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Community-Owned Shops

A community-owned shop is one in which there is community involvement in the setting up and/or the running of the shop. They are part of a growing number of businesses known as social enterprises.

Social enterprises are essentially businesses which trade for social and environmental purposes – the Plunkett Foundation aims to promote community ownership through social enterprises.

Community-owned shops must be profitable to be sustainable. Profit enables future investment into the business or can fund other community projects.

Business Models

At the beginning of 2010, there were 230 community-owned shops trading in England, Scotland and Wales. However, not all community-owned shops are typical! Our database of existing community-owned shops shows there are four broad different business models, plus two shop styles currently in operation but each shop is different reflecting the needs of its community. The numbers falling into each category varies, with the most common models being Managed Shops and Volunteer Shops.

1. **Managed shops** - These are shops which are open most hours, with turnovers of around £100,000 or more per annum, which are run with at least one paid manager and supported by volunteers.
2. **Volunteer shops** - These are shops which are open most hours, with turnovers of around £50,000 per annum and are run entirely by volunteers.
3. **Social shops** - These are shops with limited opening hours and turnovers of less than £20,000 per annum which operate mainly as a service for vulnerable groups in the community to make essential purchases.
4. **Privately managed shops** - These are community-owned shops that have been leased out to an individual to manage and operate. They are not usually able to draw on the input of unpaid volunteers.
 - a. **Multi-service outlets** – this is the most common style of community-owned shop. These are shops that regard themselves as providing multiple services to the community, in addition to basic retail services. Additional services may include a café, internet point, small library or prescription collection service.
 - b. **Delicatessen-style shops** - These shops focus on the sale of local and specialty foods rather than on basic grocery provisions.

Legal Structures and Governance

All community-owned shops are businesses and they must have a recognised legal structure in order to trade. The majority of shops have become limited associations registered under the Industrial and Provident Societies Act (an IPS). The Plunkett Foundation has a set of model rules and can arrange registration for a standard fee. Other options for legal structure include companies limited by guarantee and community interest companies - see further information in the *Organisational and Legal Structures* advice sheet.



All community-owned shops have a management committee responsible for ensuring that the shop is financially viable and satisfies the objectives of the organisation.

How can a Community-owned shop succeed where others have failed?

- Community-owned enterprises have a better chance of survival than independent shops as the community is usually more keen to support a venture in which they have an economic and social interest
- Staff costs can be reduced by volunteer involvement. A typical community-owned shop will have around 25 volunteers, each working 2-4 hours a week
- The difficulty of finding and affording suitable premises can be overcome by co-locating within existing community buildings such as the village hall or church building.

A typical community-owned shop

- Is profitable
- Has a turnover of £120,000 per annum – this varies between shops
- Engages 25 volunteers
- Employs 1.3 whole time equivalent staff
- Includes the Post Office
- Has been supported by Plunkett Foundation

Further Information

Useful Tools and Resources

Nenthead Community Shop Case-study - a case-study of a community owned shop in rural Cumbria explaining the factors leading to the need for a community-owned shop, the experiences of the community in establishing it, and the proposed plans for its growth.

Tackley All-in-one Community Shop DVD - a further case-study example which provides an insight into the running of a community-owned shop in an Oxfordshire Village Hall. The DVD is useful for screening at Community Meetings or to send to potential funders to help explain others visualise what is achievable through community ownership.

Organisational Structures for Rural Social Enterprises – background to organisational models for social enterprise and information on legal structures.



[Click here to see more tools](#)

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Last reviewed: July 2010



Why open a Community Shop?

The financial rewards of running a village shop are often small for commercial shopkeepers - long hours and low returns, coupled with high residential property values has led to many village shops having closed. The value of the shop to the community is often not fully realised until it is due to close, or already has closed. Increasingly, communities have become determined to do something about it.

Considering a Community-Owned shop?

For some people, especially those with limited mobility, a village shop offers a vital service saving them a long round-mile trip to the nearest town with other retail services. For others, a village shop, may not be the main source of shopping, but it will be a 'convenience' store or the 'top up' shop. Rural shops can also offer further enticements that many supermarkets cannot such as freshly baked bread, and locally made and produced products.

The economic benefits

A village shop will employ and serve local people throughout the year, helping to ensure that money stays within the local community. Local suppliers and contractors can also be used to supply goods and services and customers may be people who work in local businesses but live elsewhere.

Estate agents advise that rural communities with at least one shop and/or pub are considered more desirable places to live.

The average annual turnover of a community shop is £120,000, although some shops have been known to reach turnovers in excess of £500,000. Once a shop has established a sustainable income, the community often feel confident enough to raise further finance from within the community to take over or set up other services to be run by the community such as cafes, pubs and bakeries.

The social benefits

The advantages to rural communities of having a shop, pub and post office reach far beyond the goods they sell and the services they supply. They are important meeting places, and are vital social and economic hubs for their area.

Village shops help to create a sense of community, and for those who use them regularly, it can provide an opportunity to get to know their neighbours. This is especially important for more vulnerable groups such as the elderly, those caring for children or relatives and those living alone. Recognising neighbours and having the opportunity to interact helps develop a sense of belonging and safety.

Village shops can provide a drop-off and collection point for a wide range of services such as dry cleaning, shoe repairs, film processing and prescriptions, which can be especially useful for those with limited access to transport. They can be a focal point to promote and sell tickets for other local activities, amenities and events, and provide information for those in the village as well as passing trade.



There are health benefits too

Village shops have increasingly been recognised for their association with health benefits. Not only do some shops provide the location for mobile health services such as the GP, District Nurse or chiropodist, an average shop, will recruit an average of 25 active volunteers. This may be an additional 25 people who have been given a new sense of purpose, with a motivation to be physically active, and an opportunity to interact with friends and neighbours on a daily basis. The shop can also provide that same lifeline for those who buy from the shop who also depend on having somewhere to go, something to do, and people to interact with.

“I worked for the NHS for very many years and I think what we’ve achieved in this village over the last four years, in terms of the health of this local community is greater than all that time I spent in health care. It’s great, it’s fun, people enjoy it, it’s in profit and I hope it’s here for a very long time.” Barbara Vaughan, Driving Force and Founder member of the Tackley All-in-one-shop.

The environmental benefits

Local shops help to reduce the distance people travel by car, especially if a variety of goods and services are provided. By supplying local produce in particular, the distance goods travel and the subsequent packaging needed is reduced.

And Finally

Communities that have set up a shop would agree that it is rewarding but hard work. The path ahead will be a long and challenging one. There will be differences of opinion (to varying degrees) within the shop committee and within the wider community. There will be pressures for urgent and difficult decision-making. There will be unforeseen expenses and obstacles. But it is a path that can lead to an exciting, rewarding and extremely worthwhile new enterprise.

Further Information

Useful Tools and Resources

The Plunkett Process - a recommended process and checklist of all the stages that a community should consider when setting up a community-owned shop.

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Ten Good Reasons to Shop Locally:

<http://www.tengoodreasons.org.uk/>



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Last reviewed: July 2010



Consulting the Community

Assessing the community's need and support for a shop is vital. Success can be estimated by taking into account the village size, the number of people in support of the shop and the expected spend per person. By consulting the village and surrounding area to discover what goods and services people really need, the shop has a much better chance of being a success.

Public Meeting

A public meeting can be held to gauge support and raise awareness of the project. A meeting should only be held, however, when you have something to say, and you are confident you know enough about the background of community-owned shops to present the concept to the wider community. The Plunkett Foundation can help with this, in providing presentation materials, facts and figures, and by sending a representative (you local Community Retail Adviser).

It is important to be clear beforehand what you want from the meeting and that the chair knows what, if anything, has to be decided by the meeting. It is a good idea to choose a chair who is well known in the community. It can be useful to hand out forms for people to fill in if they would like to help or have any ideas. Some people might not wish to speak up during the meeting, so make sure it is clear to whom the forms should be returned. The meeting should be held in a recognised meeting place with plenty of room - such as a village hall or school.

It is also important to remember that very often the people most likely to use and support a village shop are unable to attend a public meeting, particularly if held in the evening - parents of young children, the elderly - so it should not be assumed that non-attendance by these groups is an indication of lack of support. Sundays can often be the best day to attract the widest sector of the community. Meetings should be held to 90 minutes maximum.

Questionnaires

A questionnaire will better determine the level of interest and hands-on support offered, the additional goods and services needed, the most popular opening hours and potential barriers and opportunities. Funding bodies will require this information when assessing your applications for grants or loans. The questionnaire should be hand delivered to every household in the village and surrounding area and hand collected to ensure maximum response. Parish magazines can be used to publicise the survey and its importance to the village, or even to deliver the questionnaire itself.

All community-owned shops have a management committee responsible for ensuring that the shop is financially viable and satisfies the objectives of the organisation.

Other ways of consulting the community

You may wish to consider other ways of consulting with the community. For example, you could organise a doorstep survey or an 'open day' in the village, perhaps in the village hall. Many communities will also have undertaken a community planning exercise, sometimes known as a Parish Plan. This can be a useful consultative document to draw on to evidence the issues important to those living and working in your community.

Consulting a wide variety of sources in depth will better your chances of success.



Further Information

Useful Tools and Resources

The Sustainability Checklist - a checklist to help you consider the sustainability and viability of developing a community-owned shop within your community.

The Plunkett Parish Questionnaire - a sample questionnaire used by many communities to assess the demand for a community-owned shop in your community.



[Click here to see more tools](#)

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

The RCAN Network:

http://www.acre.org.uk/aboutthenetwork_index.html

Last reviewed: July 2010



Setting up your Committee

If your initial consultations suggest that a community-owned shop is worth serious consideration, the next step is to set up a committee.

Even though an actual business has not been established by this point, a committee is required to take on the responsibility of managing and leading a community group with the aim of setting up a new community-owned shop. The committee is effectively the management group of an unincorporated organisation.

The committee needs to set out its aims and objectives from the outset as well as allocating roles and responsibilities for its members in order to have a clear purpose, and a clear goal in sight. This should be incorporated into a 'Memorandum of Association' which can be used to communicate to the community at large the purpose and scope of the committee and the persons involved.

Responsibilities of the Committee

The committee will be required to assess the viability of a community-owned shop in your community, explore all possible options for how it would be set up and managed, and represent the interests or concerns of the wider community. Questions they may need to consider include:

- What are the benefits to the community in having a community-owned shop?
- Where could the shop be located?
- How much would it cost to start? and where will the money come from?
- Would the shop pay its way once open? and what would profits be used for?
- What would the shop sell? and what additional services could be offered?
- Who would run the shop, and how would it be organised?
- Who in the community can help?
- What competition is there?
- Which other community-owned shops could you visit to gain ideas?

As committees have overall responsibility for the management of an organisation's affairs, committee members can face personal liability should things go wrong. That is why it is important to meet regularly and make sure that the correct information comes to meetings so that committee members can make informed decisions.

Committee Membership

Committees should consist of a minimum of three people, and a maximum of twelve. At the very least, a committee should consist of a Chair, Secretary and Treasurer. It is also good practice to have 4-6 others with specific roles to lead sub committees, such as;

Business Planning - consider premises options, set up the legal structure, develop a business plan

Fundraising - fundraise within and outside the village, open a bank account

Retail and Marketing – assess the competition, develop a press/PR campaign

People Management - Keep the community involved and up to date with progress, recruit volunteers, and consider the management and staffing implications

The sub committees, having spread the work load, then feed back into the main committee.



Key skills and qualities you will need

- A member of the Parish Council
- An accountant
- A solicitor
- A business adviser
- People with good computer skills
- A good administrator/project manager
- Representatives from local groups
- People with property skills
- People with 'hands-on' retail skills

These people need not necessarily be on the committee, but it is helpful to identify those the committee can turn to when the need arises. Some communities may have people with these skills within the village; or you might have to look for outside support. This could add a considerable expense to your budget, so it is worth contacting Business Link and Law Works first to find out what advice and guidance is available locally for free. It is essential to ensure that there are people with the right skills involved in the project.

The purpose of the committee at this stage is very different from that of a trading retail business, so the committee roles, as will its membership, will need to change as the project develops.

Further Information

Useful Tools and Resources

Committee Roles and Responsibilities – guidance on committees and the key roles within a community-owned shop committee.

Sample Memorandum of Association - a template to help define the aims, objectives and scope of a committee.

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Making Local Food Work Simply Legal:

<http://www.makinglocalfoodwork.co.uk/about/gs/index.cfm>

Business Link:

<http://www.businesslink.gov.uk/>

Law Works:

<http://www.lawworks.org.uk/>



[Click here to see more tools](#)

Last reviewed: July 2010

Acknowledgements: Oxfordshire Rural Community Council



Organisational and legal Structures

Once a committee has been established and is clear about what it wants to achieve, it can register the shop as an actual business – this is what is referred to as ‘incorporating’ the business or creating a ‘corporate body’.

For a community owned shop, incorporation is essentially the process of creating a business with a separate legal identity and limited liability distinct from its members. A community owned shop can choose from a variety of organisational models and legal structures. The structure of an enterprise comprises an organisational model and an underlying legal structure. The *organisational model* describes who the owners of the enterprise are and how they govern it. The *legal structure* is the underlying legal form of the organisation and its governing documents.

Organisational Model

A community-owned shop may be owned in one of three ways:

- By the intended customers of the shop. This is described as a **co-operative** form of enterprise
- By the members of the community in which the shop is located. This is described as a **community enterprise**
- By a range of stakeholders, including members of the community and organisations which support the objectives of the enterprise. This is described as a **multi-stakeholder** form of ownership

A community-owned shop should not adopt a structure which affords ownership according to the level of investment which stakeholders make in the enterprise. Most organisational models allow for the establishment of a committee or board to govern the affairs of the business on a month-to-month basis. The committee is appointed or elected by the membership as a whole at an annual general meeting.

Legal Structure

The legal structure is the form of legal status by which an organisation is legally established, together with its detailed constitutional arrangements. The same legal form can be used as the basis to represent more than one organisational structure. The broad choices available to a community-owned village shop are as follows:

1. **Community Enterprises** are normally represented in law as Industrial Provident Societies for the Benefit of the Community or as Companies Limited by Guarantee. Membership of these organisations will normally be defined as residents of the community in which the shop is located, who will elect a committee on a one-member one-vote basis. The Plunkett Foundation offers tailor-made Model Rules for communities wishing to set up a shop as a Industrial and Provident Society for the Benefit of the Community. The majority of community-owned shops have used this model.
2. **Co-operatives** are normally represented in law as Industrial and Provident Society Co-operatives or as Companies Limited by Shares. Membership of these organisations will normally be defined as the users of the services provided, who will elect a committee on a one-member one-vote basis



3. **Multi-stakeholder structures** are normally represented in law as Companies Limited by Guarantee. This may be structured to allow different representation from different membership groups, with different voting rights
4. **A Community Interest Company** may be regarded as an additional status which can be afforded to Companies Limited either by Shares or by Guarantee which have explicit social objectives. CICs incorporate an asset lock which prevents their conversion to an investor-owned company or re-sale

Choice of legal structure

Most enterprises choose to adopt 'off-the-peg' legal forms representing one of the above models, to avoid the legal costs of developing a tailored version on the assumption that enterprises of similar form are likely to require similar legal structures. The Plunkett Foundation has Model Rules for an Industrial and Provident Society for the Benefit of the Community to represent a community enterprise model of a community-owned village shop. These Model Rules have been used by more than 70% of community-owned village shops. Co-operatives^{UK} has a wide range of model rules, memoranda, and articles for co-operative, community and multi-stakeholder enterprises. Some of these have been used by community-owned village shops.

Prospective community-owned village shops are advised to obtain specialist advice when selecting their organisational and legal structures. Whilst it is common for there to be a member of the founding group with some legal knowledge, the choice of legal structure for a community-owned village shop requires more specialist knowledge than required for the establishment of a privately owned company. The Plunkett Foundation can help in this area.

Further Information

Useful Tools and Resources

Organisational Structures for Rural Social Enterprises - fact sheet on the range of organisational structures available.

Select a Structure Tools - decision making exercises for use by advisers to help groups decide which organisational structure is most appropriate for their needs.

The Plunkett Foundation Model Rules Advice Sheet – advice about the approved model rules used by many community-owned shops which elect to adopt the Industrial and Provident Society for the Benefit of the Community legal structure.



[Click here to see more tools](#)

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Co-Operatives UK:

<http://www.cooperatives-uk.coop/live/cme0.htm>

Financial Services Association:

<http://www.fsa.gov.uk/>

Last reviewed: July 2010



Plunkett Model Rules

The Plunkett Foundation can be used as the ‘promoting body’ to register your community shop as an Industrial and Provident Society (IPS) for the Benefit of the Community. This means that you can use our FSA approved model rules (template legal structure) which have been specifically devised for community-owned shops. The advantages for this are a quick registration and a reduced registration fee.

The characteristics of an IPS for the Benefit of the Community are:

- It must have a minimum of 3 members
- In the event of the winding up of the society, surplus net assets are not distributable amongst members but transferred to another common ownership enterprise or to a charity nominated by the members
- Voting control must be vested in the members equally, not in proportion to their financial interest in the society
- Interest paid on share and loan capital if any, must not exceed a rate necessary to raise and retain sufficient capital to carry out the society’s objectives
- Membership must not be artificially restricted with the object of increasing the value of members’ propriety rights and interests
- Any trade profit to be distributed or reinvested for social or charitable purposes

Why the Plunkett Foundation promotes IPS Benefit of the Community structure?

- Completely democratic structure: one member one vote
- Prioritises the interests of the wider community over the needs of its members or investors
- Allows for community investment (innovative form of fundraising)
- Bespoke for the needs of community shops
- FSA approved and registered with Companies House
- Compliant with up to date legislation and include automatic updates
- Over 65% of community shops have used this structure

An IPS is the only legal structure that allows **withdrawable shares** (when a share is *withdrawable* as opposed to *transferable*, it can only be withdrawn from the organisation in which it is invested. Its value remains constant, unlike a transferable share in a normal company).

If you are interested in using the Plunkett Foundation as your promoting body and wish to use our approved rules, please contact the Plunkett Foundation and we will send you a pack containing detailed instructions of how to apply for registration and the required forms for the Financial Services Authority (FSA). We will then support your application and arrange all negotiations with the FSA on your behalf. Registration takes approximately three weeks.



Further Information

Useful Tools and Resources

Organisational Structures for Rural Social Enterprises – background to organisational models for social enterprise and information on legal structures.

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Co-Operatives UK:

<http://www.cooperatives-uk.coop/live/cme0.htm>

Last reviewed: December 2011



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Location, location, location

A Community-owned shop is not exempt from the old adage, Location, Location, Location!

Ideally, the shop should be centrally sited, visible to passing trade, easy to find, have convenient access by foot and car, and good car parking. A good size to aim for is 500 sq ft of shop floor. It may be possible to purchase or lease an existing shop premises. If this is neither possible nor attractive you will need to look at other suitable options such as:

- New build
- Portacabin
- Village hall/community centre
- Pub
- School
- Church
- Offices or workshops
- Farm buildings

The Plunkett Foundation Community Shop Directory includes examples where communities have found innovative solutions to siting their community-owned shop. Converted toilet blocks and bus shelters, for example, have in the past been developed into successfully trading community-owned shops.

Use of a Village Hall or Community Centre

An obvious choice of premises might be within, or an extension to, an existing village hall or community centre. Many of these have charitable status and the following points will need to be considered:

- Will the new enterprise compromise the hall's charitable status?
- There may have to be a 'market' charge for use - you could try to widen the charitable objects to allow use for a nominal charge. Although the hall is a charity it cannot be a 'soft touch': free use is not normally acceptable to the Charity Commissioners and the village hall committee is also liable for the hall's financial viability
- The hall is the property of the committee - the charity trustees - and is a *recreational* charity - it is not public property available to accommodate as of right any kind of use that the community identifies
- The hall must serve a variety of users - one use must not dominate - you cannot 'tie up' accommodation which may be needed by others
- Who will be responsible for funding any building alterations required for a particular use?
- What are the planning and rating implications of non-recreational use?
- What will the impact be on hall security and hall insurance?

You will need to talk to the Village Hall Adviser of your Rural Community Council and you may have to consult the Charity Commission. See *Further Information* below.



Temporary Site

A portakabin is both cost effective and quick to set up, and may overcome problems of identifying existing premises or land. Portakabins offer the flexibility to be sited on the village green, for instance, pub or village hall car park. Portakabins have often been used to test the market and viability of a community-owned shop whilst longer term solutions are being explored, or finance is being raised. It also provides the opportunity to maintain a village shop service and local trade whilst alternative options are being explored.

New Site

If a cheap site can be made available, the provision of new shop premises at an affordable rent with or without an associated house is potentially within the financial capabilities of many villages. In the same way that cheap land can be made available for low-cost housing schemes, it can also be extended to building new village shops. It may be worth talking to your parish and district councils about this.

Lateral Thinking!

There are an increasing number of communities that have turned to their local pub or church for permission to sublet an area for trading. Some pubs, for example have created permanent spaces for shops, both inside the premises or in the car park or outbuildings, as this will often provide a boost to pub trade through increased footfall, as well as guaranteed revenue from the rental income. Church buildings too, have also provided innovative solutions for hosting shops without compromising their aesthetic qualities or religious activities. There are a number of organisations that support alternative uses of community-owned or public building in rural communities. For further information, please contact the Plunkett Foundation.

Further Information

Useful Tools and Resources

Siting your Shop Checklist - a series of considerations for a community when identifying locations for a community-owned shop.

Yarpole Casestudy – an example of a community owned shop operating within an active C of E Church.

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

ACRE:

<http://www.acre.org.uk/>

Equality and Human Rights Commission:

<http://www.equalityhumanrights.com/>

DirectGov:

<http://www.direct.gov.uk/en/index.htm>

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Acknowledgements: Oxfordshire Rural Community Council





Preparing the Business Plan

The business plan will act as a statement of your project's aims and projected viability. It will also be required by grant-aiding bodies and private and commercial lenders as well as providing a framework for everyone involved.

Why should you write a Business Plan?

A business plan is a valuable tool for setting out your aims and objectives for your shop, defining what you want the shop to offer, and how the business will operate. Your business plan will also include financial forecasts for the shop, including the initial set-up costs and on-going costs and from this, determine how much money the business needs to raise through initial fundraising and future sales in order to be a viable and sustainable business.

The process of preparing the plan provides the opportunity to consider all aspects of the shop set-up and its future management. It will help you to:

- clarify the aims and direction of the committee
- plan what your shop will offer in terms of goods and services
- structure the financial side of your business
- decide how the shop will be managed and staffed
- identify your initial set-up costs
- plan the next steps for developing the shop

A business plan can also be used to communicate your plans within and outside of the village. It will demonstrate that you have approached the process professionally, and demonstrate that yours is a sustainable and financially robust business model. You should also see the Plan as a live document which you revise and amend as the business develops.

Writing your Business Plan

A business plan should consist of about 5 or 6 pages, inclusive of a cash flow forecast. You may have someone on your committee or in the village who is experienced at writing business plans and will be able to help you. The Plunkett Foundation can also help both with support from a Community Retail Adviser and by providing you with a template structure which have supported other community-owned shops to develop their business plans.

A SWOT and PESTLE analysis as a committee exercise is very good practice and enables everyone to have input and feel that they 'own' the plan. More information on SWOT and PESTLE is below, but SWOT is the consideration of all the strengths, weaknesses, opportunities and threats of your business idea, and PESTLE is an analysis of the internal and external factors which could impact on your business – namely, political, economic, social, technological, legal and environmental.

What should your Business Plan include?

Executive Summary:

- Introduction: What, where and Why? E.g. background to community, demographics, competition
 - Mission: What are we trying to achieve?
 - Objectives: How are we going to achieve it?
-



Company Summary:

- Company Ownership: What's our legal structure?
- Membership: Who owns the company?
- Stakeholders: Committee members and community membership

Proposed Shop Scheme:

- What has been done to date? Questionnaires, fact-finding, public meetings?
- What it means to be a community-owned shop?
- Details about the premises – what other options considered and why rejected
- Services and goods to be provided
- Market research / local competition

Staffing:

- Management Structure
- Paid staff
- Use of volunteers
- Opening hours

Finance:

- Set-up costs? And 5 year budget
- Will it make profit? And what happens to profits?
- Sales forecast and cashflow forecast

Exit Strategy:

- What happens to the business if it fails? Who is responsible financially, and what happens to the assets?

Further Information

Useful Tools and Resources

The Plunkett Business Plan Template - a business plan template for new community-owned shops.

Lodsworth Larder Plan – an actual business plan for a community-owned shop

The Plunkett Budget Template - a template budget including the main financial considerations and inclusions within a typical 5 year business plan.

The Plunkett Cashflow Forecast - a template to consider your cashflow forecast.

Organisational Structures for Rural Social Enterprises – background to organisational models for social enterprise and information on legal structures.



[Click here to see more tools](#)

Relevant Organisations and Websites

The Plunkett Foundation: <http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Wikipedia:

http://en.wikipedia.org/wiki/SWOT_analysis / http://en.wikipedia.org/wiki/PEST_analysis

Last reviewed: July 2010



Environmental Considerations

As environmental issues – both local and global – become more of a concern to people, it is worth considering at an early stage what options there are to create a greener, more environmentally aware project. Cutting edge design combined with traditional materials and green energy techniques can produce a fully sustainable building, as well as open out the scope for potential funders.

Planning your Building

- The design of either a new build or a conversion – will it blend into the landscape and local architecture?
- What materials could you use?
- Could the materials be sourced locally, providing local employment and cutting down on transportation?
- Where wood is to be used, will it be from well-managed, fully-sustainable sources, thereby maintaining a rich wildlife habitat?

Energy Sources

How will you heat and light the building? There are various eco options to consider:

- A ground source heat pump, where energy for heat and light is drawn from hundreds of metres of pipes buried underground (you would need a large open space, such as a playing field, adjacent to your site)
- Photovoltaic roof tiles to use daylight energy
- High quality insulation
- A heat recovery ventilation system
- Good natural light sources, eg large well-insulated windows
- Low-energy lighting and electrical appliances

Brockweir and Hewelsfield in Gloucestershire is an example of a community-run shop which uses green energy techniques so efficiently that surplus is sometimes fed back into the National Grid. All the building's lighting, heating and hot water needs are met without releasing any carbon dioxide into the environment.

Environmental Policies

You may wish to extend your environmental principles to the everyday running of the business. For example, you may implement a stocking policy which prioritises;

- suppliers of local produce to reduce food miles,
- quality assurance branded products such as food under the Red Tractor scheme, and Leaf Mark which are synonymous with sustainable farming practices
- ethical products such as Fair Trade,
- products made from recycled materials.

Funding

If you do decide to follow an environmentally-aware path for your project, it will increase the number of potential funders you can contact. See Further Information below.



Publicity

A sustainable community project with environmental and ecological concerns at its very heart will, undoubtedly, provoke much interest both locally and further afield. It will also add another dimension to your publicity and marketing. What better news story than one about a village shop which:

- Has been created using local materials, local builders and craftsmen
- Provides work for local people – paid and voluntary
- Has cutting edge green technology and is environmentally neutral, in terms of energy used

Further Information

Useful Tools and Resources

Lodsworth Larder – a case study of a community-owned shop which has embraced ecological design.

The Sustainability Checklist - a checklist to help you consider the sustainability and viability of developing a community-owned shop within your community.



[Click here to see more tools](#)

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

The Energy Saving Trust:

<http://www.energysavingtrust.org.uk/>

The Carbon Trust:

<http://www.carbontrust.co.uk/>

Business in the Community:

<http://www.bitc.org.uk/>

Last reviewed: June 2010



Post Office Limited

Operating a Post Office® alongside a successful retail business can prove to be an attractive business proposition. Many village shopkeepers state that a Post Office is one of their main sources of income and also drives footfall to their retail business. A wide range of services are offered by Post Offices including; banking, mails, insurance, telephony, E Top-ups, foreign currency, bill payments, money transfers, credit card, loans, mortgages and a wide range of savings products.

Opportunities to operate Post Office branches can be found at www.postoffice.co.uk/jobs and appointments are made at the discretion of Post Office Ltd. If you are considering applying it is important to start talking to Post Office Ltd in the early stages of developing your business proposition. Your first point of contact will be the Agent Recruitment team on 0845 601 1022.

Post Office Ltd remunerates the operator for running a branch based on the sales generated. A subpostmaster must be appointed for the branch and this appointment will be subject to approval by the Post Office. They will then receive full training on how to run the branch with ongoing support provided by a Post Office helpline. It is recommended that at least one other person is trained to fully operate the Post Office, and training for all additional staff will need to be conducted by the subpostmaster. Everyone that works in a Post Office will need to have background checks and is also required to sign the Official Secrets Act. The core opening hours and operating model for a Post Office branch will be prescribed in order to meet customer access requirements.

Existing retailers also have the opportunity to sell books of stamps – first and second class and European – from their stores. If you are interested please call the Royal Mail Sales team on 08457 640 640.

Further Information

Useful Tools and Resources

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

The Post Office:

<http://www.postoffice.co.uk/portal/po>



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Acknowledgements: Post Office Limited



Sources of Internal Funding

Raising start-up funds can be a lengthy and time-consuming process, but don't be despondent as there is help available.

On average, community-owned shops have needed to raise funds of about £60K. However, there is an enormous variation - with some shops needing very little to start up and other large multi-service outlets costing more than £400K. The majority of projects have raised money from both within the village and from outside sources.

Raising funds from within the village

Financial support for your project from within the community not only raises necessary funds but is important for demonstrating to potential funders the level of commitment within the community. It is a good idea to demonstrate to external funders, for example, not just how much money has been raised from within the community, but also how many members of the community have invested or donated.

Try to involve as many different village groups (e.g. school, WI, village hall, sports groups) as possible in the project as this will spread the load and engage a wide cross-section of the community.

Traditional Fundraising - coffee mornings, sales, dances, promises auctions, can be good ways of involving the community and raising awareness, but are not always a good return on effort.

Encourage the Community to Invest – considerable amounts can be raised by asking your local community to make gifts or donations to the fund; asking for loans with or without return; and by issuing a share or bond scheme - depending on the legal structure of the shop. In some villages the shop has been saved by one or more individuals purchasing the premises and leasing space to the community.

Community Investment - A separate Advice Sheet offers additional guidance on *Community Investment* which is essentially a method for raising finance from the community through shares or bonds where the investment is returnable and the investor can earn interest or receive a dividend on their investment.

Parish Council Support - A parish Council can contribute funds, by means of a grant, to a village shop in accordance with section 137 of the Local Government Act 1972. Section 137 enables a parish council to spend a limited amount of money (currently £3.50 per elector/per year) for purposes for which they have no other specific statutory expenditure power. Grants can be made annually but circumstances should be reviewed on an annual basis. Typical grants include covering the cost of a rent increase where payment by the business would render the business unviable. Expenditure under section 137 must be authorised by resolution of the council and a separate account must be kept of that expenditure.

Parish Council Property Purchase - The Parish Council is also allowed to purchase property for a village shop or Post Office under section 124 of the Local Government Act 1972 which allows the acquisition of land ('land' includes buildings or premises) by Parish Councils for the purposes of:

- Any of their functions under this or any other public general Act, or
- The benefit, improvement or development of their area



The Parish Council can purchase property using reserves, funds raised in the community or by raising a loan. A loan must be sanctioned by the Office of the Deputy Prime Minister and is repayable over a maximum of 25 years. The parish council does not have the power to run a business, so a shop with its own legal identity would have to be formed to lease the property and run the shop and/or Post Office.

If it was felt to be in the best interests of the community the Parish Council could offer the property at a peppercorn rent but this could only be done by way of a short tenancy not exceeding 7 years. The council could have a series of seven-year leases on similar terms but it would be prudent to examine the lease at each renewal as the financial situation of the business may have altered.

Volunteer labour – using volunteer labour for building and maintenance work on premises will advance the project considerably at no cost, and can be classed as match-funding contribution for some external funding bids.

Further Information

Useful Tools and Resources

Community Investment Advice Sheet – advice on raising finance from shares and bonds, from within the community.

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>



[Click here to see more tools](#)

Last reviewed: July 2010

Acknowledgements: Oxfordshire Rural Community Council



Sources of External Funding

Raising start-up funds can be a lengthy and time-consuming process, but don't be despondent as there is help available.

On average, community-owned shops have needed to raise funds of about £60K. However, there is an enormous variation - with some shops needing very little to start up and other large multi-service outlets costing more than £400K. The majority of projects have raised money from both within the village and from outside sources.

Raising funds from outside the village

Larger sums of money raised tend to be secured from outside the village community.

Charitable status - It is important to be aware that any shop, including a community-owned one, is considered a trading organisation and by definition **cannot** have charitable status. This is true regardless of the legal structure chosen. Whilst this does close some doors to funding, an alternative option that has been successfully used by a few community-owned projects is to form a development project within an existing village charity (e.g. village hall or local charitable trust) and use this to secure funding for the premises costs.

Using your Business Plan - Your business plan will provide the bare bones of your case, but invariably it will need adapting to fit with each funder's process and objectives.

When private and public funders are considering lending or donating money to a community shop venture, they will take into account:

- Village contribution to the scheme
- The quality of the management committee
- The quality of the business plan
- The quality of the proposed shop manager (if yet known)
- The historic performance of the village shop and anticipated projections
- The inclusion of a Post Office within the premises, or a Post Office salary
- Whether the business can afford to repay any loan

Potential funding sources for each shop project will be different depending on where you are, the type of project, current grant availability, etc. However, the following list may help you to ensure that all possible avenues are explored.

Grants – consider applying for grants from your local (district/county council) authority, charitable trusts and foundations, and statutory organisations (e.g. Lottery). Grants do not have to be repaid, but they can take a long time to apply for and take a lot of effort. Try to cast a wide net and not focus all efforts on one or two large grant-making bodies.

Loans – there are a growing number of approved loan providers who lend exclusively to community owned enterprises and social enterprises. These specialist organisations have specific experience and understanding of community owned businesses, such as community-owned shops, and are able to offer them additional support and advice including financial planning. Specialist social enterprise lenders are also more likely to support community-owned shops as for them, it is a known and reliable business model.



Gifts and Discounts of equipment and fittings – many community-owned shops have approached larger retailers to secure second-hand equipment and fittings to kit out their shops, and some even second-hand portable buildings at reduced prices (from local councils, education or health authorities, etc) to get started. Discounts are also to be had on building, fittings, equipment, initial stock etc. Be bold... and ask for discount whenever the opportunity arises!

Don't forget to ask the Plunkett Foundation or your Community Retail Adviser for up to date funding information, or make use of the online community shop network.

Further Information

Useful Tools and Resources

Relevant Organisations and Websites

The Plunkett Foundation:

<http://www.plunkett.co.uk/whatwedo/rcs/ruralcommunityshops.cfm>

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

The RCAN Network:

http://www.acre.org.uk/aboutthenetwork_index.html

Your Local Authority:

<http://mycouncil.direct.gov.uk/index.html>

Funding Central:

<http://www.fundingcentral.org.uk/Default.aspx>



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Acknowledgements: Oxfordshire Rural Community Council



Community Shares

Community investment is a way of raising money from communities through the sale of shares or bonds to finance enterprises serving a community purpose. It is defined as: *The sale, or offer for sale, of more than £10,000 of shares or bonds to communities of at least 20 people, to finance ventures serving a community purpose.*

Community investment empowers communities by giving members – as part-owners – a direct say in the success of an enterprise, encouraging them to play an active part in its future. In a community shop, your shareholders will become your customers, your volunteers, your staff, and your supporters. As well as sharing in the social, environmental or community benefits of the enterprise, members can be offered a financial return on their investment.

What are “community shares”?

There is no legal definition of community shares. However the term is now recognised as referring to a unique form of share capital called “withdrawable shares”, which can only be issued by Industrial & Provident Societies (IPSSs). When a share is *withdrawable* as opposed to *transferable*, it can only be withdrawn from the organisation in which it is invested. Its value remains constant, unlike a transferable share in a normal company.

Shareholders should be aware that there is only one vote irrespective of the number of shares held, and that there will be conditions imposed on the timing of withdrawal and the amount of interest paid if any. Community shares should be viewed primarily as having a social return for the wider community and are exempt from the Financial Services and Markets Act 2000 which means there is no right of complaint to an ombudsman.

Different types of community share offer

- *Membership offer*: This is where the amount invested is restricted to a nominal sum. It is a simple form of raising money from the community but is unlikely to generate large sums.
- *Pioneer offer*: This is a possible way of generating funds when in the initial stages of setting up a project. An offer for the founding members of the Society, for high-risk capital in order to get investment-ready.
- *Time-bound offer*: A target amount and timescale is stipulated, and if it not successful the money is returned to investors. The timed element galvanises the community.
- *Open offer*: An offer that is not subject to a target amount or timescale.

Most communities opt for either a *membership offer* or a *time-bound offer*. A typical time-bound offer would be over four to eight weeks.

Decisions to be made by the Committee

1. Legal structure
2. Type of share offer (see above)
3. Value of one share (£1? £10? etc)
4. Minimum shareholding (one share? ten shares? etc)
5. Timescale if a timed offer
6. Investment target
7. How will the shareholder database be administered?
8. Is it worth having subscriptions?
9. Should investors be encouraged with interest/dividends? If so, how much?
10. Restrictions on withdrawals – time frame; percentage per year etc.



Developing a Share Prospectus

Good practice would mean that a share offer or prospectus should include the following:

Contents:

- Purpose of the investment
- Projected social returns
- Maximum/minimum investment
- Withdrawal terms
- Projected financial returns
- Risk factors
- Members rights
- Crudentials of promoters
- Legal format of the society
- Regulation of the offer

Supporting evidence:

- Website address
- Contact person
- Rules of the society on website
- Business plan for time bound offers
- Annual accounts for open offers
- Annual report and social performance report for open offers

What about regulation?

Due to the lack of regulation, the committee of an IPS interested in issuing a community share offer should impose stringent self-regulation. Three points really must be made to the community:

1. *You may lose some or all of the money you invest*
2. *There is no regulation to protect you*
3. *There is no right of recourse*

Support Available from the Plunkett Foundation

The Plunkett Foundation is one of only four organisations that have Model Rules that allow for withdrawable shares. For organisations who have used the Plunkett Model Rules, additional support and guidance is available to aid the development of a community share offer; including one-to-one advisor time, telephone support, seminars and training sessions, and resources of best practice.

It is strongly recommended that copies of share prospectuses and issue documents are shared with the Plunkett Foundation prior to public release; so that we can be assured the most important self-regulatory points have been adhered to.

Further Information

Useful Tools and Resources

The Plunkett Foundation Model Rules Advice Sheet – advice about IPS for the Benefit of the Community legal structure.

Relevant Organisations and Websites

The Plunkett Community Shops Network:

<http://www.plunkett.uk.net/>

Community Shares Programme:

<http://www.communityshares.org.uk/>



[Click here to see more tools](#)

Last reviewed: June 2011

Acknowledgements: Community Shares Programme & Helen Melia (Plunkett Community Retail Adviser)