

Yetholm Village Shop Community Buy-Out Project

Public meeting
26 August 2019

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Decline of traditional village shop

A country-wide trend

Yetholm no exception

Community buy-out seen as a means to reverse this trend

Plunkett Foundation claim that community shops have a 95% success rate, as opposed to average success rate of 46% for small businesses generally

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Social asset

Not just a convenient commercial outlet, and a critical part of the village's business ecology, but also a valuable social asset:

- Serves as a hub for village life and village news
- Especially valuable to residents who:
 - live alone, or are elderly
 - have limited physical mobility
 - have no transport of their own
- Provides employment for the shop staff

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Yetholm Village Shop Currently

Over past few years

- Operating deficit
- Lack of capital to upgrade/expand

but a number of positives, present and potential:

- Resilient core business
- Experienced management and staff
- Unexploited space
- Willing sellers

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Institutional support for community buy-out

- Scottish Government policy to encourage community ownership: Community Empowerment (Scotland) Act 2015
- Financial support and guidance available from government agencies, e.g. Scottish Land Fund, Community Shares Scotland, and others
- Organisational guidance available from non-governmental bodies : e.g. Plunkett Foundation

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Institutional Support (contd.)

Financial support and organisational guidance provided through experienced consultants assigned to each community project

Prospects for grant funding are promising:
Scottish Land Fund (SLF), for instance, can provide up to 95% of the acquisition costs of the shop
Other funding likely to be available for specific aspects of the buy-out process

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The Process

Basically three stages:

Stage 1 : feasibility

SLF can provide an initial “technical assistance grant”, to cover the costs of

- Consultation to assess community support
- Preparing a business plan (with specialist help)
- Obtaining a valuation of the business
- Obtaining a survey of the premises

This Stage (1) is the work of the Steering Group

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The Process (contd.)

Stage (2): preparations to acquire the shop business:

- Applying to SLF for the purchase price grant
- Forming the community company (which will replace the Steering Group, and be the purchaser of the business)
- Preparing the purchase documentation
- Negotiating the purchase price and other transfer arrangements

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The Process (contd.)

Stage (2) contd.

- When the purchase price grant is approved, raising the balance of the capital required by offering shares in the company to the community
- When the full amount of capital is secured and available, finalising and signing the purchase documentation

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The Process (contd.)

Stage (3) : Completion of the acquisition

- Payment of the agreed purchase price
- Physical hand-over to the community company of the premises and the stocks
- Transfer to the community company of running supply contracts, utility contracts, insurance policies, staff employment contracts, etc.
- Official opening

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Next Steps

Community Involvement

All this depends on community backing, and funding bodies will require evidence of community involvement, typically, in the shape of:

- Attendance at this and other public meetings
- Confirmation of support for the buy-out
- Responses to the more detailed questionnaire on usage of the shop which the Steering Group will design, distribute, and analyse, and which will feed into the business plan at Stage (1)

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Community Involvement (contd.)

- Taking up shares in the community company when the public offer is made
- Taking an active part in the life of the community company, by following its affairs, attending its general meetings, putting forward suggestions, raising issues of concern, ideally serving as an office-bearer on its board of directors, etc.

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