



THE OLD CHAPEL
COTHERSTONE

The Cotherstone Old Chapel Project

*A Café, Shop and Heritage Centre to benefit and enrich the lives of
the whole community*

Business plan
Updated October 2023

Contact Information

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Executive Summary

Our Vision

Our VISION for this project is to have:

A Café, Shop and Heritage Centre to benefit and enrich the lives of the whole community

Our Aims, Values and History

In our previous business plan from 2022, we outlined our aims and values, and our planned management structure, amongst other things. Our aims and values have not changed, and most of what we outlined in that plan remain as aspirations, despite the details of the plan having changed significantly with the new funding arrangements. The relevant parts of the previous plan are included as an appendix to this document.

Opportunity

Problem

The village of Cotherstone currently has no village shop or cafe - the nearest facilities are three or four miles away. There are few opportunities for people to meet in a sociable daytime setting. The Methodist Chapel is no longer used for worship, and is at risk of being lost to the community and converted to residential use. There is a wealth of heritage and historical knowledge and artifacts about the village available, but nowhere for them to be displayed to the public on a regular basis.

Solution

By purchasing the Chapel and converting it to a shop, cafe and heritage centre, we will provide amenities lacking in the village, and create a new social space, complementing the facilities provided by the pubs, village hall and church

Market

There are four main target market segments we will aim to attract:

- Residents - there are around 550 people living permanently in the parish of Cotherstone
- Holidaymakers - there are numerous holiday rentals and two large caravan parks in and around the village, and many more within a few miles.
- Daytrippers - people doing leisure activities such as walking, cycling, kayaking, swimming etc either in or passing through the village.
- Through Traffic - Cotherstone and the Chapel lie on the main road between Barnard Castle and numerous villages up the dale.

Competition

We believe there is no direct competition in the immediate area. Where facilities exist in the village, we aim to be complementary to them rather than competitive.

Why Us?

We have built a team with a wide range of skills and experience, both on the Management Committee, and in our volunteer group. By operating as a Community Benefit Society, with our core purpose being to bring benefits to the whole community we give our volunteers and customers a positive reason to engage.

We have developed key connections with other groups around the country doing similar projects, as well as industry bodies such as the Plunkett Foundation and Power to Change.

Expectations

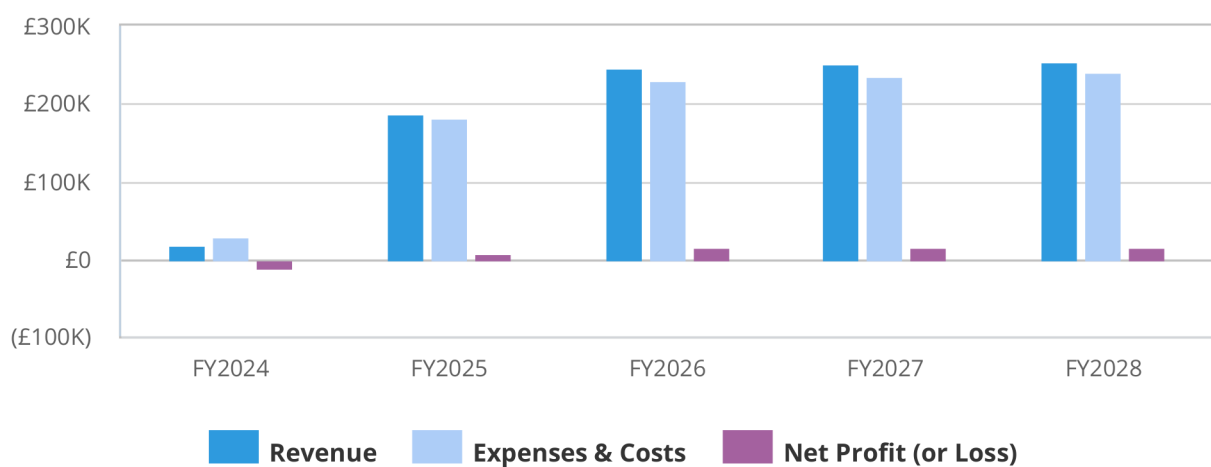
Forecast

Our core funding for the purchase and development of the Chapel is a mix of Community Share investment and grants from Durham County Council's Teesdale Area Action Partnership.

Once the initial work is done, our forecasts show that we can run a viable business, making a small loss in the first year or two, then moving into profit.

Our key performance indicators, which we will monitor closely to ensure the business is viable, include footfall in the shop and cafe, average spend and volunteer availability and retention. We will also measure our social impact, in terms of people served, user groups hosted and engagement with other organisations. We anticipate being able to use some of our profits to fund local community groups and projects, after 3 to 4 years of trading.

Financial Highlights by Year



Financing Needed

In our previous forecast, we estimated that we needed a total of £295,000 in funding to buy and refurbish the Chapel. Having bought the Chapel (for £150,000), we now estimate we need a further £163,000 to complete the works. This cost increase is largely due to the high rate of inflation, particularly in the building industry, as well as some unforeseen building-related costs.

Having obtained £180,000 in grant funding from Durham County Council, we estimate that we need a minimum of around £16,000 to complete phase 1 of the project and open up the shop and café. A second share issue will be launched to raise this money. An application has been submitted to the Power to Change Booster Fund, which if successful, will match the equity invested through the share issue.

Any funds raised through this share offer above the minimum will be used as further contingency and working capital, and to make a start on further developments.

The share issue will be promoted through various channels:

- local media – parish magazine, Teesdale Mercury, printed newsletter
- social media – there are lots of groups we can target e.g. there is a very active Cotherstone group on Facebook
- regional news media – BBC and ITV have featured the project before, as have regional newspapers
- existing shareholders – we will encourage our members to promote the project to friends and family
- our website

Applications for shares will be through the website, and through printed forms. Online and printed versions of all documentation will be made available.

Tax Relief

We believe that investment in The Old Chapel will be eligible for tax relief under the EIS/SEIS schemes, enabling investors to claim up to 50% of their investment against their tax bill. We are in the process of applying for advanced assurance from HMRC for this relief.

Financing (continued)

Funds raised/received so far:

Phase 1 Share Offer	£115,000
DCC TAAP Grant	£180,000
P2C CBTU Grant	£6,000
P2C Development Grant	£6,700
Cotherstone Parish Council Grant	£1,000
Donations/profits from pop-up events	£3,300
Total	£312,000

Allocation of funds so far:

Purchase of the Chapel (inc legal fees)	£151,300
Production and marketing of initial share offer	£5,000
Planning/Surveys/Building works	£5,100
General project costs	£2,100
Equipment	£1,500
Cash in Bank (inc grant income owing)	£147,000
Total	£312,000

Allocation of funds going forward:

Building work - roof, floor, heating, plumbing, electrics, windows	£123,000
Shop and Cafe fitting out	£18,400
Initial Stock	£10,000
Contingency	£10,000
Initial staff costs	£2,000
Total	£163,400

Additional funds required (minimum) £16,400

Opportunity

Problem & Solution

Problem Worth Solving

The last shop in Cotherstone closed in 2020, leaving residents an 8-mile round trip to the nearest retail options. There had been a successful cafe in the village until around 2018, when that closed for personal reasons. The village is still a vibrant community with a great spirit - examples include the community park, the Fun Weekend, Flower & Produce show, fundraising quiz nights and a tree-planting group. There are also two popular pubs, a Village Hall, a church and a primary school.

The Chapel stopped being used for worship in 2021, and when an arrangement for us to use it on a long-term lease failed to materialise, the owners (the Methodist Church) put the building up for sale. There is a strong wish amongst current and former residents to save the Chapel for the community, and our project is the ideal way to do that.

There is also a clear desire within the majority of the community to maintain facilities in the village - details of the community consultation that took place prior to the first share issue can be found in the appendix, on page 47.

Despite these positive aspects, there is a lack of amenities in the village. Public transport to Barnard Castle is available, but limited, and there is little opportunity to meet others and socialize during the day, or for those who prefer not to use the pubs.

Our solution

Our shop will provide a range of everyday foods and household goods, acting as a convenience store for residents and visitors. We will also be an outlet for local producers, artists and crafters, for example selling local cheeses, baked goods, artworks, flowers and handmade cards.

Our café will also provide a missing element to the community. We currently have no venue for people to meet socially in the daytime in an informal and comfortable setting e.g. a place for parents after dropping off their children at school (and to take them after school), isolated older people getting out for a stroll and a chat, or young people with nowhere to go.

The Heritage Centre is the third aspect of our project. The Heritage project will provide an additional way for the local community to be involved in the refurbishment of the Chapel. We will encourage villagers to investigate the history of their houses and Cotherstone people and then use the information found to create displays in the café and shop (historic maps through time, stories of Cotherstone etc)

The Chapel has a large back room (the School Room) which is not required for the shop and café. This gives the project further potential to develop additional services, such as a business hub, artists/crafters space or hosting local events.

Target Market

There are four main target market segments we will aim to attract:

- Residents
 - there are around 550 people living permanently in the parish of Cotherstone.
 - Whilst there is a good mix of ages, there is a large number of older residents who will particularly benefit from the amenities provided.
 - A lot of these are 'young retired' people who are still fit and active – many of our volunteers are in this group.
 - There is also a popular primary school in the village. Parents dropping children off in the morning and popping in for a coffee, or bringing children for a snack after school will be target markets.
- Holidaymakers - there are numerous holiday rentals and two large caravan parks in and around the village, and many more within a few miles. We estimate this market segment brings upwards of 3000 potential customers per year. Whilst there are a number of second homes in the village, it is not enough to be seen as a problem. Many second home owners have been enthusiastic supporters of the project.
- Daytrippers - people doing leisure activities such as walking, cycling, kayaking, swimming etc either in or passing through the village - estimated at 5000 potential customers per year. Traffic surveys suggest cycle traffic alone accounts for over 3500 people passing through each year.
- Through Traffic - Cotherstone and the Chapel lie on the main road between Barnard Castle and numerous villages up the dale. The latest available traffic surveys indicate that over 1000 vehicles **per day** pass through the village. Average occupancy in the UK is 1.58, giving a total passing market of over 576000 people per annum.

We will have a unique combination to offer visitors:

- a shop with everyday essentials, plus locally produced food, drink, arts and crafts
- a cafe in a distinctive setting, with home-cooked style menu offering (and professional standards)
- interesting and informative displays of local heritage artefacts, photographs and documents.

Execution

Marketing & Sales

Marketing Plan

Our marketing plans include the following components:

- External signage, to attract passing trade
- Local media - the Teesdale Mercury newspaper, Our Cotherstone parish magazine. The Teesdale Mercury has been supportive of the project, giving us lots of positive coverage. For bigger events, such as our cafe and shop opening, The Northern Echo and other regional newspapers, and local TV and Radio are useful outlets. We gained excellent media coverage for the launch of our share issue, with the help of a PR company, which we may well re-engage.
- Newsletter/leaflet drops to residents, and posters on village noticeboards.
- Website and Social Media. We currently have a presence at theoldchapel.info which will be expanded as we progress the project. Facebook has been very useful for publicity and marketing - the Cotherstone local Facebook group has over 900 members with a strong interest in the village. Wider groups covering Barnard Castle and Teesdale are also useful. We also have accounts setup on Twitter, Instagram and LinkedIn which have also attracted interest.
- Direct targeting of particular groups. We held two cycling-related pop-up cafes in 2022 (one general one offering cycle repair, advice and electric bike try-outs, and one when the Tour of Britain cycle race came through the village), and contacted cycle clubs in the region, resulting in excellent turnouts (including a group of around 35 cyclists from Darlington turning up together). This targeting could be extended to ramblers groups, wild swimmers and kayakers in the future.

Opening times - the current financial projections are based on opening the Chapel 5 days per week year-round, most likely Wednesday to Sunday. This could be extended, depending on volunteer commitment, and general demand.

Engagement

We want to keep engaged with our members, and the wider community as we develop the project. We will hold quarterly meetings for members so the Management Committee can update members on progress, and members can

give feedback and input into the process. We encourage members to get involved, either as active volunteers or just through constructive suggestions/feedback, through the website/social media/suggestions box. This is particularly important as we start to research suppliers for the shop and café.

We also plan to hold occasional public meetings, to answer concerns of people who maybe haven't bought into the project, and try to win them round.

Operations

Locations & Facilities

The Chapel is an historic building, which is important to many residents who have attended services, concerts or social events there, or who may have gone to school there, as it housed the village primary school until the 1960s.

It provides an attractive, flexible space for the shop and cafe, and we will be retaining many of the heritage elements of the building inside and out, including the pipe organ, stained glass window and choir/altar stalls.

The kitchen facilities have been updated, and Durham County Council awarded us a level 5 Food Hygiene rating. However, in the medium term we envisage installing a full new kitchen, enabling us to widen our food offer.

There is step-free access to all areas (including toilets) via the side door, but again we would like to improve accessibility at the main entrance, and throughout.

The school room provides a useful space for further expansion of the facilities we will offer - examples we are investigating include:

- arts and craft activities and exhibition space
- recycling initiatives
- electric car charging point
- a central village delivery site (for parcels and shopping)
- space for visiting services (banks, financial advisors, hairdressers, beauty services etc.)
- office space for short-term rental to local businesses or business people (for meetings, video conferencing, interviewing and services)
- an 'escape room' or other entertainment related venture
- and utilising the organ for learning and concerts.

There is also significant useful outdoor space, for parking (including for bicycles) and for outdoor cafe tables during the summer months. Additional ideas for the outdoor space include a community orchard, beekeeping and composting.

Volunteers and Staffing

The operation of the shop and cafe will be carried out by combination of paid staff and volunteers.

We hope to recruit part-time managers for the shop and cafe to oversee day-to-day operations, and to liaise with the management committee on improving and developing the project. Ideally these people (or it may be one person doing both roles) will have retail management, and catering management experience.

We currently have a list of over 70 people who would like to volunteer - many of them have already worked at pop-up events. This will change over time, and we will monitor volunteer availability closely to ensure the required cover. There is money in the budget to employ casual staff as and when needed.

We will aim to strike a balance between the advantages of volunteers - free labour and maintaining engagement with the community, versus those of paid staff - accountability, training and (possibly) reliability.

Availability of volunteers and paid staff will also be a key factor in our plans to extend opening hours in the future. We will consult volunteers well before opening to gauge commitment so we can plan opening arrangements.

Equipment & Tools

We have already received significant donations of kitchen equipment and furniture, including a commercial fridge unit and a professional barista-style coffee machine. This has enabled us to host 9 successful pop-up cafes, which have generated on average £600 each for the project (as well as £2000 raised for humanitarian work in Ukraine), and shown us that there is demand for what we plan to offer.

Technology

Currently using:

- Squarespace for website

- Liveplan for business planning
- Social media for publicity/marketing:
 - Facebook
 - Twitter
 - Instagram
 - LinkedIn
- Google Workspace for shared files and email (info@theoldchapel.info)

As we prepare to open, we will need to invest in the following:

- EPOS (Electronic Point of Sale) system for processing sales in both the shop and the cafe
- Accounting package (e.g. Xero, Sage, Quickbooks), preferably that links in to the EPOS system
- Staff/volunteer management system, for producing rotas and recording hours worked (e.g. 3 Rings)
- Payroll processing

Milestones & Metrics

Risks & Mitigation

The main risks facing the project are:

- Failure to raise the required finances
 - We have most of the funds required to renovate the chapel and fit out the shop and café. If we weren't able to raise money in the current share issue we can still open the shop and café, but some works (e.g. repairs to the windows) may have to be delayed.
- Further building costs arise after completion of the purchase.
 - These may be due to unforeseen problems arising once work on the building begins, or additional costs due to inflation.
 - A full survey has been carried out to mitigate this risk.
 - Works are well underway and extra costs so far have been minimal.
 - A contingency figure of around 10% has been included in the budget.

- We could seek further funding from grants, share sales and events such as pop-up cafes
- Failure to maintain a viable business:
 - Shareholders' investment will be backed by the asset of the building. The value of the building is likely to rise significantly once we've carried out all the planned renovation works.
 - We have carried out market analysis, and looked at similar establishments, both locally and nationally, and we are confident we can run a financially viable business.
 - As with any investment, we cannot guarantee that shareholders will get a financial return, or that the value of shares will not go down.
 - We believe that the potential benefit to the community outweighs the small risk to shareholder funds - all the committee members are shareholders as well.
- Failure to recruit enough volunteers:
 - We have had a good response from volunteers for our pop-up cafes and shop, but we will need more when we open fully.
 - We have budgeted for paid staff to supplement volunteer effort
 - If we don't get sufficient volunteer numbers we may have to use more paid staff, which is likely to have an impact on the profits of the business.

Milestones Table

Milestone	Due Date
Complete TAP Application	Completed
Receive first TAP Funding	April, 2023 (Complete)
Complete Purchase of Chapel	May, 2023 (Complete)
Start Building Work	May 15, 2023 (Started)
Start fit-out of shop and cafe	January, 2024
Soft Launch Opening	March/April, 2024

Key metrics

- Footfall in the Cafe
- Footfall in the Shop
- Spend per customer in the Cafe
- Spend per customer in the Shop
- Cafe profit margins
- Shop profit margins
- Volunteer hours/Staff costs
- Overhead costs - especially power/heating

The Society

Overview

The Cotherstone Old Chapel Project is a Community Benefit Society (CBS), registered with the Financial Conduct Authority. This means we are owned and controlled by our members, though our core purpose is to benefit the wider community, not just our members.

Anyone can become a member of the CBS by buying shares (currently a minimum of one share, at £10 each). Members elect a management committee at the AGM, who will be collectively responsible for everything done by or in the name of the Society. Tasks and decisions can be delegated to other subcommittees, volunteers or third parties, but responsibility remains with the committee.

There is a minimum requirement of 3 members to constitute the Management Committee, and a maximum of 12.

For any members meeting to be quorate, a minimum of 10% of the membership must be present (either in person or online).

We are guided in the governance of the Society by the [Model Rules of the Society](#) (which is in effect our constitution).

Team

Management team

The Current Management Committee:

Chris Tarpey. Chris has run a successful tourism business in the parish for the last 20 years. He has a history of community involvement, through the school, pre-school and the community park. Chris has been involved with the project from the outset, and has gained a good knowledge of the community business model and how they are run. He is currently enrolled on the Community Business Trade Up programme, learning more about the sector from experts and other groups around the country. Before moving to Teesdale, he worked in IT in London, Birmingham and Manchester, and has retained interest and skills in IT.

Mark Siswick MBE: Mark was born and bred in Cotherstone, and as a youngster spent much of his time at the Chapel. Mark is the CEO of the Wandle Learning Trust, an educational trust of four schools based across South London with around 2300 pupils. He has budgetary responsibility for £14m and acts as the financial officer to the school and the trust. Mark has significant experience of governance and trustee accountability. Mark has advised the DfE on a range of topics including the reform of professional development frameworks in teaching and early reading strategies. His work to take synthetic phonics online as part of the Covid-19 emergency in 2020 was recognised in the 2020 Honours list, in which he was awarded an MBE for services to education. Mark works as a National Leader of Education and is a member of the Teaching School Hubs Council. In his free time he has a passion for property renovation and has much experience in developing period properties bringing new life and purpose.

Rob Wells. Rob is co-founder, part-owner, and current Operations Manager of a successful Logistics Company now in its 25th year, after spending 12 years working in the Clothing industry starting with Moss Bros London at the age of 18 and after part completing a Diploma in Engineering. He is used to working in stressful environments, ensuring people remain focused and don't overcomplicate things unnecessarily, has always been very much part of what he tries to concentrate on, which hopefully allows people to flourish rather than being held back. Privately his interests include Social History, Politics, the Natural World and The Environment (and our role in it). He will bring enthusiasm, honesty and focus to the project and its team.

Joy Collyer. Managed a government funded education project in 21 schools and colleges and has a Diploma in careers guidance. Team manager, Careers Adviser, experienced interviewer, trainer, she has recruitment experience and counselling skills. She worked with employers, training providers, teachers, adults and young people on work experience and has been a support worker for special needs students in further education. Author of a nationally published package for teachers, she wrote copy for careers information, publicity and website. Other experience is in exhibition display, waitressing and retail. Interested in food, cooking, interior design and the arts.

Linda Gregory. Long-term resident of the village. Extensive retail management experience, including time as manager of the Co-op store in Barnard Castle.

Jill Jeanes. A recent arrival in the village, but keen to get involved in the project, which was a contributing factor in deciding to move here. Had a career in nursing, with extensive management experience.

Advisors

We are members of the [Plunkett Foundation](#), which exists to promote and support community businesses like ours. They have provided extensive advice on setting up and running a Community Benefit Society.

Chris Tarpey, our Treasurer, is currently enrolled on the Community Business Trade Up programme from the [School for Social Entrepreneurs](#), which teaches ways to improve community business effectiveness, and is a great space for networking with experts in the field as well as people involved in similar projects around the country. The course is supported by Power to Change, who have provided a grant of £6000 to the project.

The [Teesdale Area Action Partnership](#) (part of Durham County Council) provide grants and work with organisations to improve local communities. We have been working very closely with them to get the grant funding we require.

Chris Butler, from local accountancy firm Butler & Gee has provided pro bono advice, and did an independent review of the annual accounts. We have also consulted with another accountancy firm which specialises in community businesses.

We have engaged the services of MOA Architects to help manage the regulatory aspects of the building project.

Financial Plan

Forecast

Key assumptions

The dates in the forecast refer to the financial year end - so FY2024 refers to the year ending 31/3/2024.

The income figures for the shop and cafe are based on the original business plan, which in turn were derived from figures from the previous shop and cafe in the village, and an estimate of foot-fall based on other cafes nearby. Further market analysis has been done to justify the figures. The current figures are just based on our phase one developments, so don't take into account future expansion of opening hours and services.

Gross profit margins (before staffing costs) are set at 23.5% for the shop and 70% for the cafe, based on industry figures. There is scope for a higher margin for the cafe, if sales of high margin goods such as hot drinks and volunteer made baked goods make up a high proportion of income. The margins for the shop is an average of lower margins on basic foods and household goods, and higher margins on arts, crafts and speciality food and drink.

The Gross Margin figure in the Profit & Loss tables takes into account direct labour (i.e. casual labour, not the manager(s)), so gives a higher percentage in the first year, when we expect to manage with volunteers.

The main grant income from DCC is treated as a starting cash balance, since it does not have to be repaid.

Depreciation is applied to fixtures and fittings, but not to the building, or improvements to the fabric of the building.

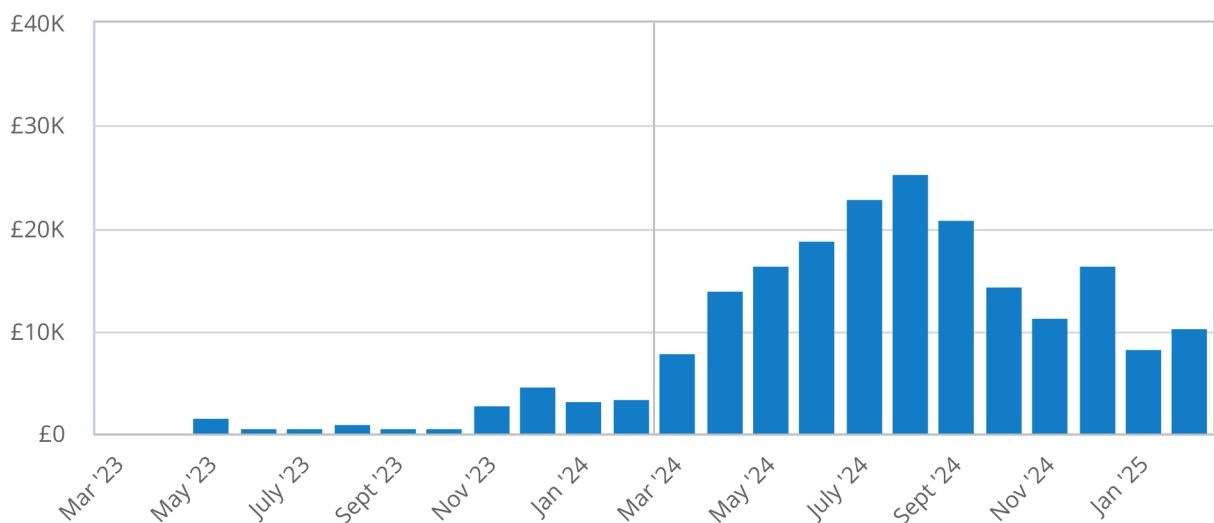
The project is liable to corporation tax on any surplus, currently 19% (on profits less than £50,000 per year). However, we should be able to offset our volunteer labour from our taxable surplus (based on an HMRC ruling known as the Peterhead Principle), meaning tax liabilities would be minimal.

It is our intention to be able to pay a modest amount of interest to shareholders after 5 years, and to allow limited buyback of shares, after 3-4 years of operation. We also expect to be able to use some of our surplus to support

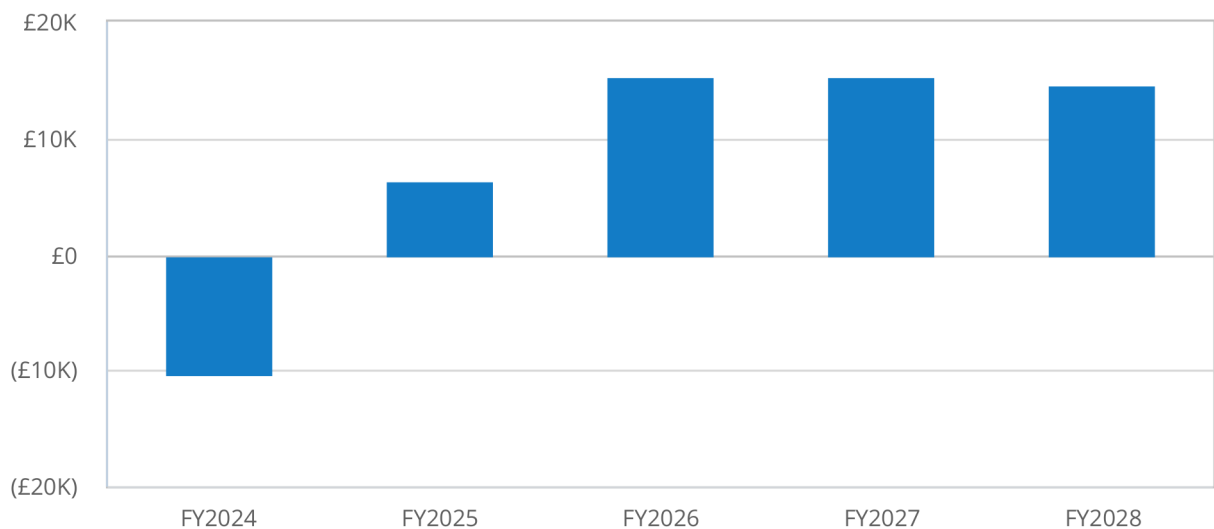
other local projects or events. We believe that this will be achievable through a combination of increasing profits and ongoing share investment.

We have registered for VAT, so that we can claim back the VAT on the renovations. VAT is not included on capital purchases in these forecasts, but we have run cashflow projections including VAT which show that a positive cash balance is maintained at all times.

Revenue by Month



Net Profit (or Loss) by Year



Financing

Use of funds

Phase one of the project involves buying the Chapel, and carrying out essential renovations, repairs and fitting out in order to make it a warm and welcoming space for our shop and cafe. This will enable us to open up on a part-time basis initially – the current estimate is for 5 days opening per week. We will then be able to learn more about demand, staffing requirements including volunteer availability.

Once we have an established community business, we will be in a better position to apply for further grant funding in order to implement some of the other developments in our original plan such as re-developing the kitchen and school-room, and improving access to the outdoor spaces.

The initial scope of works for phase one includes the following:

- Complete renovation of the roof
- Levelling and insulating the floor of the main room
- Improvements to the electrics
- Improvements to the toilets
- Replacement of windows as required, and secondary glazing of all windows
- Repairs to lime plastering of the walls and ceiling in the main room
- Painting/decorating
- Security and safety improvements - locks, fire detection & safety etc
- Display equipment for heritage (and other) information - TV screens plus wall-hanging system
- Shopfitting - shelving, fridges, freezer etc
- Cafe fittings - display cabinets
- Kitchen upgrades - fridge, freezer, cooker
- Tills/Electronic Point of Sale equipment
- Office equipment

The budget also includes a generous amount for buying initial stock for the shop, and for contingency.

Sources of Funds

We have run a successful Community Share Issue, which raised £115,000 of investment. The majority of this was from local residents, but there was

significant investment from people living further afield with a connection to the village, either through family or holidays in the area.

A second share issue is due to be launched in Autumn 2023. The financial projections assume a minimum of £16,000 more investment through shares. Any more investment will be used to improve the building and/or facilities, and in the longer run to buy back existing shares from members who may request it.

We received grants from [Power to Change](#) (£6700) and [Cotherstone Parish Council](#) (£1000) to help with our start-up costs and early publicity.

We have been awarded grants of £180,000 from Durham County Council's [Teesdale Area Action Partnership](#) funds. There are three separate funds:

- Towns & Villages - £40,000
- Community Resilience - £120,000
- Councillors' Neighbourhood Fund - £20,000

£120,000 of this money has been received to date, with the remainder being drawn down as it is needed.

We are also receiving a grant from [Power to Change](#) for a course that our Treasurer is enrolled on - the Community Business Trade Up programme run by the [School for Social Entrepreneurs](#). This grant is for £6000, paid in instalments over 12 months.

Projected Profit & Loss	Year Ending March 24	Year Ending March 25	Year Ending March 26	Year Ending March 27	Year Ending March 28
Revenue	£11,500	£193,526	£245,000	£252,000	£255,500
Cafe	£4,000	£89,526	£110,000	£112,000	£114,000
General Shop Sales	£4,500	£99,000	£130,000	£135,000	£136,500
Other Sales (room rental etc)		£5,000	£5,000	£5,000	£5,000
CBTU Grant	£3,000				
Direct Costs	£4,643	£102,593	£132,450	£136,875	£138,623
Gross Margin	£6,858	£90,933	£112,550	£115,125	£116,878
Gross Margin %	60%	47%	46%	46%	46%
Operating Expenses	£28,850	£76,980	£93,798	£96,255	£98,675
Salaries & Wages	£7,500	£46,100	£59,948	£61,746	£63,596
Staff Wages/Salary (0.85)	£7,500	£31,200	£32,448	£33,746	£35,096
Casual Staff (0.78)		£14,900	£27,500	£28,000	£28,500
		£46,100	£59,948	£61,746	£63,596
Employee Related Expenses	£1,500	£9,220	£11,990	£12,349	£12,719
Light & Heat	£4,530	£9,300	£9,500	£9,800	£10,000
Insurance -Building	£990	£1,320	£1,320	£1,320	£1,320
Building Maintenance	£2,000	£3,000	£3,000	£3,000	£3,000
Other Expenses	£3,200	£4,800	£4,800	£4,800	£4,800
General Consumables	£1,840	£2,760	£2,760	£2,760	£2,760
Legal Expenses	£1,500				
CDM Compliance	£1,600				
Asbestos Survey & Removal	£800				
Insurance - Liability	£120	£120	£120	£120	£120
Phone/Broadband	£270	£360	£360	£360	£360
Internal Scaffolding	£3,000				
Operating Income	-£21,992	£13,953	£18,752	£18,870	£18,202
Income Taxes	£0	£0	£0	£0	£0
<u>Depreciation and Amortization</u>	£865	£4,046	£4,189	£4,189	£4,189
Total Expenses	£34,357	£183,619	£230,436	£237,319	£241,486
Net Profit	-£22,857	£9,907	£14,564	£14,681	£14,014
Net Profit %		5%	6%	6%	5%
Support of Other Community Groups				£1,000	£2,000
Shareholder Interest payment					£3,000
Earnings after distributions	-£22,857	£9,907	£14,564	£13,681	£9,014

The Cotherstone Old Chapel Project

The following balance sheet assumes a midpoint for the share issue, raising a further £30,000. It assumes that any additional new shares will be balanced out by share buy-backs (e.g. from deceased members). It also assumes that in the 5th year, a further £5000 of share buy-backs will take place.

Projected Balance Sheet	Year Ending March 24	Year Ending March 25	Year Ending March 26	Year Ending March 27	Year Ending March 28
Assets	£311,263	£326,865	£346,623	£360,654	£364,843
Current Assets	£36,447	£35,068	£59,015	£77,235	£85,612
Cash	£29,447	£25,068	£49,015	£67,235	£75,612
Other Current Assets	£7,000	£10,000	£10,000	£10,000	£10,000
Long-Term Assets	£274,816	£291,797	£287,608	£283,419	£279,231
Long-Term Assets	£275,681	£296,708	£296,708	£296,708	£296,708
Accumulated Depreciation	-£865	-£4,911	-£9,100	-£13,289	-£17,477
Liabilities & Equity	£311,263	£326,865	£346,623	£360,654	£364,843
Current Liabilities	£1,360	£7,055	£12,250	£12,600	£12,775
Income Taxes Payable	£0	£0	£0	£0	£0
Sales Taxes Payable	£1,360	£7,055	£12,250	£12,600	£12,775
Equity	£309,903	£319,810	£334,373	£348,054	£347,068
Paid-In Capital	£145,560	£145,560	£145,560	£145,560	£140,560
Retained Earnings	£7,200	£164,343	£174,250	£187,813	£197,494
Earnings	£157,143	£9,907	£14,564	£14,681	£9,014

The grant from TAP is not included in the Profit & Loss, but is included in the Cashflow, under “Net cash from operations”

Projected Cash Flow	Year Ending March 24	Year Ending March 25	Year Ending March 26	Year Ending March 27	Year Ending March 28
Net Cash from Operations	£159,368	£19,648	£23,947	£19,220	£18,377
Net Profit	£157,143	£9,907	£14,564	£14,681	£14,014
Depreciation and Amortization	£865	£4,046	£4,189	£4,189	£4,189
Change in Income Tax Payable	£0	£0	£0	£0	£0
Change in Sales Tax Payable	£1,360	£5,695	£5,195	£350	£175
Net Cash from Investing	-£282,681	-£24,027			
Assets Purchased or Sold	-£282,681	-£24,027			
Net Cash from Financing	£30,000			-£1,000	-£5,000
Investments Received	£30,000				
Share Buy-backs					-£5,000
Dividends & Distributions				-£1,000	-£5,000
Cash at Beginning of Period	£122,760	£29,447	£25,068	£49,015	£67,235
Net Change in Cash	-£93,314	-£4,379	£23,947	£18,220	£8,377
Cash at End of Period	£29,447	£25,068	£49,015	£67,235	£75,612

Projected Cash Flow - Monthly breakdown for first year	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24
Net Cash from Operations	-£4,330	£68,920	-£15,720	-£2,445	-£2,528	-£1,586
Net Profit	-£4,330	£56,825	-£3,872	-£3,391	-£3,519	-£2,106
Depreciation and Amortization	£0	£95	£192	£286	£292	£297
Change in Sales Tax Payable	£0	£12,000	-£12,040	£660	£700	£223
Net Cash from Investing		-£72,737	-£31,400	-£24,044	-£1,000	-£1,000
Assets Purchased or Sold		-£72,737	-£31,400	-£24,044	-£1,000	-£1,000
Net Cash from Financing		£5,000	£5,000	£5,000	£15,000	
Investments Received		£5,000	£5,000	£5,000	£15,000	
Dividends & Distributions						
Cash at Beginning of Period	£84,730	£80,400	£81,583	£39,463	£17,974	£29,447
Net Change in Cash	-£4,330	£1,183	-£42,120	-£21,489	£11,473	-£2,586
Cash at End of Period	£80,400	£81,583	£39,463	£17,974	£29,447	£26,861

	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24
Net Cash from Operations	£3,982	£5,867	-£39	£9,933	£9,821	-£5,550
Net Profit	£901	£2,264	£3,487	£5,002	£4,388	£3,368
Depreciation and Amortization	£297	£319	£342	£347	£349	£349
Change in Sales Tax Payable	£2,783	£3,284	-£3,867	£4,583	£5,084	-£9,267
Net Cash from Investing	-£1,500	-£7,500	-£6,000	-£7,700	-£327	
Assets Purchased or Sold	-£1,500	-£7,500	-£6,000	-£7,700	-£327	
Net Cash from Financing						
Investments Received						
Dividends & Distributions						
Cash at Beginning of Period	£26,861	£29,342	£27,710	£21,671	£23,904	£33,398
Net Change in Cash	£2,482	-£1,633	-£6,039	£2,233	£9,494	-£5,550
Cash at End of Period	£29,342	£27,710	£21,671	£23,904	£33,398	£27,848

Appendix - our previous business plan.

Business Plan 2022

(Draft 16 - please note that this is a continuously evolving document and any comments you have to make it clearer or more complete will be gratefully accepted)



Cotherstone Old Chapel Project:

Shop Café Heritage Centre

Cotherstone Old Chapel Project

Contents

Background – Where did the idea start29

Setting the scene31

Mission and aims32

Governance and Management Arrangements35

The Chapel BuildingError! Bookmark not defined.

The Shop41

The Café42

Staffing44

Financial forecast45

45

45

46

47

47

Error! Bookmark not defined.

FundingError! Bookmark not defined.

Community Involvement and Consultation48

Risk analysis49

Timescales53

Appendix A - *Plunkett Model Rules updated for our specific decisions.*Error!
Bookmark not defined.

Appendix B – 10 year Income and Expenditure ForecastError! Bookmark not
defined.

Appendix C – 10 Year Cash Flow ForecastError! Bookmark not defined.

Background – Where did the idea start

There have been village shops of all different kinds in Cotherstone for more than 100 years. However, by late 2019 the village was down to a single general store and even this single shop was up for sale (with little interest being expressed from any buyers).

In September 2019, the existing shop owners approached the Parish Council informing

them that they were going to close their shop if they couldn't find a buyer by March 2020. The shop owners asked if the Parish Council was interested in leading a community takeover of the shop.

The Parish Council arranged a public meeting to gauge the enthusiasm for a community owned shop in the village and over 100 local people attended the meeting, with a strong majority expressing a desire for a shop to continue in Cotherstone.

The Parish Council established a steering group to research the viability of such a scheme, looking not only at the existing shop, but at other possible locations in the village. The Steering Group determined that the best solution for the parish was to buy the Methodist Chapel (which had recently ceased as a place of worship and was going to be sold) and redevelop it to install a cafe and shop. This followed a questionnaire sent to every household in Cotherstone.

At a second public meeting, the idea to buy the Chapel was presented to parishioners, along with the reasons why this was the best option compared to the next best option which was buying the existing shop. This meeting produced strong support from the community for buying the Chapel, although there was a concern expressed that any project should not interfere with the plans that the existing shop owners had to sell their business as a going concern. Due to the concerns raised, the Parish Council felt unable to support buying the Chapel which led to the Steering Group resigning. A subsequent parish referendum proved inconclusive and eventually the Parish Council decided to not do anything to take the community concerns further. The last shop in Cotherstone closed in July 2020.

In October 2020 the existing shop site was sold as a private residence and so an independent group of villagers decided it was time to look again at the Chapel Project to see if they could restore a shop to the village. This new group has called themselves the Cotherstone Old Chapel Project and we have put this document together to explain our Business Plan and our vision for a community project.

In June 2021 the project group established a Community Benefits Society called 'The Cotherstone Old Chapel Project Limited' and in October 2021 a share issue was launched to raise share capital for the new society. In November 2021 the share issue was closed having raised £113,960.

Setting the scene

The community of Cotherstone is not just the village but also a dispersed set of settlements stretching up Baldersdale (which we refer to in this document as the 'parish'). There is a long history of community action in the parish which has successfully run a wide range of projects, including the Flower & Produce Show, local theatre groups, the Fun Weekend, children's playpark and Trees for Cotherstone tree planting group etc. Community events are well supported and there is a strong pride in the area. At a number of public meetings, the community has expressed a desire for a village shop, post office and café.

Cotherstone is also a popular centre for walking and kayaking, with many cyclists passing through and up the dale (an informal count of walkers on weekdays in a cold week in October 2020, during the pandemic, showed between 15 and 21 each day). Also, several published walking guides show walks beginning and ending in Cotherstone. On top of day visitors there are five large camping and caravan parks nearby, a large number of holiday let cottages, as well as several local businesses which attract regular visitors to the area.

The number of visitors to the village, coupled with the residents of Cotherstone and its surroundings create sufficient footfall to run a profitable café/shop. This is demonstrated by the fact that the shop which recently closed made a regular small trading profit.

Cotherstone has had one café in the recent past which had a good reputation, and like the shop made a small regular trading profit. We believe that a well located and advertised café would have considerable potential to add to the financial well-being of the Chapel project. A café would also provide the missing element to a community like Cotherstone. We currently have no venue for people to meet socially in the day in an informal and comfortable setting. Whether it's parents dropping off their children at school, isolated older people getting out for a stroll and a chat, or young people with nowhere to go.

Combining a cafe and a shop in the village means that we can create a community space, a valuable local amenity and do this in a self-sustaining way.

The heritage center is the third aspect of our project. The heritage project will provide an additional way for the local community to be involved in the refurbishment of the Chapel. We will encourage parishioners to investigate the history of their house and

local Cotherstone 'characters' and then use the information found to create displays in the café and shop. The décor of the shop/café will feature village heritage images (maps through time, stories of Cotherstone etc); part of the existing school room will feature a display of resources and artefacts; we already have volunteers planning a 'Village Through Time' local history project.

Once we have established a core business in the Chapel, based around a café and shop, we believe that there is significant opportunity to further develop the project. Any ideas taken forward must be complementary to the café/shop. Ideally, they will create additional funding for the overall project as well as driving additional business/footfall.

Vision and aims

Our **VISION** for this project is to have;

A Café, Shop and Heritage Centre venue to benefit and enrich the lives of the whole community

To achieve this vision we have a number of **AIMS**

- **To ensure that we run a successful café and shop that is financially self-sustaining**
- **To provide a local shop that gives people access to essential products and services, especially to those who are vulnerable.**
- **To develop a friendly community café that promotes informal social interaction (both amongst volunteers and consumers) and thereby reduces rural isolation**
- **To create a café/shop and heritage centre that becomes a recognized local destination and so provides a boost to the local economy by both;**
 - **attracting new visitors to our area; and**
 - **ensuring that the numerous visitors who pass through Cotherstone (on foot, by bike, by kayak or in a car) stop in the village for a while.**

- **To develop opportunities and resources for those who are disproportionately affected by isolation, e.g. the elderly, those with physical and mental health problems and the young.**
- **To act as a focus for the development of innovative and diverse activities around key issues of concern such as the environment, loneliness, and mental health.**
- **To support and encourage local people and businesses making it easier for them to live and work in Cotherstone**
- **To work collaboratively with local businesses and local community groups to maximize our joint impact**
- **To enhance community resilience and cohesion**
- **To develop an income stream that can support community activity of all kinds.**

This is a large list of AIMS and they are each important. We hope that the list provides an indication of what we are trying to achieve in the short and long term. However, in the short term, the aim of the project is to create a and **run a successful café and shop that is financially self-sustaining.** Only if we achieve this first aim, can the remaining aims be achieved.

For this vision to be achieved we strongly believe that the café/shop needs to be a community run venture. By this we mean that the venture is owned by residents of Cotherstone (and its wider environs) and these owners determine how the Chapel project develops. We believe that a venture run in this way will draw people in to become volunteers and consumers; and allow us to be confident that we cover a whole range of different interests and concerns as we meet our mission *to provide a real benefit to the local community.*

The Chapel building itself is an old, large and striking building in the centre of the village. It is a beautiful building inside and out and with sympathetic restoration and development we will be able to create a very attractive cafe and shop space. The Chapel itself has been designated as an 'Asset of Community Value'. To achieve our mission we need to create an environment that is inviting, inclusive and supportive, where people can meet friends, drop in for a pint of milk and have a chat; or have tea and cakes after a walk along the Tees or a bike ride up the dale. In the warmer months we will set tables outside in the garden area and in the colder months we can create a warm snug space for people to shelter from the cold and wet.

The Chapel provides sufficient space to install a café and shop, leaving areas for possible development in the future. Once we have the café and shop established, we would look to further expand. Listed below are some suggestions that have already been made and they illustrate the wide range of opportunities that could be taken up, however what we actually take forward will be decided by the management team and the shareholders:

- arts and craft activities and exhibition space
- recycling initiatives
- a central village delivery site (for parcels and shopping)
- space to sell locally produced goods (jewellery, artworks, craft, cards, food etc.)
- space for visiting services (banks, financial advisors, hairdressers, beauty services etc.)
- office space for short-term rental to local businesses or business people (for meetings, video conferencing, interviewing etc.)
- community ventures such as bulk buying gas/electricity, insurance etc.
- an 'escape room' or other entertainment related venture

The Chapel has good existing parking behind the building, as well as a further plot of land which could be used for other projects.

We hope over time the Chapel can become a focal point for the village, creating an amenity that the community can take pride in and which would also be a valuable addition to tourist facilities attracting people to Teesdale. Going beyond just being a cafe/shop will help make this a community hub that draws local people into become involved and investing in this initiative.

To help achieve our vision and ensure we create a lasting legacy for the parish we have set out our **VALUES**. These express the way we want the business to be run:

Inclusive – this not only describes how we want the business to be run (through a community run venture) but our desire to create a parish amenity that has real benefit for all. We will manage the Chapel so that it is accessible to as many people as possible

and will try to involve as many local residents and businesses as is possible; as customers, suppliers and in decision making.

Welcoming – our café/shop will be an open friendly place that makes people feel welcomed. The committees we set up to run the various activities of the Chapel Project will also be open and friendly, people will be encouraged to participate and a spirit of togetherness will be fostered.

Fair – the Project will be run ethically and fairly. We will treat people with respect and base our decisions on not just what we can do legally as an organization, but what is the right thing to do, always considering our vision and aims. This means that we are not driven solely to make more money (although our vision is to be financially sustainable) and we will make fair and equitable decisions based on things like minimizing the harms we do to the environment and protecting vulnerable individuals.

Collaborative – we will actively look for opportunities to work with the local community to assist businesses and individuals in working and living in Cotherstone (and the surrounding parish). We will be open to any ideas, providing they lay within our vision, aims and values, to use the café/shop and Chapel Project to support the local community; e.g. being an outlet for local products and services and promoting local businesses

Professional – we will run the business diligently and with integrity. We will ensure health and safety standards are rigorously adhered to, financial controls are established and managed, employed staff are managed properly and effectively, and relationships with other parties (suppliers, lenders, government bodies etc.) are handled in a business-like way. The café and shop will be run to make sufficient money to be fully self-sustaining (including building up reserves for emergencies).

Governance and Management Arrangements

The Cotherstone Old Chapel project will be owned and controlled by its members. Members will be those who have bought the minimum number of shares required (5 shares at £10 per share). The members will elect a Management Committee at the AGM who will be collectively responsible for everything done by or in the name of the Society. These powers can be delegated to other subcommittees as detailed below. The members can call Special Meetings of the members if they are dissatisfied with the work

of the Management Committee between AGM's according to the rules of the society (see appendix A).

The Management Committee currently comprises:

- Mark Siswick (Chair)
- Chris Tarpey (Treasurer)
- Joy Collyer (Secretary)
- Rob Wells
- Jill Jeanes
- Linda Gregory

Management Team– this body will be the main operational management team tasked by the members with ensuring that the Café/Shop run smoothly. They will be responsible for;

- Setting and implementing strategy. The Management Team will ensure that the overall strategy is clear and understood, is approved by the Members and is ultimately delivered.
- Establish and own the processes and procedures to be followed in the Café/shop.
- Managing the Café/Shop Manager/s. Day to day management of the Café/shop will be delegated to the Café/Shop manager/s but the management team will define the limits of that delegated authority. In particular approving the processes that need to be adhered to ensure;
 - financial control
 - legal compliance
 - health and safety standards
- Providing direction and support to the Heritage Team and the Communications and development Team.
- Reporting to the Members and the Challenge and Innovation team (a non-executive governance team). The Management Team will set up an Annual Members Meeting (and any ad-hoc Members meetings as required) set the agenda for these meetings, manage the meetings, and ensure actions agreed at the meetings are implemented and reported on
- Providing specialist support to the Café/Shop manager, in particular with respect to;
 - Preparation of financial reporting
 - Human Resources support
 - Health and Safety support

- Taking ownership for all the day to day management processes not delegated to the café/shop owner or the Communications and Development Team , in particular;
 - The regular buildings maintenance program
 - Keeping volunteers interested and informed

Membership of the Management Team will be voted on by the Members and once the shop/café is operational the team will include:

- A Chair to lead
- A Treasurer- responsible for the businesses financial process and all financial reporting
- A Secretary – responsible for company secretarial duties as well as managing the Management Team meetings
- An HR / Health and Safety lead – responsible for providing HR support and ensuring Health & Safety standards are met
- A buildings lead – responsible for ensuring that the Chapel building is well maintained
- The lead of the Communications and Development Team (who will also sit on the Management Team). This person will be tasked with ensuring that Members understand what is happening at the Chapel and that they have an opportunity for comment and input

In addition to the above, the Café/Shop manager/s will be co-opted onto the Management Committee as non-voting members.

The following subgroups will be established

Volunteers and Communications Committee – during the initial project phase, before the café/shop opens, this team will concentrate on contacting as many stakeholders as possible to tell them about the Old Chapel Project and encourage them to become involved. This will include;

- regular communication with all the households in Cotherstone Parish
- communication with local businesses and community groups.
- working closely with the Finance & Fundraising project Team to publicise the share issue

- using social media and the internet to publicize what we are doing at the Chapel, to reach as many people as possible who may be interested in contributing time/money towards our project
- to encourage volunteers to 'sign up' to support the project (and keep them updated on progress)

Once the Café/Shop is up and running the team will continue to operate;

- managing interaction with the volunteers -
 - to ensure that they are informed of what's happening at the Old Chapel and especially of volunteering opportunities,
 - encouraging them to participate and to feel an important part of the overall project
 - seek feedback from volunteers on how the café/shop/heritage center/etc can be improved
- publicising and communicating what is happening at the Old Chapel to relevant groups and individuals
- The team will be tasked with strengthening the ties between the Old Chapel and other local businesses/community groups with the aim of working closely together where this is appropriate.
- this body will be responsible for managing the additional initiatives, over and above the core café/shop activities. The Team will act as the first point of contact for new ideas and initiatives which it will proactively seek from the community. The Team will then be responsible for creating a costed proposal to put before the Management Team for approval.

Local Heritage Committee - this team will run a local history project entitled Cotherstone - A Village Through Time. Working with residents of the parish the team will gather and link information from many sources including house deeds, censuses, maps and a wealth of old photographs to build a picture of how the village has changed through time. This fascinating project will have two major objectives as far as The Chapel project is concerned.

- the project will draw in just about everyone in the village and surrounding community. Everybody can contribute to the project and most people want to know about the history of their house, what their street looked like a hundred years ago and what folk did for a living. Therefore this highly inclusive project will be used to involve villagers giving them an easy way to join in with the Old Chapel Project, as well as creating a sense of local pride.

- As the project gathers information and objects the team will summarise what they have found, creating a vivid picture of how the village has evolved and developed over time: not just the physical nature of the village seen through its built environment, but how the people have changed over time. In a relatively small community such as Cotherstone and its out-lying hamlets inevitably family names recur so the project will be, in part, a family history too. The information gained will be presented back to the villagers, and visitors, in the form of a growing number of various visual elements that will be used to decorate the café and shop and to help create a sense of place. For example;
 - a series of village maps, spaced in 50-year intervals, showing when, where and how the village has grown. The maps could be coupled with photographs of what the village looked like at the time.
 - pictures of various vernacular building styles and details, both exterior and interior, coupled with a written record that will act as an architectural resource, which could be consulted to help in the conservation and appropriate repair and restoration of village buildings.
 - exhibits of local objects and artefacts which no doubt will be unearthed or found languishing in local homes, sheds, attics, farms or business premises.
 - graphs showing how villagers have changed over time, such as the nature of their work and how far they travelled for work; the way households have changed (numbers, ages, sex of family members); where the residents were born (how local they were) how old they were and how many children they had, what facilities and businesses there were in the village.

These visual elements will be displayed in as many imaginative ways as the team can think of; not just the usual displays in cabinets dotted around the café/shop, or pictures hung on the walls; but the information can be printed on tablecloths, put on the back of menus or be converted into furniture, fixtures or fittings. Larger items, such as historical farm machinery, may be displayed in the large space outside the building. The overall impact will be to integrate the heritage theme into the fabric of the café/shop.

The Heritage Team will be set up during the project phase and will initially feed ideas into the Building project Team and the Café/Shop project team, helping develop the 'look and feel' of the café/shop. But the Heritage team will continue

once the Café/Shop is operational, continuing to encourage villagers to participate in their local history, and displaying what they have found in the Café/Shop.

Project subgroups

In addition to the above teams (which will run after the Community Benefit Society has been set up), the following sub-project teams (reporting to the Management Team) will be set up to manage specific projects associated with getting the Chapel refurbished and the café/shop established..

Café/Shop project Committee – this team will determine and set up the operation of the café and shop. They will:

- Work with the Building Team to plan and design the layout of the Café and Shop
- Establish the day-to-day working practices for the Café/Shop. This includes things such as;
 - Opening hours
 - Range of stock sold in the shop
 - Range of food/drinks sold in the Cafe
 - Processes for buying stock
 - Processes for ensuring Health and Safety standards and Hygiene standards are met.
- Establishing the ethos for how the café/shop will be run;
 - How will we create a ‘warm and welcoming atmosphere’ in the café/shop
- Advertising and recruiting the Café/Shop manager/s
- Advertising and recruiting volunteer staff to work in shop/cafe

Building Project Committee – this team will establish, manage, and implement the plan to redevelop the chapel. Working with the Café/Shop project team they will determine what work is required to establish the shop/café and then determine what work needs to be completed by external suppliers and what work can be completed by volunteers.

For the works to be completed by suppliers the team will get quotes, choose the best supplier and manage the work. For work completed that can be completed by volunteers the Building Project Team will organise and oversee the volunteers.

The Building Project Team will be responsible for ensuring that Health and Safety standards are met in the Chapel until the point the building is handed over to the Management Committee (for the start of trading).

Finance and Fundraising Project Committee – this team is time limited and responsible for managing and recording the income and expenditures generated by the project team up to the point where the cafe/shop becomes operational (at which point the responsibility to switch to the Management Committee). The team will also;

- manage the creation and updating of this Business Plan and the Finance Plan.
- Manage the overall fundraising plan including;
 - The share offers (including managing the process to establish any available Tax Relief schemes)
 - The 'matched funding' process (see below)
 - Working with the Communications team to generate donations

The Shop

Our initial plans for the shop will be to create a shop which provides a wide range of basic food and household products, plus some attractive nice-to-have items, such as:

- a range of basic foodstuffs (cans, packets and fresh meat, dairy and vegetables)
- a range of basic but essential household products (cleaning products, toilet rolls, firelighters etc.)
- local produce e.g. cheese, beer, fruit and veg, cakes, etc.
- locally produced arts and crafts products
- an eco-friendly 'filling station' for household products (from shampoos, laundry products, household cleaners through to bulk foods like rice and cereals)
- snack foods (sandwiches, pies, sausage rolls etc.) and ice creams
- Drinks (fruit juices, soft drinks and alcoholic drinks)
- Newspapers and magazines
- Cards and stationery

We know that the old shop (closed in 2020) created a regular trading profit as the owner of the shop allowed us to review the trading statements for the shop

for the years 2017, 2018 and 2019. Based on what they achieved we have estimated the costs and revenues we could generate in the shop (see Finance Forecast). The key drivers for these estimates are;

- The turnover for the community shop will be similar to the footfall achieved by the previous Cotherstone shop (based on the financial statements of the previous shop).
- The shop is welcoming for both local residents and visitors to the village; offering products that are essential for some, and convenient for most.

The closest shops to the Cotherstone Community Shop which offer the same service are in Middleton in Teesdale (6 miles) and Barnard Castle (4 miles). The Middleton shops offer a similar range of products at the same price but the large Barnard Castle supermarkets offer a larger range of products at a cheaper price. Our community shop will sell based on;

- Convenience – for small amounts of everyday shopping, the shop will be the preferred option for many residents. The time, effort and cost of travelling to Barnard Castle or Middleton would outweigh the slightly cheaper prices and wider range. We do not expect people to do big weekly shops. There would also be some impulse purchases, for example if someone is in the Chapel already to go to the cafe, or pick up a pint of milk or a loaf of bread, they may also buy some food or a bottle of wine for later.
- Supporting the Community Benefit Society – if the local community are shareholders and/or actively participating in the running of the Project or participating in the other amenities supplied at the Chapel, they are more inclined to buy something in the shop to support the overall Chapel project.
- Offering products for visitors to Cotherstone. Such products could be refreshments for walkers/cyclists, souvenirs for tourists, essentials for caravanners. We need to determine who visits Cotherstone and what they would buy in a shop.

The Café

Cafés are becoming more popular as places for locals to meet and chat, as well as being places for tourists/visitors to eat lunch or have a cup of tea. By sympathetically developing the Chapel space and putting outdoor tables in the garden (for warmer days) we can create a café people want to visit. By staffing

the cafe with welcoming and, responsive staff (a mixture of paid and volunteer staff) we would create a friendly welcoming café that provides;

- Tea, real coffee, and other hot drinks
- Late breakfasts (muesli, bacon rolls)
- Homemade cakes, biscuits and scones
- Cold snacks (sandwiches, rolls, crisps, salads, soft drinks good ice cream)
- Soup, toasted sandwiches, hot sausage rolls, savoury scones
- And later introducing homemade dishes e.g. tarts, pies, casseroles; as business grows

We have estimated the costs and revenues we could generate in the café (see Finance Forecast), in particular we have;

- Consulted a number of local café owners who have experience of running cafés in neighbouring towns and villages.
- Been given access to some of the key information concerning turnover and footfall of the last café to operate in the village. It should be noted that the Café generated a regular trading profit and was often full.
- A pub in the village operates a successful food business and there is substantial demand in the Easter to Autumn period.
- Estimated footfall and average spend on the basis of this information.

The closest cafés to the Chapel offering the same service are in Eggleston (3.5 miles), Middleton (6 miles) and Barnard Castle (4 miles). Cafés are generally used for their convenience (the nearest when people want to eat/drink), although if a cafe becomes established/well known, with a good reputation, people will travel to visit it (or plan their day trip to stop at it). The Chapel café will achieve a good reputation based on;

- Overall environment – with sympathetic restoration utilizing the interesting historic architecture, the Chapel gardens and playing on the Chapel theme; the Chapel can become a comfortable café space with lots of ambience.
- Getting the right staff and encouraging a friendly, responsive approach to customers. We will use a mix of paid and volunteer staff to service the cafe (covering food preparation and service). Staff and volunteers will be trained to ensure customers receive a first rate service; so that customers return and they proactively recommend the Café to others.
- We will choose and train only staff who are welcoming and responsive. This will ensure customers want to visit the chapel café again.

- We believe that by using local volunteers in the café we can provide a service for the parish, create a great atmosphere in the cafe, as well as keeping running costs low. For example:
- If we can get three retired friends to agree to a half day shift at the cafe every week then they can catch up on what's happening in their week, drink free tea themselves whilst they catch up, serving customers as they go.
- Having the right menu. The café will concentrate on light refreshments. We will create an attractive menu that serves easy to prepare food, so as minimize the need for training, complicated kitchen equipment and long preparation times. We will try to use volunteers to supply some of the foodstuffs (cakes and bakes for example).
- Convenience – it will be the only café in Cotherstone. Convenience increases if consumers are already in the Chapel either because: they are visiting the shop or visiting the Chapel for another reason (visiting the financial advisor, or hairdresser in the back room for example).
- Supporting the Community Benefit Society – if the local community are shareholders and/or actively participating in the management of the Project or participating in the other amenities supplied at the Chapel they are more inclined to stop in the café to support the overall Chapel project.
- Offering products for visitors to Cotherstone. Such products could be refreshments for walkers/cyclists; souvenirs for tourists; essentials for caravanners. We will constantly review what visitors to Cotherstone want from a shop & café.

As a test of whether the café would be popular, we have held nine 'pop up cafe' events in the Chapel. All the events took place on weekends (in both rainy and sunny weather) in the period October 2021 to May 2022. The events attracted lots of volunteers to serve and more importantly attracted over 60 customers and raised on average over £500 in takings. This support is exceptionally encouraging as the Chapel is currently a long way from being a 'warm welcoming café' environment.

Staffing

We will staff the café and shop with a mixture of paid and volunteer staff. Staff will work across both the shop and the cafe so that their time is used most efficiently and effectively. There will be a salaried Manager on site who will be in overall charge of the café and shop ensuring that;

- The café and shop is managed effectively
- Health and safety procedures are followed
- Café/shop property is protected from theft

To ensure that the project is effectively managed we will probably need 2 or 3 paid, part time, managers working shifts (this ensures sickness and holidays are also covered). The managers will be supported by volunteers and a small amount of paid work (in busy periods or for jobs not suitable for volunteer staff). We believe that we will need a group of about 15-25 volunteers who are prepared to work in shifts of a few hours a week in the busy periods of summer and school holidays and we have already got a group of about this number who have expressed their desire to help. .

Financial forecast

In summary our business plan is made up of the following elements;

- Raising funds to buy and fit out the Chapel as a shop and Café (including initial stock and working capital)
- Running the shop
- Running the Café
- Managing the buildings overheads
- Creating additional income sources

Raising funds to buy and fit out the Chapel as a shop and Café (including initial stock and working capital)

The local Methodist Circuit have released a guide selling price of £130k to £160K. We have undertaken a structural survey of the chapel building, and we have established a 'Building subgroup' led by a qualified architect and containing a number of qualified architects, engineers and builders.

Running the shop

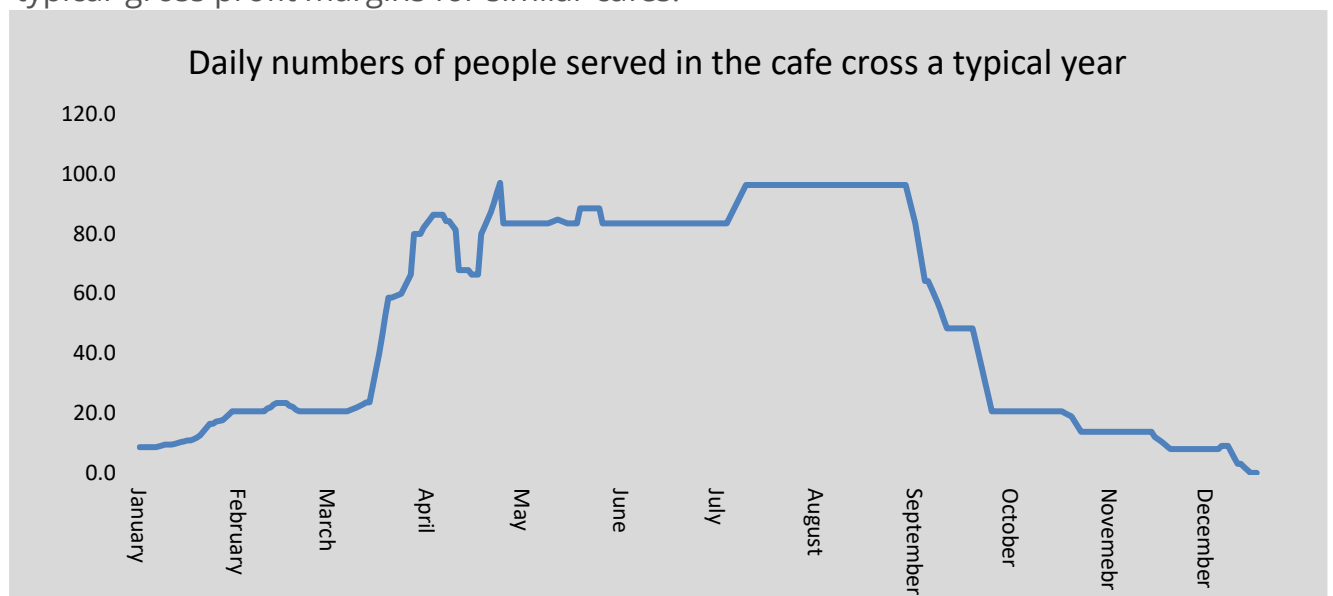
We have reviewed the financial statements produced by the previous shop and our business plan assumes we will be able to match the turnover and gross profit margins it achieved on the goods it sold, apart from the turnover from the Post Office, and newspaper deliveries (which are now been delivered elsewhere). We will stock a similar range of products offered by the previous shop (we will not offer Post Office services and have not included this income in our plan), but

we have more space available to us and can therefore offer a wider range of goods. Also as the Café is attracting visitors in its own right we would expect to increase turnover (as someone who came in for a coffee picks up a loaf of bread as they leave).

As we believe that we have the space and the increased footfall to be able to sell a wider range of products than the previous shop (including a wide range of ice creams, souvenirs, cards, wines etc) we have made an assumption in our business plan that we will increase the previous shop's turnover/profit by about a 30%.

Running the Café

Estimating how much profit will be generated from the Café is a slightly more difficult task. We have sought the views of those in our community who have owned cafes before, or who have significant experience of working in/running café. We have also conducted market research; visiting many cafes in the area and watching who arrives in the café, what they buy and how long they stay for. Finally, we have reviewed the takings (and costs) of the Café we used to have in the village and looked to the internet for 'typical' café revenues/costs. Based on this research and information we have modelled, for a typical year, how many people we will get in the café each day (each day split into 3 shifts, Breakfast, Lunch and Afternoon), and how much they will spend with us. Finally, to calculate an estimated gross profit from the café we have taken conservative 'typical' gross profit margins for similar cafes.



Managing the buildings overheads

Out of the profit we generate from the shop and café we will need to maintain the building and pay for staff.

Our business plan assumes we will employ;

- 2 (possibly 3) part-time managers (between the managing the shop/café at all times) to run the café/shop. Their time will be split in shifts (and they will cover each other for holidays/sick). These will be experienced shop/café managers.
- Unpaid volunteers to support the managers especially in serving in the shop and café
- Part time paid staff, especially in the busy periods, to work in the café.

All paid staff will work across the café and the shop (as needed). We have set a maximum budget for staffing (total employment costs) of £90,000.

In addition to wages we have estimated the indirect, overhead, costs of managing the chapel, including insurance, power (heat and light), rent, repairs/maintenance etc.

Creating additional income sources

Our business plan assumes that in addition to the shop and café profit we can generate an additional £10,000 profit a year. It is likely that this additional income stream will come from slightly different sources each year but in summary we will;

- Sell local products. The chapel space is large enough to include exhibitions and displays of locally made gifts, such as paintings, jewellery, greetings cards, ceramics, etc. We have contacted a number of artists and producers who have expressed an interest in the idea. The Chapel Project would take a commission on any sales made.

In October 2021, as part of our 'Pop Up Café' event we opened the back room to local producers to sell their wares. We attracted 12 local producers (including people selling cards, ceramics, paintings, glass making, fabric arts and a local author selling his book). All the producers informed us that they had made many sales and that they would be very interested in repeating the set up. They also confirmed that they would be happy to pay a small commission based on their sales.

- Rent out the back room. The Chapel has a large back room that could be rented out to businesses (a visiting bank, wealth manager, hairdresser, bookseller etc)

or individuals (to use as a meeting room or workspace). The Old Chapel Project would charge a small rental (and increase trade to the café).

- Hold events. We have started preliminary discussions to hold a couple (two a year) of local events. We hope that these would be in collaboration with local Cotherstone businesses (especially the two local pubs). Such events would be aimed at creating a larger number of visitors to the village and Café and we would generate additional revenue through offering 'themed' food and drink

Community Involvement and Consultation

We have undertaken a number of events including;

- A questionnaire circulated by the Parish council to all households.
- An initial Community Consultation Meeting about the demise of the Post Office/shop which resulted in the establishment of a Steering Group. This was to explore the opportunities and options available for the village. The meeting was well attended by 90-100 people. This expressed a strong desire to retain a community shop in the village.
- Regular Steering Group meetings that thoroughly explored options and possibilities. They worked with Plunkett attending training events, visiting other projects and meeting people with direct experience.
- A Community Participation event including a presentation and workshops. This was attended by about 50 people. People demonstrated a strong interest in being involved in a wide range of community activities. We hold a list of people matched to their skills and interests. This gives us some certainty about the support the project might get. People were excited by the potential offered by the Chapel for developing a really interesting resource for the parish. Some people were interested in retaining the existing shop as was, but the then Steering Group were convinced that it was not a viable financial option.
- A final survey was sent out by the Parish Council that produced some more very interesting information, including the willingness of residents to invest in a future project.
- We have also used social media to keep people up to date with developments.
- We have held a number of volunteer meetings to recruit volunteers and the response from local parishioners has been outstanding so far. We have over 60 volunteers, ranging in age from 14 year old to volunteers in their 70's. We have

started regular meetings of the project teams supported by the Project Management team which has been meeting regularly since October 2020.

- We have met with Cotherstone Parish Council who have communicated their wholehearted support for the project (as well as granting us an initial £1,000 to help get the project started).
- We have met with the Cotherstone Village Hall officers and have agreed that the scope of the Old Chapel Project, as we have laid out above will not negatively impact on the Village Hall's ability to generate income and in fact we will work together with the aim of increasing funds to both the Village Hall and the Old Chapel project.
- We have raised £114K in share Capital, largely from residents of the Parish and regular visitors to the parish. During the share issue process we received strong support from local residents.
- We have held four 'pop up café' events in the chapel and attracted over 60 customers each event , many of which were local residents.

We will continue to meet with anyone interested in discussing the Old Chapel Project, either because they have concerns over its impact or because they wish to assist in the project. In addition, we will try very hard to engage all volunteers in the projects progress, we realise that volunteers are our greatest asset and we want to ensure that they are appropriately involved, supported, trained and developed.

Risk analysis

This current Risk Plan is written in the context that we have now mitigated the following risks;

- Completed the main community share issue and raised 114K.
- Obtained Planning Permission from the County Council.
- Achieved significant local buy-in to the project from local residents and local businesses. This has been demonstrated through significant local investments (via the share offer) and participation and attendance of local residents and businesses in the 'pop-up' café events (café and local business shop test events). We now have a list of 60+ volunteers ready to support the project on an ongoing basis.

The main risk areas that remain are;

- 1) We fail to raise the finances (450K) required to buy & refurbish the Chapel.

In large part this dependent on the current COF bid as the rest of the funding package is either in place or agreed in principle. The mitigation to prevent failure is the work we have done to ensure that the Business Plan and the application fully meet the requirements of COF. To this end we have enlisted external help to review the work that we have done to ensure that the bid is fit for submission. If the COF bid fails, we have a number of options;

- a) Reapply utilising the feedback from COF
- b) Go back to the member ship to see if they;
 - i) Want their money returned and close the project,
 - ii) They wish to contribute additional funds.

- 2) That the building has problems that will only become apparent during the full conversion.

Mitigation has been to have a qualified architect lead the planning work on the building. A full survey has been carried out and specialist advice has been sought where necessary. Our plans for work (issued as part of our tendering process) are based on the results form the survey's.

If there are unexpected overruns on the building costs we will.

- a) Seek additional funds, for example charitable trusts, further share issue, local fundraising events e.g. pop up cafes, sponsored events etc.
- b) Modify our plans to reduce costs in other areas, something that we have already identified, such as not installing the Mezzanine Floor
- c) Minimise the potential costs by using the considerable pool of volunteers with building and practical skills

- 3) That we fail to buy the Chapel.

The Chapel is due to go on sale imminently and will work as closely as possible with the Methodists to ensure that we are successful in buying the chapel.

- 4) That the projections for Turnover and Gross Profit aren't met.

We are fully aware that projecting footfall and income is an extremely difficult process. We have spent much time researching local cafes, their turnover month by month, individual spend, differing offers and staffing profiles. We will respond to the inevitability of variations to our projections by;

- a) Developing alternate delivery models for purchasing, staffing, food preparation, volunteer deployment and retention, product offer and pricing system.
- b) Ensuring that our interior design is adaptable so that we can vary the ambience, seating arrangements and numbers, table layout and counter set up.
- c) Ensuring that we regularly review the marketing and communication plan to ensure we attract a wide range of people to enjoy the project. We have a marketing plan in place to promote the café/shop amongst visitors to the dale.
- d) Involving the community in seeking solutions by continuously seeking feedback from customers, the local community and members responding to suggestions for improvement.
- e) Seeking to add new income stream to the café shop, such as the small business office space we are considering in the old Sunday School that is attached to the Chapel

We have had access to the financial statements of the previous Cotherstone shop (closed in 2020) and our current finance plan matches the revenue/gross profit achieved by the previous shop, despite our current plans including a greater area available for displaying products (which should enable us to grow turnover/gross profit). Similarly, we have reviewed the financial information from the previous Cotherstone Café (closed 2020). This café was very small but profitable, our current financial plans expand turnover (compared to the old café) in line with the additional tables that the Old Chapel can house (keeping gross profit % consistent with that achieved by the old café).

Overall; because we have based our financial forecasts on previously operating (profitable) businesses we believe that our plans are robust and demonstrate that we can achieve a sustainable business. This is further enhanced by the fact that we will reduce our relative (relative to the previous businesses) labour costs by sharing labour costs across the shop and café, and by utilising some volunteers. Additionally, we have completed extensive research of local shops and cafes, monitoring footfall and average spends, and this gives us additional confidence that our turnover figures are robust.

- 5) We struggle to recruit and maintain suitable staff.

We will respond to these challenges by;

- a) offering a salary and support package to attract suitable candidates.
- b) Learning from other community run ventures and will take advice and learn from their experiences.

- c) Ensuring the management committee play a strong role in providing all staff and volunteers with training and preparation for their roles and provide ongoing support and guidance. A nominated committee member will be the main contact.
 - d) We have had some tentative interest shown for the Café Manager roles, these interested parties seem to have suitable skills (although we have yet to start any formal recruitment process). This gives us confidence that key roles will be filled (and replacements will be available if needed). There is a large pool of people interested in temporary paid roles as well as volunteers for serving in the shop/café.
- 6) We fail to maintain a sufficient level of support from the community over the years.

We will respond to this by;

- a) Continually building on the 60+ volunteers already registered, making sure they have fun, rewarding and meaningful experiences.
- b) The £114k in share capital already raised gives people a vital stake in the future of the project that we can continue to benefit from through careful marketing.
- c) Ensuring that the CBS remains an innovative and creative organisation that continues to involve people in new ideas and projects based in and around the building.

Generally, we hope to mitigate the above risks by:

- continuous community involvement and consultation
- effective management of the project
- effective research for business planning
- gaining ongoing advice and support from the Plunkett Foundation
- hiring 2 Café/Shop managers (working split shifts)
- proactively recruiting and managing volunteers

Worst case scenario;

- Before the Chapel is refurbished – all monies would be returned (costs incurred would be minimal)
- After The Chapel is refurbished – we would sell any assets purchased, give up the lease, and return the proceeds to lenders/shareholders. In this event shareholders would not get all their investment back.

Timescales

We aim to try to get a café/shop up and running as soon as is practicable. That said we want to ensure that we only move forward at a pace that ensures success. This current Business Plan will be updated continuously as we gain more information, currently the key milestones (with an indicative timescale) are as follow;

- Establish unincorporated association (*now completed*)
 - Set up bank account
 - Agree initial management committee members
- Finalize Business Plan (including Financial Plan) (*completed*); including;
 - Obtain quotes for key costs
 - Finalise assumptions for income streams
 - Create a final Finance Plan
 - Create a Final Business Plan document
- Establish Community Benefits Society (*completed*)
 - Set up the Community Business Society
 - Agree initial Building Team members
 - Agree initial Cafe/Shop Team members
 - Agree initial Development Team members
- Raise Funds (*share issue largely completed*);
 - Plan and implement actions to secure funds from ;
 - Create the Share Issue prospectus, market it and launch the share offer for remaining share capital (£18k)
 - Secure Grants;
 - COF grant – estimated completion August 2022
 - TAP Grant– estimated completion August 2022
 - Community Resilience Grant – estimated completion August 2022
- Buy Chapel from the Methodist Church
 - Chapel put on sale in July 2022
 - Agree sale (September 2022)
- Refurbish/redevelop Chapel (*Start once funding is secured*)
 - Plan and implement building projects to create café/shop.
 - Plan and complete work on making the building 'sound'
 - Install heating, toilets, and other services
- Hire staff and sign-up volunteers to work in café/shop

- Agree responsibilities, controls and reporting processes
- Stock café/shop
- Establish the operational Management Team and the Non-Executive Governance team and disband the Project teams
- Start trading (Target – Spring 2023)