



We've made good progress!

- **We are close to finalising a business plan which will maintain a viable shop**
- **New shop interior design proposed**
- **Scottish Land Fund Stage 2 application ready to go in the next few weeks**
- **Building valuation has been accepted by Roy & Barbara**
- **Community Benefit Society will be in place shortly**
- **Community fundraising campaign announcement**

WORKING TOGETHER, WE CAN MAINTAIN OUR VILLAGE SHOP

Where we stand with the buy-out project

Although the COVID-19 emergency has slowed us down, we have made some very encouraging progress since the last update bulletin. Unfortunately however, due to the distancing rules which remain in place, it will not be possible to hold the further community consultation event that was planned at this stage of the project. Instead, this news update provides a summary of the current status and what further steps need to be taken to allow us to move forward with the purchase of the shop.

A very important message...

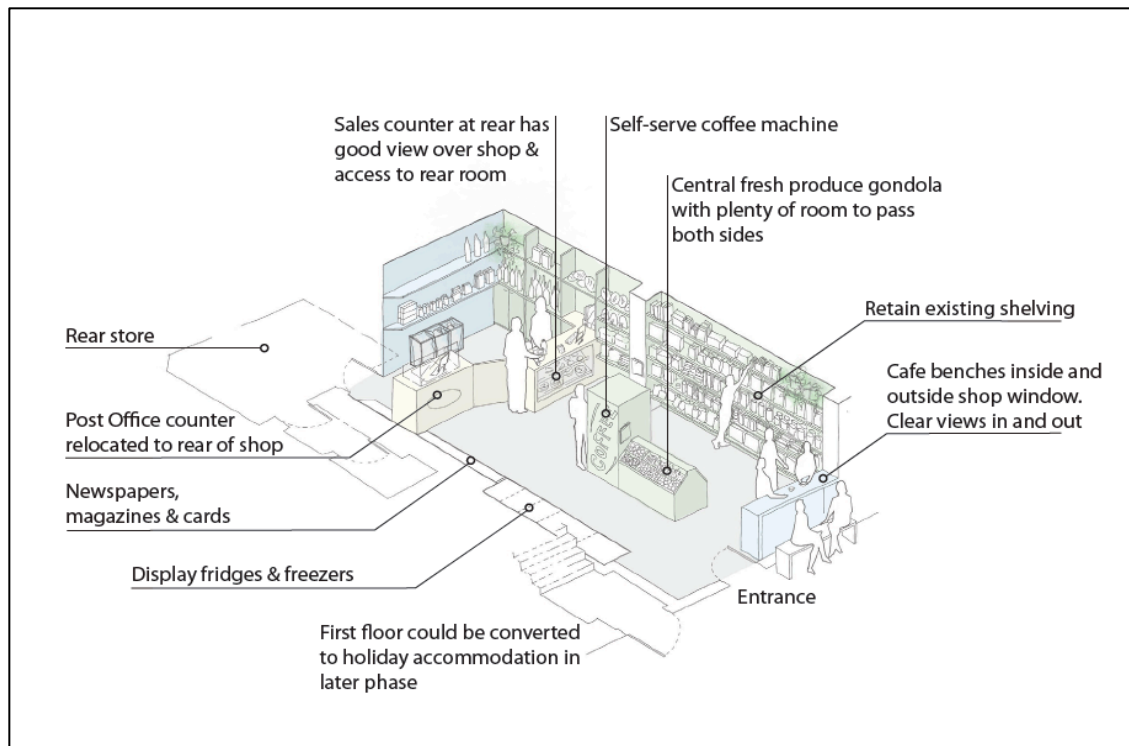
We are now at the stage where it is essential that we can demonstrate our community's willingness to support this project financially. There is no doubt that our Village Shop is a vital part of the fabric of this community, and this has perhaps never been more greatly emphasized than during the current pandemic. Demonstration of financial support is not only a critical element in the viability of the project, but is also extremely important in the eyes of the organisations who will be evaluating our applications for grant money. Please keep this in mind as you review this update and think about what you can do to provide support. Together, we can save our shop.

The shop premises

The community survey responses clearly showed a need to rethink the internal layout of the shop to make it more functionally efficient and customer-friendly so the new design contemplates a number of improvements, such as: customer seating just inside the door at the

front of the shop; moving the Post Office counter to the rear (subject to approval); better shelving (e.g. vertical racks for newspapers and magazines); more modern lighting and fresher décor. Some new equipment is needed too: fridge freezer display units and a modern till linked to an EPOS stock control system, which will allow the business to operate more efficiently. The estimated costs for these upgrades are shown later in this update. These changes, along with additions to the product offering based on your feedback (including more locally sourced and higher quality fresh items) will allow the shop to increase turnover and will play a key part in returning the business to break even. Any profits achieved after that will be invested back into the business for the benefit of our community.

As for the future use of the upstairs, the survey responses and information provided at the open-house session brought forward a range of ideas, but no clear preference. One possibility that was suggested was for conversion of the space into a studio flat for either a term rental or holiday let. This option was examined and turned out to be surprisingly expensive to achieve, accompanied by a number of regulatory issues. Accordingly, it is proposed that, at least for the time being, the upstairs be left as it is. The space will be able to serve as a convenient and attractive multi-use space for the community (with the benefit of WiFi) and might generate some incidental income. A seasonal, volunteer run coffee shop could also be considered.



So what will this all cost?

The independent open market valuation of the shop premises, which the Scottish Land Fund (SLF) requires us to obtain, has come in at £95,000. This amount reflects the need for some significant repairs. We have received an initial costed estimate for repair work segmented by priority, i.e. what is urgent and needs to be done right away and what can be deferred to a later date. (Some non-essential repairs will be done in the first phase to avoid duplicating costs for builders' plant and equipment). It is likely that the shop premises will need to be closed for enough time to allow this work to be done – probably in the quiet winter period following the transfer of the business.

Assuming that we are successful with our application for Stage 2 funding from the Scottish Land Fund (SLF), we anticipate that a portion of the

necessary costs can be picked up in the grant that we hope to receive. We do need to caution, again, that the process with SLF is a competitive one and, although our project shows a compelling community benefit, a positive outcome is not guaranteed. The remaining funds needed will have to be sourced from a combination of grants from other institutions and support from the community through buying shares in the Community Benefit Society and from donations. Due to the COVID-19 emergency, many conventional sources of additional funding are not currently accepting new applications. While the advice given to us is that this situation will ease by this Autumn, **we cannot overemphasize how important the demonstration of potential financial support from our community will be.**

In the meantime, our business plan consultant's work is sufficiently advanced for us to give you now a summary of the likely figures involved

Property Purchase & Legal Fees	£100,000
Building works and professional fees	£ 73,048
Shop fit-out	£ 25,000
Stock & working capital	£ 33,600
Temporary premises during repair work	£ 5,000
Development officer (SLF Funded)	£ 7,500
Total	£244,148
SLF Grant	£124,254
Potential Other Grant Funding	£ 40,022
Community Funding	£ 79,872

*Non-essential repairs will be deferred and funded from operating profits, further grants and additional community fundraising

The Community Benefit Society

Often referred to simply as the 'BenCom', the Community Benefit Society is an officially regulated legal entity specifically tailored to meet the needs of social enterprises such as community buy-outs. Each member's (shareholder's) liability is limited to the amount of their investment. It is important also to note that while every member is entitled to vote at meetings, each member has one vote only, regardless of how many shares they own. We believe that this is the most appropriate form of entity for our project. We have applied for registration of 'Yetholm Community Shop Limited' as the BenCom to serve as the necessary legal structure to acquire the shop.

More information about the BenCom model can be found at www.communitysharesscotland.org.uk

It is only when we know that SLF funding has been awarded that we will proceed to organise a formal offer to the community of shares in the BenCom, accompanied by the full range of background information available, including the business plan in its final shape.

In the meantime, what we need, for the purposes of our SLF application, is an early, and not legally binding intimation of the level of community financial support we can expect when the time comes.

What are the next steps, as foreseen at present?

Submit application for SLF Stage 2 funding	June 2020
Decision re SLF Stage 2 funding expected	August 2020
BenCom Public Share offer gets underway (assuming all or part of SLF funding granted)	Autumn 2020
Purchase of shop property (assuming share offer successful)	November/December 2020
Repair and refit of shop premises	January/February 2021
Shop reopens	February/March 2021

Get Involved

We need to raise at least £80,000 from our community. It could be more, if other sources of grant funding do not re-open as expected.

An Expression of Interest form accompanies this news update for you to indicate your willingness to support the project financially.

Since an early indication of the likely level of community support will be an important part of our application to the SLF, we would ideally like to hear from you by June 10 2020.

Please complete an Expression of Interest form (enclosed) and return it in a sealed envelope marked "Shop Buy-Out" and place it in the box in the shop, or mail/deliver to Alastair Hirst at The Green, Kirk Yetholm TD5 8PQ, or to Kay Greenhorn, at Smithy House, High Street, Town Yetholm TD5 8RF. Alternatively, scanned forms can be sent to kaygreenhorn@hotmail.com or alastair.hirst@yahoo.com

Any other queries on our proposal for the project can be addressed to any of the management committee members shown below, or by email as above.

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