

Chairs Report

Ilmington Community Shop Limited

1. This report covers the period from 1st October 2015 to 30th September 2016 which is the formal accounting period that Members are asked to consider, however it also provides a brief update on progress since 30th September 2016.

Company Year: 1st October 2015 to 30th September 2016

2. The most important events during the formal reporting period have been:

- Completing a first full year of trading in the shop.
- Considerable 'learning on the job' by all concerned (staff, volunteers and the management committee), for example, in terms of stocking, what sells, what doesn't, and in experiencing seasonal and special events such as a first Christmas of trading in the shop.
- Developing member and volunteer communications and events.
- A successful second share offer that raised sufficient funds through shares, donations and benefactor loans to permit completion of the café and ground works.
- Completing the café extension, ground works and landscaping in summer 2016.
- Establishing café systems, menu and a handbook for staff and volunteers as an aid to running the operation.
- Designing and running café training for volunteers.
- A 'soft' opening for the café on an unadvertised basis in May 2016, and then a full opening ceremony and launch in July 2016.
- Handling various regulatory requirements to open the café, including a 5 star award for environmental health standards and requirements.
- Bedding in shop systems and further refining them after an intensive initial period to establish them in the previous company year following the launch in May 2015, with a calmer more 'business as usual mode' and volunteers broadly confident and able to play a key role in running the shop.

3. The Treasurers report provides more detail, however the shop (and latterly the café) sustained themselves as a business financially, although the Management Committee is not complacent, and maintains this under close review.

4. We also conducted the annual stock take on 30th September 2016. This was an important task, and one that highlighted valuable lessons in what sells and what doesn't, but also wider lessons for us in both managing stock levels to ensure that we have an attractive range of products that people want to buy, whilst also ensuring that we don't over invest in stock that



remains on the shelves for too long unsold. We also learned that our stock controls needed some adjustment, revealing some discrepancies between records and reality: this is nothing for Members to be worried about and not at a level to raise alarm, but Mark our treasurer and Michele our manager are both working hard on this aspect of shop and café management.

5. It is also fair to record that the lead in to opening and then early experience in running the café placed considerable pressure on the system, the management committee, and particularly on Michele our manager with the need to establish systems, support and train volunteers, management both shop and café during the early and inevitable learning process that went with all of this. I record my thanks to Michele in particular for all her input and effort during this period, as well as to some stalwart volunteers and management committee members who truly got 'stuck in' to make it work.

6. There are too many people by far to list individually and to thank, however we, your management committee, warmly thank all who have helped this venture in so many ways, including by volunteering in the shop and cafe, or through various other tasks that range from helping with site works, fund raising, communications, offering specific skills for particular needs, baking cakes for the cafe, helping us keep the shop and café attractive and fresh looking, or simply helping us in making choices and decisions to name just a few.

7. We hope that members are pleased with the results and enjoy using the shop and now the cafe. As our Members, you will tell us, but the shop and café seem to be meeting both the need for the services that a shop and café provide, but also in providing a friendly, sociable place where people meet neighbours and fellow members of the community. Although we have not quantified them, we also seem to be welcoming an increasing number of visitors using both shop and cafe

Progress Since 30th September 2016

8. Whilst not part of the formal proceedings for this AGM, we thought it worth a quick update on progress since the end of the reporting year (30th September 2016). The main developments since then have been:

- Moving from a tea, coffee and cake menu to a much fuller café menu.
- Welcoming Lee Bridges and Angie Dobson as co-optees onto the management committee where they have both made a real difference to our capacity and work.
- Developing our marketing for shop and café, with a much more active Facebook site, and use of the many and varied routes for advertising and communication available to us (20/20, Shipston Advertiser, the Shipston Notice Board, Parish Magazine etc., as well as to cycling and walking groups). We have also produced regular newsletters for Members. A particular thank you goes to Angie who manages communications as a management committee member,
- Appointing a temporary member of staff to relieve pressure on Michele and volunteers from December 2016 to end February 2017. This has been an excellent 'learning experience' and has resulted in our proposal for long-term café and shop



staffing arrangements that is later on this AGM agenda. We thank Trevor Hall for so enthusiastically and energetically helping us in this capacity.

- We are currently advertising for an Apprentice through a Government backed scheme that funds part of the cost: this would be for one year with the successful individual gaining a qualification in catering and catering business management.
- We held a valuable volunteer session in October to elicit suggestions and views on how to develop and improve shop and café management: particular thanks go to Liz Garton and Susan Brock who so ably facilitated the session: the result was a list of 20 or so suggestions and actions either for Michele and the management committee or for volunteers. All of those to be taken forward (all but one), have either been acted on, or are in progress. A note is available for anyone interested: please ask a member of the management committee.
- Welcomed around 10 volunteers. In the generality, volunteers tend to feel less confident about working in the café than in the shop, and of course, even with paid staff, the fact of the café requires more volunteers in addition to those needed for the shop. We have experienced some challenges since September in staffing, but so far nothing that has resulted in serious consequences such as having to close the café or shop. Proposals later in the AGM are designed to address the demands of the café. And the pressure is a reflection of the success of the café: whilst we haven't formally sought feedback, anecdotal feedback and that on Facebook and Trip Advisor are consistently positive.
- Held a Christmas fayre in early December at which we show cased local products and crafts people.
- Introduced internal quality control checks for both café and shop whereby management committee members use a standard proforma to check basic procedures such as cleanliness, sell by dates, shop and café presentation etc.: the two checks so far mean that despite picking up on some specific issues, the shop and café pass with flying colours which is a tribute to Michele (and Trevor whilst working with us), and to all our volunteers.

Tim Allen

Chair

Ilmington Community Shop Limited

Members will be invited to ask questions and then to vote to accept the Chairs report for the year October 1st 2015 to September 30th 2016.

There will also be an opportunity to ask questions and discuss progress post 30th September 2016.



Treasurer Report

Treasurer Report

I am pleased to report that the shop and café had a successful second year of trading and although we had the extra costs and disruption of opening the cafe we are able to report a profit of £2,404, after deducting depreciation and the extra costs for the cafe building. The turnover has increased to £213,745 in the year of which £201,060 came from the shop and £12,685 from the café following it's opening in May 2016.

As you are aware the Shop and Café had a Share Offer in March to raise the necessary funds to complete the build. This has resulted in us raising £27,930 from the Share Offer and receiving a donation of £1,500. We also received £20,000 of short term benefactor loans and we are planning to repay £10,000 of this during this financial year.

Following the successful Share Offer we were able to complete the work on the café and as you will see spent a total of £160,546 completing the café build and fitting it out. I am also able to report that we still have cash at the bank and in hand of £14,330 at the end of the year.

As required by the members, the accounts for the year ending 30th September 2016 have been reviewed by accountants David Cadwallander & Co Limited to provide an independent opinion. You will see their report on page 2 of the Annual Accounts.

2017 Outlook

The year has started very well with turnover in the shop to the end of January at £68,082, which is 5% up on last year and turnover in the café at £10,435.

As you are probably aware we employed Trevor Hall on a temporary from basis from December 2016 to end February 2017 to help out in the café, and we present a range of profit forecasts below for Member consideration that illustrate the impact of potential staffing models which the AGM will be asked to consider and vote on.



	Actual Year End 30.09.16	Forecast Year End 30.09.17 Note 1	Forecast Year End 30.09.17 Note 2	Forecast Year End 30.09.17 Note 3
Turnover				
Shop	201,060	211,000	211,000	216,000
Café	12,685	39,000	39,000	42,000
Total	213,745	250,000	250,000	258,000
Gross Profit	56,461	74,000	74,000	77,000
Less Overheads				
Salaries	22,540	32,000	41,000	41,000
Premises Costs	7,033	9,000	9,000	9,000
Depreciation	14,944	23,000	23,000	23,000
Other	9,540	9,000	9,000	10,000
Net Profit / (Loss)	2,404	1,000	(8,000)	(6,000)
Bank / Cash	14,330	27,000	18,000	20,000

Note Forecasts, therefore our 'best guess' given the limited trading experience we have especially in the café.

Note 1

Assumptions (based on £250,000 turnover for shop & café)

- 1 Paid Manager
- 1 Apprentice paid from March 2017
- 1 Temporary staff paid from December to February
- More hours worked by volunteers especially in the café than currently

Note 2

Assumptions (based on £250,000 turnover for shop & café)

- 1 Paid Manager
- 1 Apprentice paid from mid-March 2017



- 1 Temporary staff paid from December to March
- Temporary Staff working 44 hours a week

Note 3:

Assumptions

- 1 Paid Manager
- 1 Apprentice paid from mid-March 2017
- 1 Temporary staff paid from December to March
- Temporary Staff working 44 hours a week
- Increasing forecast sales in Shop by 5% from April and Café by 10%

Mark Dobson

Treasurer

Ilmington Community Shop Limited

Members will be invited to:

- Accept the Annual Accounts.
- Consider and vote on the Management Committees recommendation that Ilmington Community Shop Limited does not require the appointment of an auditor.
- Consider and discuss the forecasts as a basis for voting on the motion to employ staff.



Motion: Changes to Shop and Café Staffing

1. This motion is proposed by the Ilmington Community Shop Limited Management Committee and is for the recruitment of staff to add up to the equivalent of one full time member (either through a single person or by a combination of people), primarily to run the café under the direction of Michele our shop and café manager, but also to assist if appropriate in shop and café administration and management.

Background

2. We opened the café formally in July 2016. Without serious marketing, custom has grown over the ensuing 6 months, and notably sustained over the Winter period against expectations.

3. We have learned much about the nature of running a small café, and the demands that it makes, hence this proposal. We also conclude after listening to volunteers, and learning from Trevor Hall who kindly helped us run the café between December 2016 and February 2017, - as well as learning from other community run shops and cafes – that any notion of a mainly volunteer staffed café is unviable unless the service is very basic and time constrained in terms of opening hours, menu and service standards. This does not mean that volunteers have no role: quite the contrary, but that role is in support and in the welcome given to all who use the café, rather than in taking the pressure of food preparation at busy times, for example.

4. Our café offers potential to be more than a basic utility, primarily as a community asset and service, but also as a generator of income, and as a contributor to the wider local economy, in terms of modest employment opportunities, sourcing local products and contributing to Ilmington as a visitor and tourist attraction. Already the café is proving popular with people holidaying locally, and with walkers and cyclists.

5. The Management Committee also believes that if we have such management capacity, that further marketing activity will further increase custom, and even without this, we now expect substantially increased custom as we move into Spring and Summer as the café becomes more widely known locally and also as a destination for visitors, cyclists, walkers, trades people etc.

6. We also believe that there is an imperative to allow Michele more time to focus on shop management and development (the shop remains the mainstay of our custom, however high profile the cafe): she will retain oversight of both shop and café, but we have already highlighted to the AGM that there are issues to be addressed in the shop that demand the investment of time from Michele, supported by input from the management committee.

Proposal

7. So: we have a choice, either revert to a time and menu constrained service, or build sufficient staffing capacity to sustain and develop progress, and the menu and service standards developed over the past 6 months (we do not at this stage propose anything more ambitious than currently offered).



8. Our proposal is therefore to sustain the menu and service established in the last 6 months and therefore to:

- Progress the recruitment of an apprentice through a government subsidized scheme on the basis that this is a 12 month appointment, and then either sustain that employment for longer, or recruit a new apprentice if our previous one hopefully qualifies and then chooses to move on.
- Recruit a full time employee or employees on a job share for 44 hours per week with responsibility primarily to run and manage the café, but also, where capacity exists, to provide support for Michele in the shop if need be.
- The financial analysis to inform this is contained in the Treasurer Report and we will explain further at the AGM.

8. Members need to understand and consider two implications before voting:

- That a decision to recruit a full time equivalent person/s will substantively limit if not negate any ability of the shop and café to contribute to good causes in the Parish for at least the next few years (our rules allow this contribution within the Parish of Ilmington); and
- That such a decision is also likely to constrain if not negate Management Committee discretion to sanction any repayment of investment made by Members through the two (2014 & 2016) share offers: our rules give the Management Committee discretion to make such repayments after five years provided the business (our co-operative) is not prejudiced by doing so.

Members will be asked to debate and then vote on whether they endorse – or not – the management committee proposal to sustain the café at present hours and menu offer, and to recruit permanent staff to the extent of 44 hours per week.



Member Strategy

1. The Society is a member owned organization to provide benefits for the community.

Members:

- Have a direct interest in the running and success of the enterprise.
- Have a say in the overall direction of the business.
- Provide a pool of people to draw on for running the Management Committee, and for volunteering to help run the business.

2. Our Society Rules require a membership strategy to ensure 'membership' is at the heart of the enterprise, to grow membership, and engage members. Our Strategy is as follows

- **Community:** during the reporting period we engaged with the community through open meetings, volunteer events, and through email and where needed, hard copy, communications. Hopefully, the dip in communications after Committee changes in September 2015, have now been addressed: if not, do please let us know.
- **Sustaining and developing membership:** the second AGM in April 2016 sanctioned the Committee to permanently open to new Members from June 2016 to ensure that as people move in and out of the village, or use the shop and café, that they can join as and when they would like to, with no 'application window'. Arrangements are in place, although we have not had any new applications to date.
- **Formal Member communications:** formal communications, for example AGM and Management Committee documents are available to Members in the shop on request and in the latter case (AGM documents) on the website: <http://www.ilmingtonshop.co.uk>.
- **Volunteering:** we have a strong (and growing) group of volunteers and are planning a programme of refresher training for Spring 2017 that will include new and improved waste and best by / sell by and discounting process, but we have also asked volunteers what they would most like us to cover in these sessions in addition.

Timothy Allen

Company Secretary

Ilmington Community Shop Limited

Members will be invited to ask questions and offer views, and then to endorse this broad strategy.