appeal and enhances the overall look of this central part of our village.

This said, the Society has, since the start of the current financial year in July 2021, had to contend with Covid-related constraints and significant supply chain disruption. These have absorbed a disproportionate amount of the Management Committee’s time and energy, to an extent never imagined at the outset of the buy-out project. These challenges are likely to continue for the rest of the current financial year.

The Society has nonetheless successfully maintained operations since July 2021. The retail business has been re-capitalised. In order to weather supply chain disruption we are holding much higher stock levels than previously, and will continue to do so until suppliers’ deliveries become more predictable. Similarly we will continue to replace defective equipment on an ad hoc basis pending full re-fit, to upscale the training of paid employees and volunteers, to introduce new product lines, and to respond to legislative developments affecting our business, most recently on disclosure of allergens and ingredients in wrapped food products.

In September 2021 we were fortunate to have Sarah Cater join the Management Committee as a co-optee. She brings many years’ senior-level experience in personnel management and human resources. She has also been a volunteer in the shop since the summer.

Our roster of volunteers has been up and running since the end of June 2021. Those doing shifts on the counter are becoming increasingly familiar with the EPOS system and are also learning from the experienced paid staff working alongside them. Without the sustained contribution of our volunteers, whether on the counter, or in less visible administrative support roles, the shop would simply cease to be viable as a going concern. We look to enlarge this roster going forward, and we will be glad to hear from anyone interested in providing some of their time as a volunteer with us.

In fact, the presence of volunteers in the shop is an important demonstration of community engagement, and a potentially telling factor in the Society’s future applications for grant funding.

The Post Office branch was formally transferred to the Society only on 15 November 2021. Here again delays have been due to Covid-related constraints, as mentioned in our Report on financial year 2020-21. Training on the PO system was delivered to Christine Cowan and the new postmistress, Susan Stewart. This means that four of our people are now accredited to operate the PO counter, and this will ease the pressure on Vera Kelly and Karen Cockburn to whom we are grateful for having, between them, borne the burden of covering the PO work since last July. While our PO counter does provide an important service to the community, it has to be recognised that, with our current level of PO transactions, the rest of the shop business is in effect subsidising the PO counter: our PO revenue runs at about £9,000 pa, while the cost to us of ensuring that PO- accredited staff are immediately available for the PO counter throughout its current opening hours can be as high as £16,000. This sort of mismatch is, we understand, now quite common in rural branches nationwide, as revealed by a recent Plunkett Foundation survey. Nationally, the Post Office is now actively looking to enlarge its offering, particularly in banking and parcel services, and the PO management for our own local area are confident that our operation here will be capable of a much higher level of turnover.

Covid-related constraints have also meant that our refurbishment plans continue to be quite seriously delayed. Apart from dealing with the urgent repairs last June, we have to date got no further than submitting to the planning authorities pre-application drawings for the main works of our proposed refurbishment. An important element of our plan has been to make the front parts of the premises safer, more attractive and more accessible. There could be planning complications on this, not least because of the site’s heritage status – our premises are part of a group of listed buildings, and are within the Yetholm Conservation Area. The internal alterations and rear extension proposed have attracted an encouraging initial response from the authorities. In order to benefit from the quite substantial amounts of our Regeneration Capital Grant Fund award, we must comply with the public authorities’ procurement rules. We have accordingly had to increase the level of input from outside professionals, and we are appointing architects and quantity surveyors, to support us in the tendering process and the project management functions. Our contract for the refurbishment works must be in place by March 2022. Increasing costs are a potential worry here, as are delays caused by disruption of supply chains, since these could prolong our period of decant and diminish turnover and profitability. On our timetable, as things stand at present, actual work will probably not take place before the early summer. In fact, it might be in our interest to defer the start of building works to the autumn, so that we can at least benefit from the additional visitor trade in the summer. In the meantime, we simply have to continue to work in the premises as they are at present, with their outworn fittings and décor and lack of storage space.

As regards the upstairs space, our position will remain as stated in our Social Enterprise Plan. We know that a full-time café is simply not viable but, for the time being, we are open to discuss occasional community uses which do not involve permanent or exclusive occupancy of the space. As Covid constraints progressively abate, we expect the various possible alternative uses mooted in the Social Enterprise Plan to come back into live consideration. While there may be some revenue from occasional uses of the space in the meantime, this will not be revenue on which we rely in our financial planning for the current year.

On additional sources of income, the climate for post-Covid recovery funding is now improving, and we were recently successful in obtaining a grant of £10,000 from The National Lottery Fund towards our operating costs.

Our financial objectives for the current year in terms of the shop’s trading activities, and projected on the basis of the five months’ operation since July 2021, are: revenue from shop sales and PO services of the order of £265,000, as against cost price of stock plus running costs (including payroll) of £269,491. We are expecting payroll costs to be held down thanks to our group of volunteers, and turnover to rise as we move back to the summer months. This deficit figure of just over £4,000 would represent clear progress towards a break-even position on trading. These figures ignore residual amounts of unused revenue grant money, and funds intended, or likely to be available, for capital refurbishment works. We see the above projections as justifiable.

Overall, as Covid recedes and supply chains stabilize, we will continue to evaluate the way forward for the business in the longer term, including staffing succession and management arrangements, after consultation with our existing employees and volunteers when the time comes.

Finally, when our accounts for financial year 2020-21 have been presented to the AGM, we should be in a position to initiate the process with HMRC for shareholders to benefit from the Social Investment Tax Relief available in respect of the amounts they have invested in the Society as shareholders.

The Management Committee

15 November 2021