

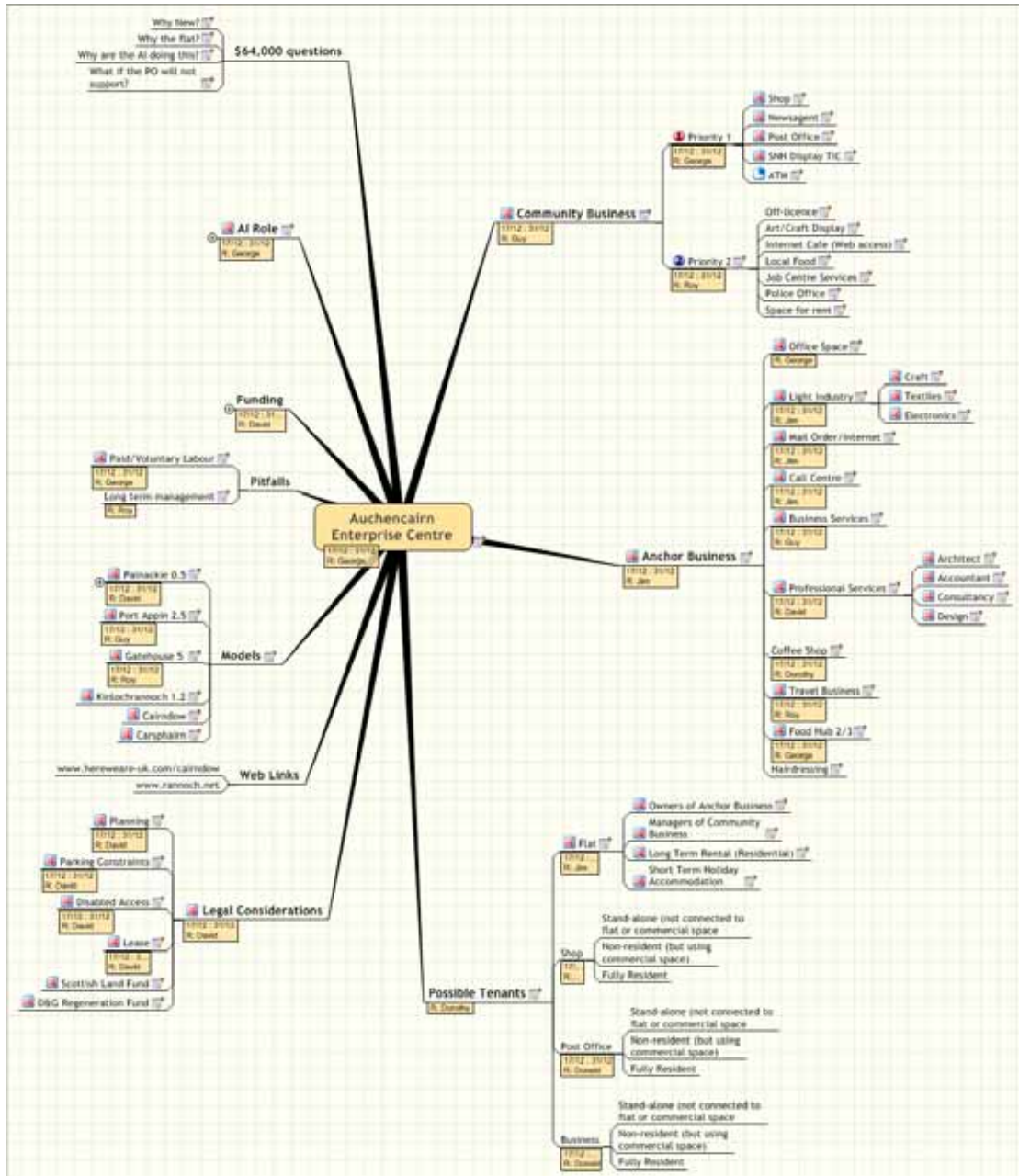
# Auchencairn Enterprise Centre



## A Plan for Rural Regeneration by The Auchencairn Initiative

Online at

<http://www.auchencairn.org.uk/centre>



## Executive Summary

Auchencairn is a small village of some 100 houses and a population of around 500. This is boosted by outlying properties and slow village expansion with the possible addition of 25 new properties in the next few years. It has a thriving public house, the Smugglers Inn, a filling station and car repair business, a school and a church.

The nearest town Castle Douglas (8 miles) is a vibrant, traditional market-type town with the usual facilities including a Tesco and a Co-Op Supermarket and many individual shops in the main street selling meat, fish and game as well as vegetables. There is a thriving craft industry, a brewery and several hotels.

In 2002 the Post Office was threatened with closure when the landlord served notice on the tenants in order to sell the property. The Auchencairn Initiative was asked by the Community Council to save the Post Office and small shop. The Initiative raised the funds, purchased a temporary building (portacabin) and obtained planning permission for 5 years to place the cabin on the pub car park in the centre of the village. This planning approval will expire in March 2008. The Auchencairn Initiative became a Company Limited by Guarantee with Charitable Status. There are presently 7 Directors.

The temporary nature of the present arrangement leads naturally to a more permanent solution. Thus the next Project is to fund the building of an Enterprise Centre to house the shop and Post Office and another Enterprise. To ensure the economic success of such an enterprise the cost to the management, whoever they may be, will be minimised by using grants and low cost loans to acquire the land and build the property. Once built any business conducted within the building will be the responsibility of the tenants. The Initiative will have no commercial involvement. The Initiative's role will be, to the best of their ability, to ensure the needs and desires of the Community are met.

The purpose of this document is to show what the Enterprise Centre is expected to be and how it will be used, managed and maintained.

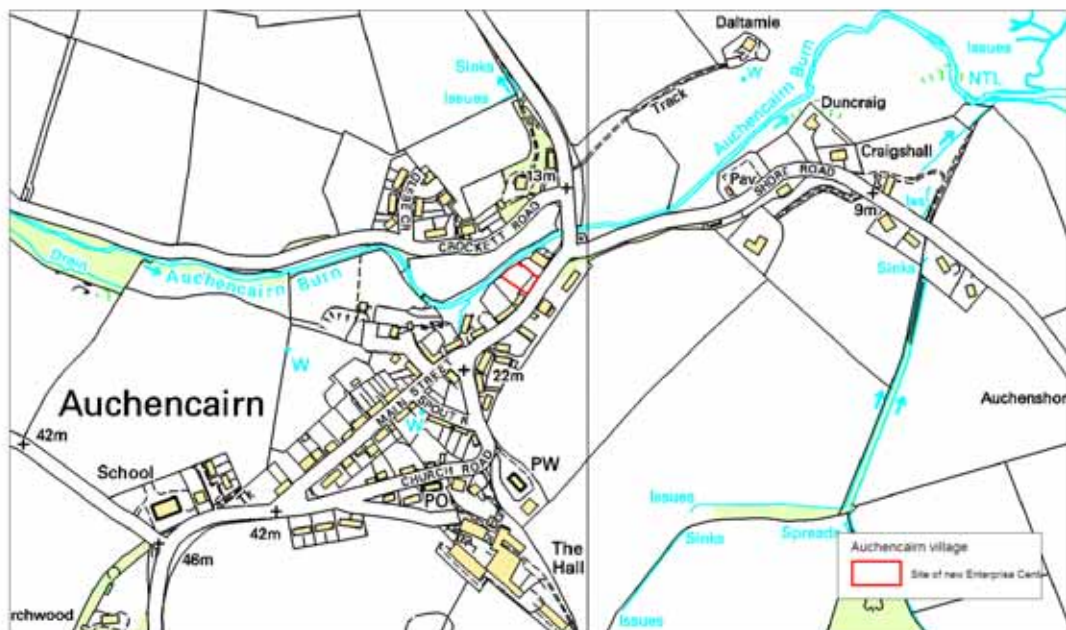
The Initiative have purchased a half acre brownfield site in the village one plot North (ie down hill) of the public house. Planning permission has been obtained to build a substantial building with a shop area of 50 sq m (?), a lettable area of another 42 sq m (?) with a 3 bedroom apartment above. There will be vehicular access to the off street car park for 8 cars. It will be heated by a heat pump and be energy efficient to the latest standards.

Once funded and built the property will be managed by the Auchencairn Initiative as landlords but the businesses within the building will be the responsibility of the tenants. The Directors will however be closely involved in the tenant vetting and assessment of proposed business plans co-opting other professionals should the need arise.

It is envisaged that the shop and post office (on the main street) will provide an adequate income for the enthusiastic and innovative shopkeeper however the lettable area at the rear of the building (with the view of the village burn) could provide a

lucrative business site for the hard working entrepreneur. Several options for this business are offered in this document but the list is not exhaustive. They include weaving/embroidery, architects business, mail order, coffee/tea/bistro business, hairdressing salon and so on. The list is only limited by imagination and size of the lettable area.

We have attempted to address the management issues should the Initiative fail to recruit new Directors and this will need further advice and research however the very nature of the Community ownership should encourage others to join us once it can be shown that the project is a success.



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## 1 Community Business

Auchencairn is a small village in South West Scotland with about 100 houses and a population of around 500. Outlying properties increase this number considerably. It lies in a National Scenic Area and hosts many tourists throughout the year. There is a projected increase in village housing (app 25) which will increase the customer base.

The village shop provides a service to its community. It “imports” goods and services for the community. The potential to make a successful livelihood from this will to some extent be determined by the size of the population and other local competition. However, the energy and vision of the proprietor to make use of local produce and crafts and develop a much wider client base could be a far greater determinant in its success

Research shows that, in order to ensure the village has a business which serves the villagers needs in perpetuity, the enterprise needs to be Community owned. (Perhaps like the village hall). Past experience has shown that when the village shop is housed in a private rented property that business is always at risk of closure by the landlord. If the property is owned by the shopkeeper the business can also be closed by that shopkeeper should he wish to retire and live in the property. This risk is ameliorated if the building is Community owned.

### 1.1 Priority 1

#### 1.1.1 Shop

A village shop will contain an element of social enterprise which must be encouraged to be innovative and proactive. Currently basic products are supplied from portakabin (which also houses the Post Office) on an essentially short - term occasional use as a local service. The planning permission for this temporary building expires in 2007. Expansion of the product base in a permanent and larger building will reduce journeys to other towns saving time, money and fuel. Slightly higher pricing in village shop would be off-set by money saved on travel.

Clearly a village shop will need to provide the basics such as bread, milk and eggs but there is a growing demand for locally produced specialist foods. Retailing trends show a dramatic rise in organic and local produce sales - this should be developed, perhaps on the back of the Castle Douglas Food Town Initiative, A small number of local consumers would augment the tourist trade c.f. Loch Arthur at Beeswing --- Palnackie..A serve - over counter and display unit would suffice. Fairtrade products should be added e.g. coffee or fruit juice. An emphasis on delicatessen, non-perishable type goods would be attractive. The development of perishable goods sales would have to be approached with caution until a client base was established. However, there could be a freezer facility and a ‘cooler’ section.

Off - licence sales would be an essential adjunct to any village retail shop. Turnover will be dependent on shop opening hours and local licensing laws, however if enough space can be identified this could be very successful. Previous off-sales experience in this area has shown this to be the case. This provision is complementary to the local public house.

The region abounds with craftsmen and women who often need a local outlet for their products. Whilst these products sell predominantly to the tourist trade, there is also a local customer demand. Typical examples are jewellery and scarves from Jan O'Donnel and basketwork from Trevor Leat, both Auchencairn residents.

It is envisaged that to satisfy local needs (as well as tourists) the shop might develop an 'Aladdin's Cave' approach with carefully selected products. Such products might include

- stationery, cards, postcards
- gardening gloves, aprons, twine
- bucket/spades (seaside)
- hardware (screws, picture hooks)
- fuses, plugs, lamps.

To emphasise the "Open All Hours" nature of the shop perhaps space could be found for an old fashioned grocery delivery bicycle with basket appropriately adorned, at the front.

The shop could act as an agency point for dry-cleaning or similar such as film processing. Tobacco sales must also be considered. Depending on the National Lottery requirements a lottery terminal would encourage customers and lottery scratch cards would also be available. Some additional social enterprise functions such as prescription drop off would be useful especially for older people. With the increase in mail order deliveries, the shop could act as a central collection point for deliveries when people are out.

### **1.1.2 Newsagent**

The newsagent business provides the footfall "carrot" for the village custom and makes the ideal complement to the shop and post office enterprise. The local population of approx 500 demands a healthy supply of daily and Sunday newspapers. These can be supplied by Smart's of Castle Douglas, the retailer at Palnackie or directly from the local newsprint supplier. Gross profit is in the order of 15% and there is considerable scope to increase magazine sales (Farmer's Weekly, Scottish Farmer?) etc along with other weekly and monthly periodicals. On present numbers there is an estimated £1,000 year gross profit which would undoubtedly increase in a larger shop with full display facilities.

### **1.1.3 Post Office**

The Post Office is essential to the village both for convenience and in the Social Enterprise sense. In line with Post Office Ltd (POL) policy the recent reduction in hours to 12 per week are spread unsatisfactorily over three mornings per week. A better service would be 6 mornings / week of two hours duration but that is not possible under present management. As POL have reduced the opening hours in many outlying villages the queues in the Post Office in Castle Douglas have become excessive. Once this becomes clear to the Post Office management there is hope that some of the recent hour reduction decisions might be reversed. POL is enthusiastic to increase hours but is increasingly driven by commercial realities; however they do permit the postmaster/mistress to open for more unpaid hours if the demand exists. There is scope for an increase in services such as banking and

money handling in general and viability would be greatly enhanced by the development of an anchor business as described in section 3.3

From 1<sup>st</sup> January 2006 the opening up of Royal Mail deliveries to competition may present an opportunity to act as rural hub for other interests. Management must be progressive and innovative to secure future stability. The increase use of mail order via the internet and the need for returns of unwanted items will make the Post Office business more important.

#### **1.1.4 SNH Display TIC**

This must reflect the importance of the village's position as the western portal of the local National Scenic Area. It must be much more than a simple display board and should give an in-depth description of the local flora and fauna, the geology of the area and wildlife with an educational focus, especially for young people. The SNH display at Colvend (the eastern portal) and Clatteringshaws Loch for the Forestry Commission provide suitable examples.

Allied to the NSA the display should reflect the local crafts (from local materials as a selling point). The whole concept should be to encourage eco-tourism e.g. via the Hugh Paton or the Balcary to Rascarrel walks. The 20,000 visitors per year to the Balcary area should be encouraged to stop off and familiarise themselves.

#### **1.1.5 ATM**

The nearest ATM is in the local towns of Dalbeattie or Castle Douglas - some twenty minutes away. The convenience of an on-site fee charging ATM inside the shop not only provides the visitor with instant access to cash but might also encourage further spending. The inconvenience of the charge would be outweighed by the convenience of the instant cash. At the same time the enterprising proprietor would offer cash-back from debit card purchases. Both facilities would be complementary.

The Post Office provides cash withdrawals facilities for Lloyds TSB, Clydesdale and Cooperative bank customers. POL is trying to get other banks to agree to the same facility. Usage is limited to Post Office opening times.

### **1.2 Priority 2**

The following uses are suggested as possibilities for inclusion within the commercial element of the enterprise centre, albeit of a lower priority.

#### **1.2.1 Off-licence**

As a stand alone use it is unlikely that there would be sufficient trade generated locally, plus likely passing trade, for an off-licence to be a viable. It would however be a useful component of the convenience shop included within Priority 1. (See 2.1.1)

#### **1.2.2 Art/Craft Display**

In and around there are several artists and craft workers who could use this facility to display their products, supported by a comprehensive website. This latter facility could also be made available to artists throughout the Stewartry on a fee and commission basis. Visiting customers would probably be seasonal but a

website could attract custom throughout the year. A small display cabinet would suffice initially.

### **1.2.3 Internet Cafe (Web access)**

Despite the proliferation of home computers many visitors would welcome easy internet access. To start, one computer in a private part of the shop would be enough but if demand increased then further computers as part of a tea/coffee shop would be a sensible expansion for visitors and second home owners. Those visitors or short stay inhabitants would also benefit from a WiFi “hot spot” for laptops which would provide another easily managed revenue stream.

### **1.2.4 Local Food**

Locally produced food could be sold in the village shop element of Priority 1.

### **1.2.5 Job Centre Services**

The demise of the Job Centre in Castle Douglas opens up the opportunity to persuade the DWP to place one of the job search terminals in the shop thus providing an enhanced service to the village. A freephone telephone line to the DWP would also be a possibility.

### **1.2.6 Police Office**

The post master could also verify the production of vehicle documentation thus saving expensive police time and extra travel. The Police also visit the village at regular pre- arranged times to allow local residents to voice concerns.

### **1.2.7 Space for rent**

There are a number of trades and services for which a small amount of floor space on a part time basis may prove attractive. Use of the enterprise centre for this purpose could be of interest to them. Such a space could also be of interest to the local MSPs for conducting their surgeries. Chiropodists and hairdressers have also been suggested as possible part time users. However these types of users could require fixtures and fittings for their specific purposes.

## 2 Anchor Business

The building design has provided enough space for a separate business to be established. This is known as the "Anchor" business and is the key to the success of the Enterprise Centre. Unlike the Community business which is seen as an importer for the village the Anchor business is expected to be an exporter of goods or services from the village and thus have a much wider 'income base' than the community business.

It may be that this business will already be established and running elsewhere and that the owners will be looking to relocate for any number of reasons. It is also possible that it will be a new business which is searching for suitable rural premises.

The anchor business will provide the main source of income for the tenants and potentially provide additional local employment. The following paragraphs provide some options that would need considerable expansion if they were to become suitable business plans.

### 2.1 Office Space

Readily divides into two functions:-

#### (a) Serviced Offices

There appears to be some local demand for offices containing up to say seven occupants. These can all be of the same organisation, such as a training group or single individuals renting space and sharing trading use - the convenience address concept. Good local comparisons are

(1) Training company at redundant estate office at Douganhill ( rent is approx £200/month for similar floor area ) - complete with appropriate computer links - domestic functions, toilets, telephones etc.

(2) Various organisations at Community Centre Castle Douglas e.g. Computer Training – European Computer Driving licence etc.

(3) FWAG at Kirkgunzeon - Farming and Wild - life Advisory Group - approx three persons in a converted village cottage.

In practice the region enjoys very low rent and lease rates for this type of business and take - up is very slow. (Douganhill sat empty for at least a year). Suitable advertising in the urban areas should show a response at terms of say £2,000 / year. Individuals could be persons moving from work at home to what would be in effect business incubators.

#### (b) Office Services

There could be a considerable demand locally for this service from farmers, estate owners, land - owners etc. on a part - time or "a few hours a week" basis. Primarily word - processing, simple accounts, photo - copying, administration in general.

On the other hand this may be adequately served by

(1) Use of part - time staff at the business premises

(2) Outfits such as "Small Print " in Castle Douglas

### (3) Other local consultants working from home

As IT literacy improves, more and more rural businesses are undertaking to do their own.

Previous experience in Fife shows that this proposition has a low probability of success.

## **2.2 Light Industry**

The unit would be ideal for some form of light industry/manufacturing as long as the nature of the site is taken into consideration. In particular, any such usage would need to be within normal business hours and present no deleterious effects on the surroundings. There follows some examples of suitable usage:

### **2.2.1 Craft**

Many villagers are already involved in craft activities but do not have retail space in their workshops. The lettable are could provide suitable workshop space and a communal retail space in the Enterprise Centre would offer a low-cost outlet to a wide audience. The attraction of carrying on the craft in public view might make this option work. However if intended as a craft outlet only it is suggested that this would be best located with the TIC in the retail shop.

### **2.2.2 Textiles**

There are several local producers of textile products and again the space would lend itself to small scale weaving, embroidery or other mechanised/manual textile process. Again the public nature of the enterprise could be very attractive to visitors.

### **2.2.3 Electronics**

Small scale electronic assembly would be practical in the space. This could also apply to electrical repair.

## **2.3 Mail Order/Internet**

A mail order/Internet business would be ideal for the space, particularly if the postoffice is co-located here. The village now benefits from broadband, so this would be a very viable option.

## **2.4 Call Centre**

The telephone exchange has excellent capacity and a call centre could be supported. The investment for the equipment would have to come from the tenant or perhaps additional grant money (such as was used in the Highlands and Islands).

## **2.5 Business Services**

The potential to provide business services such as accounting in the rural areas would only be possible if established accounting firms could see that the facilities offered (space, light, reception, etc) could be obtained at a lower cost than in the towns. Castle Douglas and Dalbeattie both have well established accountancy firms.

## **2.6 Professional Services**

All of these will require Broadband internet access which is available in Auchencairn.

Car parking, due to commuting, could cause a problem to retail visitors.

### **2.6.1 Architect**

Architect, Engineer, QS etc. Lettable area is adequate for a small practice. Local business depends on a small number of personal contacts and the scale of local work is not large. Likely to be a new practice starting with one or two people handling their own administration. Space is adequate to allow the business to grow to four or five, including a secretary/administrator. Modern drafting is done using CAD systems but drawing board space is necessary together with record storage. One section will need to be partitioned off to allow for privacy in meetings.

Work is also obtained through presentations and competitions; these allow new practices to grow beyond the local area. If successful, they are likely to grow beyond the capacity of this building. In the early stages cash-flow is a common problem.

Fee payment is in relatively large amounts paid infrequently.

Secretarial local employment.

### **2.6.2 Accountant**

Business relies on large number of individuals and small local businesses needing accounting information for business planning, Inland Revenue returns, National Insurance and auditing services. Lettable area should accommodate up to six people. Fee payment is in modest amounts paid within a short time of the work being done. Secretarial local employment.

### **2.6.3 Consultancy**

This covers a wide range of businesses from Insurance brokers to Industrial designers and could include a series of one day consultancies for the village such as chiropodist, health visitor or CAB. Although this may be attractive to the village it would create letting complications. If proposed, it could be on the basis of approved sub-letting by a principal tenant.

Government or Local Authority quango or voluntary service organisation local office would offer secure rental return and possibility of some local employment, depending on the activity. Appropriate users would be local branches of organisations concerned with agriculture, tourism, environment, South of Scotland network, data base maintenance.

### **2.6.4 Design**

This may cover product or graphic design and advertisement work. There is some scope for local employment with graphic design, less so with product design. User has to be identified to determine space and power requirements for equipment.

## **2.7 Coffee Shop**

The lettable area is large enough to provide around 26 covers. This might open from mid morning to the evening and thus would supply not only hot drinks and snacks but soup and open sandwiches (for example) at lunch time and would also be able to compete for the early evening trade in competition with the pub which is often overbooked. A licence for the sale of alcohol with food would also attract custom. This proposal is one of the most attractive as it encourages visitors to linger. A good model is "Designs" cafe in Castle Douglas.

## **2.8 Travel Business**

This type of business would for the most part depend upon internet trading. There are many operations of this kind within the UK and location is not critical. However, in order to succeed in a competitive market the business would have to offer a specialised service, e.g., adventure holidays, theme based activities. Alternatively, accommodation could be provided for an existing operator wishing to relocate to a more attractive and less frenetic environment. This type of business falls well within Priority 2.

## **2.9 Food Hub 2/3**

The region has a reputation for good, locally produced speciality foodstuffs in addition to its Made in Scotland branding. A national and global demand exists with many companies throughout Scotland supplying it. A niche market exists for high value, gourmet, hand crafted products. e.g. Cream of Galloway, Buccleuch Foods and Castle McLellan as local examples. The local enterprise company contains personnel with good food industry skills and marketing expertise. "Savour the Flavours" is an example of an existing local marketing initiative.

The food hub business is envisaged as essentially a packaging and mail-order business driven by skilled marketing in appropriate magazines and of course by the net. A "Good Food Club" membership with monthly selection has proved to be a successful model c.f. "The Scottish Gourmet" and "The Curry Club". Product price is dictated by the exclusive nature of the service and margins can be expected at the top end of trading. Organic produce is a fast growing market segment in the U.K. at present. It is considered that the building business area would prove a good packaging unit and distribution could be via the existing Post Office and enhance its trade in a working together fashion. Rentals which could be expected from a trading set-up would be in the order of a minimum of £2-2,500/annum for the floor area available.

However it is well recognised that small independent producers do not have a good record of working together even if only on marketing and packaging, and that a purchasing type company rather than a co-operative venture would last longer. Numbers employed in the venture would be envisaged as about three in total.

## **2.10 Hairdressing**

The size of the lettable area and the parking facilities make this an ideal location for a ladies hairdressing salon and possible beauty/tanning parlour. This small business provides employment for local young hairdressers and a convenient facility for the ladies of the district. Presently, unless using a peripatetic hairdresser, the nearest salon is either Castle Douglas or Dalbeattie.

### **3 Possible Tenants**

The ideal tenants would be a partnership /family, one half running the 'anchor business', the other the shop, crafts and café; they might also occupy the flat. However there are many other scenarios, some of which are described below. Occupation of the residential flat by someone other than the business tenant(s) may prove to be the legally most complicated arrangement.

#### **3.1 Flat**

The residential accommodation has the potential to serve more than the obvious role. There are at least four scenarios for its use:

##### **3.1.1 Owners of Anchor Business**

If the 'anchor business' owners are from outside the area, they may well use the accommodation themselves.

##### **3.1.2 Managers of Community Business**

The owners of the anchor business may live locally already, in which case, the flat could be offered as part of a package to the managers of the community business.

##### **3.1.3 Long Term Rental (Residential)**

If the anchor business owners/managers do not need accommodation, this could be rented out on a long term basis to provide affordable local housing and provide additional revenue for the anchor business owner. In such a case, the Auchencairn Initiative as the Trustees for the Enterprise Centre should be involved in the sub letting agreement.

##### **3.1.4 Short Term Holiday Accommodation**

A final option could be to rent the flat as short term holiday accommodation as an additional source of income to the anchor business.

## **4 Legal Considerations**

### **4.1 Planning**

We have detailed planning approval for the proposal. Since the layout and consequently the rear and side elevations will have to be changed to take account of the limitations imposed by the power diversion bracing cables, an amended planning approval will be required. This should not be a problem because the planning officers are enthusiastic about the scheme but there will be a cost.

### **4.2 Parking Constraints**

The site area will allow a maximum of eight vehicles to be parked off road.

### **4.3 Disabled Access**

Section L of the Building controls sets out the requirements for disabled access in each building type. The proposal has to meet these requirements.

There is some scope for negotiation to avoid excessive provision of disabled toilets if the commercial elements of the building are split into different tenancies.

### **4.4 Lease**

If the whole building is let to one tenant it will be practical to let it under a full repairing lease. It is more likely that there will be more than one lessee. In this case the landlord (the Initiative) would be responsible for the building structure insurance and for external and structural maintenance. Each tenant would be responsible for contents/fittings/stock insurance together with internal decoration and maintenance. The leases will have to set out the rights and responsibilities of each party. Conditions have to be included to avoid risk or nuisance both within the building and to neighbours.

### **4.5 Scottish Land Fund**

An obligation, under the conditions of the grant we received for the land purchase, is that we have to provide an annual report to them on progress.

If they are not satisfied with progress during a ten year period from purchase of the land (July 2003) they are entitled to reclaim the grant. The land would have to be sold to recover the cost to meet this obligation. SLF has understood and accepted the delay we experienced getting planning approval due to the Scottish Water objection.

### **4.6 D&G Regeneration Fund**

D&G Regeneration Fund. We have no future obligations over the funding we received from this source although our reputation would suffer if the project did not proceed.

## 5 Models

(Number is the relative size multiplier compared with the AI development)

### 5.1 *Palnackie 0.5*

The success of this shop seems to rest on the entrepreneurial nature of the proprietor and the considerable time commitment she makes to the business. Since Palnackie seems to have more, younger people than Auchencairn part time assistants are available.

#### 5.1.1 PO

The Post Office is a single counter outlet enclosed in a security screen; area app. 4sm. It is open all the time that the shop is open, operated by the Post Mistress who owns and runs the shop and by other part time assistants who may not have POL approval to do so but are under the authority of the Post mistress.

Official hours paid for by POL are 23.

#### 5.1.2 Local Shop

The shop is app 20s/m lined on both sides with full height shelving and includes an island unit. It is crowded but works because use is steady throughout the day rather than intensely used periods. The proprietor undertakes a range of social tasks and acts as a messenger in the village.

Sales are groceries, vegetables, newspapers, bread and milk, cakes, sweets, chocolate, soft drinks and tobacco. Total weekly turnover is app £2,300.00 per week. The shop carries a high level of stock.

#### 5.1.3 Restaurant

This is a separate building, connected to the shop, serving 'Bistro' style food. Restaurant area is app.35s/m; kitchen/servery area is app.3s/m. This is small and is being extended. No. of covers is 32.

Average meals per day varies widely due to seasonal effect. Range is 2 to 70 per day. Coffee and cakes customers are served during slack periods only.

Opening hours Thursday to Monday inclusive 12 to 2.30 and 6 to 9.30.

Cook on 40 hours per week.

Total weekly turnover subject to seasonal factor £800 to £4,000.

Staff requirement is 7 people for 70 hours per week (including shop), part time mainly family.

#### 5.1.4 Off-licence

The display occupies a small area, not secure, in the shelving close to the counter. There is a modest but steady demand for wine, beer and spirits.

The clear counter space is minimal; about 1m length, largely made up of the lifting hatch. The rest of the total 2m counter is covered with small sale items.

## **5.2 Port Appin 2.5**

The Port Appin supermarket is managed by a local cooperative, a Company Limited by Guarantee. They do not have charitable status. They have shareholders who have assisted in underwriting the project which has been going for around 20 years. The Cooperative manage the shop directly and employ a manager who calls on volunteers to help. The volunteers are paid a wage.

The shop is 20 miles from Oban and is not on a direct bus route. The bus stops on the main road 2 miles from the village. Tesco (the biggest supermarket in Oban) do not do home deliveries to Port Appin yet. These factors make the shop success (with an annual turnover of around £350,000) unsurprising.

## **5.3 Gatehouse 5**

Gatehouse is a small town with a relatively wide catchment area. It is also a significant tourist attraction within the Stewartry. There are a number of shops within the centre, the largest of which contains a small supermarket operated as a Spar franchise, a small post office, a restaurant, gifts, crafts, toys and a ladies boutique. There is also a bespoke kilt maker within the premises with a small workshop and sales counter. The property is two storey built on a sloping site with the supermarket operating on the lower ground floor and the other uses on the upper ground floor. The building is substantially larger than the proposed enterprise centre. It is also privately owned and operated. The community have no involvement in the ownership or operation of the enterprise however the fact that it is a successful enterprise means that it can be used as a comparable model. The varied mix of businesses provides a good example of what can work in a rural, tourist rich environment.

## **5.4 Kinlochranoch 1.2**

Website:- [www.rannoch.net](http://www.rannoch.net)

Contact :- Mrs TINA WILSON

MANAGER

01882 632333

e-mail on web - site not working.

Summary :- Kinlochranoch is a small village similar in size to Auchencairn with a couple of hotels, a smokery and is heavily reliant on tourism, forestry...

The shop is Community owned via a trustees group. All work is by paid permanent and part-time staff. They have two full-time + 3 - 4 part-timers on 1 - 2 days/week. All projects run by manager reporting to trustees on monthly basis. The venture is a few years old, they saved the P.O. by buying an empty village shop. The shop also houses a 20 - 24 cover coffee shop called POST TASTE with evening meals and take-away. The Project is a success and maintains a very commercial outlook.

The P.O. is a large cupboard concept. There is an Art Gallery, Internet Cafe and local crafts, gifts etc in same building. The venture now operates filling station also.

Other Info

Coffee shop took approx. £70,000 in June July and August 2005. Turnover of coffee shop "much in excess of £100,000 year"

## **5.5 Cairndow**

website [www.hereweare-uk.com/cairndow](http://www.hereweare-uk.com/cairndow)

Contact - Jean Maskell 01499 600261 ( 350 )

[christine@hereweare-uk.com](mailto:christine@hereweare-uk.com)

Summary This Project started a few years ago as a new build on a village site, however the Post Office not included. This is run as a separate entity. It is managed by registered charity which has two committees - one is trustees, second is policy and strategy unit. They use mix of paid / unpaid labour with one full - time manager plus 2 - 3 people paid on a part - time basis + volunteers. The driving force is CHRISTINA NOBLE.

The shop has local environmental information boards etc and rural project descriptions with a small shop selling essentials and a newsagent.

### Other Info

The building has an internet cafe and acts as an OFFICIAL RURAL OUTPOST FOR ARGYLL and BUTE COLLEGE for students doing (for example) computer driving licences up to higher courses. The Project appears to be more a social enterprise than purely commercial business.

## **5.6 Carsphairn**

Carsphairn is a small and relatively remote settlement on the A713 near the northern boundary of Galloway. The village shop and post office occupies a two storey mid-terrace property on the west side of the main road near the centre of the village.

The building is owned by the community and leased to the occupiers. The lease is reviewed every three years. A peppercorn rent is charged by the management committee in recognition of the service provided to the community and the modest income generated by the business. The property was purchased by the community and is registered as a limited company as "Village Shop Ltd". Carsphairn receive an annual grant from the wind farm operators of Windy Standard. The directors of Village Shop Ltd. apply to the community annually for funds to top up the rental income. This fund together with grants and loans, the latter of which have now been paid off, enabled the initial purchase and adaptation of the property in 1995/6. The board of directors is elected by the community at the AGM, each director standing for three years and one third standing down each year. Further directors can be co-opted if required.

The ground floor of the property is occupied by a shop, a small tea room and a food preparation kitchen. The shop occupies approximately 300 sq. ft of floor area and offers a range of convenience goods, a small off-licence, newspapers and a small post office counter. The latter facility operates officially from 11AM to 1 PM Monday to Saturday. Newspapers are available every day including Sunday. The small tea room occupies about 120 sq. ft and contains two tables each with

four chairs. The tenants are responsible for the internal maintenance of the property and the management committee are responsible for the structure.

## 6 Pitfalls

### 6.1 Paid/Voluntary Labour

In the early days of heightened enthusiasm about a new project there appears to be an urge to get things done by the use of voluntary labour.

This is understandable as:-

- (a) Everyone wants to join in with a novel venture
- (b) Things can be achieved quickly
- (c) Bureaucratic rules are minimal or non-existent

However the trend after the initial rush can also be:-

- (a) A small number of people "get it to do it all"
- (b) Other personal commitments crowd in and demand time
- (c) Constraints such as planning, Health and Safety etc begin to be recognised and thus inhibit rapid progress.

Bearing the above in mind it is noted by a review of other mature voluntary rural projects that they appear to show a large proportion of paid labour. This is invariably at the specialist level e.g. manager of day-to-day business affairs or cook / chef etc, leaving the less specialised skills for the voluntary sector. Managerial staff and specialists are usually on a full-time basis - reporting directly to a management committee of village representatives with volunteers say 3-4 working 1- 2 days / week on a rota basis.

The use of ALL volunteer labour is not considered to be viable in the long - term as the pool of available persons is quickly exhausted. The voluntary labour can be encouraged by being paid for their efforts at, say, the minimum wage level which goes a long way to alleviate personnel discord.

Research has shown that some projects have started up with a mix of full-time professionals paid along with voluntary unpaid. This has been quoted (by personal contact) to be unworkable as direct experience by some has led to acrimony etc.

So the conclusion is:-

- (a ) A mixture of full-time at manager level and part-time by voluntary support staff on a rota system can work.
- (b ) All staff must be paid whether part-time, voluntary or full- time!

### 6.2 Long term management

The Auchencairn Enterprise Centre is intended to serve the local community for many years and will be a permanent resource requiring management by and on behalf of the community. All profits from the rental of the Centre will be used for Auchencairn Community purposes. The uses to which the commercial floor space

will be put will in all probability change from time to time as will the occupancy of the residential element.

Selection of tenants, vetting of the types of businesses and the review of leases and rents will be the responsibility of the directors of the Auchencairn Initiative acting as a management committee. Legal advice will be required at the outset, and probably from time to time, in establishing and reviewing the terms of the lease. The present directors of the Initiative operate on a voluntary basis. The majority of the present directors are retired from full time employment and clearly will wish to stand down at some time in the future. It is hoped that younger members of the community will come forward in the future to take the place of directors wishing to stand down. A positive campaign to recruit new directors will be initiated.

Once established, the management of the enterprise centre should not be onerous, requiring quarterly meetings and an AGM. This is the experience of the management committee at Carsphairn. However, once built and occupied, the enterprise centre in one form or another will hopefully be part of the village fabric for many years. If at some future date it is not possible to find willing volunteers to sit on a management committee it is necessary at the outset to consider the implications for the ongoing management.

The management of the Enterprise Centre could be placed in the hands of an agent, say a firm of estate managers or solicitors. This would involve management fees with implications for rental levels. It would also require liaison between the village community and the appointed managers. This latter function could be undertaken by the Community Council.

Alternatively responsibility for management could be taken on by the Community Council.

Since the Auchencairn Initiative is a charity it might be possible to pass the whole business over to another charity. This might lose the village involvement in their property.

Finally, the property could be sold to a private landlord. This option, which goes against the intent of the village community to retain the shop in public ownership, would clearly remove any control over future occupiers and uses from the community although the statutory powers of the D & G Council as the planning and regulatory authority would remain. Any profit from the sale would have to be disbursed on charitable enterprises or passed to another charity.

The Auchencairn Initiative Directors as Trustees for the Charity have a responsibility under Charity Law to ensure that the best use is made of the assets of the Charity. In the event of the management failing the building will revert to the Community Council and be managed in the same way as the village hall.

Legal advice will be obtained so that these options can be considered in depth.

## 7 Funding

### 7.1 Funding History

#### 7.1.1 Direct Grants SCVO

Successful. Grant for business plan and feasibility study. £7000. £5.5K spent. Balance to architects fees to date.

#### 7.1.2 Scottish Land Fund

Lottery money. £24,242. Successful.

Second grant D&GC regeneration fund. £3K Bought land, paid legals, site cleanup and Scottish Power.

#### 7.1.3 National Lottery

REJECTED. Did not match criteria, no specifics.

#### 7.1.4 Scottish Exec Capital Grants

REJECTED because the concept was considered to be commercial.

#### 7.1.5 Future Builders Communities Scotland Seed Corn

Seed Corn Fund. REJECTED.

Advised that we had applied to wrong fund.

#### 7.1.6 Future Builders Communities Scotland Capital Fund

REJECTED. Without clear reason given.

#### 7.1.7 D&G Capital Fund

REJECTED. Project was not sufficiently advanced.

### 7.2 Funding Future

#### 7.2.1 SNH

SNH have promised some funding towards the capital cost of the project in order to provide 'The Western Gateway' to the National Scenic Area. This will not be a large amount, perhaps £5000.00 to ensure that there is space for display and information for visitors within the shop.

There are two benefits from our point of view:

- Some capital funding from one public body will help our case with other funders.
- Having a tourist information centre within the shop will increase customers for other sales.

We have to contact SNH to determine how to apply for the funds. It is likely that, if approved, it will be administered by Solway Heritage.

### **7.2.2 Energy Trust**

Will pay 50 % of £12K for heat pump installation. Formal application has to be made by contacting Joe Ferguson(Energy Trust) in the first instance. Funding will not be for the internal heating system, but for the external ground installation and the heat pump. The pipework will be placed under the car park. A formal application is currently being drafted.

### **7.2.3 Future Builders Communities Scotland**

£150K requested.

### **7.2.4 D&G Capital Fund**

£200K maximum. Success will depend on providing valid evidence that the scheme meets a list of assessment criteria set out by the Council. The Initiative has hopes to secure significant funding from this source which may encourage other funders.

### **7.2.5 Robertson Trust**

Contacts are Christine Sullivan, Admin

Barbara Kelly, Trustee

Ms Stevenson, Trustee

Tom Hyde, Scottish Enterprise

### **7.2.6 Other non-local fundraising**

Other ideas are to conduct anEnterprise Centre fundraising appeal on internet

- particularly to ex-pats abroad
- buy-a-brick (a way of raising funds which will encourage community involvement)

### **7.2.7 Local Fundraising**

We are holding funds towards the capital cost as follows:

- Share of loan not required to be repaid say £1000.00
- Local donation of £500.00
- We expect to show a profit on the Ceilidh of £200.00
- Interest from bank deposits (approx £200 in past year)
- Profits from Sunday newspaper sales (£18/month)
- Rent from temporary Post Office (£240 in 2005/6)

### **7.2.8 International Funding**

Leader+ which uses European funds, provided money for the Portacabin and for the initial preparations for the permanent building. This is important; they could

not fund a temporary building except as part of a permanent solution. Leader+ is bureaucratically intensive but under European Regeneration concepts should be a good source of funding, particularly as they came on board for the first phase.

## 8 AI Role

The Initiative believes that the people best equipped to run a small business and likely to be the most successful are the people who own it. The more common feature of village owned business throughout Scotland is one of :

- (a ) Community ownership of bricks and mortar
- (b ) Community ownership of typical village business predominantly serving the day-to-day needs of the local community - invariably a small retail establishment such as a shop, coffee shop etc. with some space made for post office services.

Auchencairn Initiative believes that:-

- (1) Community Ownership should stop at the bricks and mortar stage. Other business assets should be supplied by the business owner.
- (2) By increasing the business mix and being more innovative i.e. promoting a core business which is domiciled in the village but not dependent on village usage, by bringing money in from outside the area, then the centre will target RURAL REGENERATION
- (3) The other community business can be arranged to run alongside or under the umbrella of the Anchor business
- (4 ) By the addition of a flatted development for rental within the building, provision is then made for AFFORDABLE HOUSING along with an increase in LOCAL JOBS.

The role of the Initiative is clearly one of a benign community landlord, collecting rent from single or multi-sources. Conditions of lease must be drafted and arranged to ensure the protection of the long-term interest of the community-serving businesses (e.g. Post Office). The rentals available to the Initiative will serve to cover repairs and maintenance as necessary in the long-term. Additionally some help could be given to marketing etc. Any profits would be ploughed back into other community projects for which there is no shortage of ideas.

### 8.1 Landlords

Unless the Initiative employs a development worker there will be a need to find a suitable Director to take on the landlord task. This is likely to require some training. The Initiative may also have to register as a landlord with D&G Council

#### 8.1.1 Insurance

The Directors of the Initiative may need to take out personal liability insurance. Further advice will be sought.

### **8.1.2 Maintenance**

This will be funded from invested rental income.

### **8.1.3 Facilities Management**

Head lease for all the property or separate leases for each lettable section.

### **8.1.4 Setting rent**

Negotiate after checking local market. It may be necessary to employ a letting agent.

### **8.1.5 Collecting rent**

Standing order or direct debit preferred.

### **8.1.6 Council tax when vacant**

Obligation to be checked with D&G rating department.

### **8.1.7 Utilities**

Separately metered utility supplies to each element of the scheme. This is already included for electrical supplies.

### **8.1.8 Compliances**

A rule book will be provided.

## ***8.2 Marketing***

Once the venture has reached a 'point of no return' and will take off, the plan is to launch an aggressive marketing campaign to find a suitable anchor business and tenants and to obtain as much media coverage as possible.

The whole plan will be presented via an interactive website separate from <http://www.auchencairn.org.uk>.

## ***8.3 PR***

As part of the marketing strategy, a significant amount of PR will be required and this should be spread between all Initiative members willing to 'do a spot'.

## ***8.4 Building***

The design has been established and planning approval received. This has been revised to take account of Scottish Power external cabling needs. The cost estimate presently appears high, partly due to the shape of the site and the extent of external works. The re-design will give a lower square metre rate for the building.

## ***8.5 Project Management***

Building approvals, design details, tendering construction supervision and payment valuation will be managed by the architect and the consultant team. The Initiative will be the client, approving the detail design, agreeing tender procedure, ensuring funding is in place, signing the construction contract, paying certificates on time against consultant's valuation and accepting completion. There are likely to be

unforeseen changes in the course of the work; the Initiative will be required to make decisions on these within the budget.

### ***8.6 Design Briefing***

This has been done but may be subject to change to meet budget or take account of tenant's requirements.

### ***8.7 Continuity of Tenancy***

Despite the possibility that there could be several tenants renting different parts of the building it is vital for the viability of the enterprise that the building should be tenanted continuously. This will ensure a constant revenue stream which will in turn ensure the proper management and maintenance of the building as well as providing the village with money for other projects.

Regular dialogue between the tenants and the building management should preclude "nasty shocks" with short notice departures.

Advertising in suitable trade journals and professional evaluation of the applicants should reduce the risk of "rogue" tenants.

## **9 \$64,000 questions**

### ***9.1 Why New?***

Other charities and Trusts have attempted to compete on the open market. Each time the charity or trust has made an offer this has been outbid by another buyer and by the time the charity or trust has returned to the funders for extra funds the property has been sold. This does not happen with a new build. Funders will not accept an open ended bid and experience shows that funds can not be obtained in time to purchase a building for sale on the open market.

No suitable building has come on the market in Auchencairn and in any case the problem described above will always limit the opportunities.

With a new build we have the option to be flexible in the internal design and layout, to be much more energy efficient than in a conversion of an older building and in this case are able to provide a dedicated car park.

### ***9.2 Why the flat?***

The Initiative took the decision to add the Flat over the shop as this provides a real incentive to a prospective tenant from elsewhere. There is very little if any privately rented accommodation in Auchencairn and the DGHP tenants rarely move. The flat provides affordable rented accommodation for a family thus adding to the villages housing stock. The flat is self contained and separate from the business units to add further rental flexibility.

### ***9.3 Why is the AI doing this?***

Initially this project was started to provide a Post Office and shop. This has expanded to encompass rural regeneration by providing affordable housing and jobs. The project fits with the Dumfries and Galloway Corporate Plan for Regeneration and is supported by members of the Scottish Executive Rural Affairs Committee.

The provision of the 3 bedroom apartment allies with the Council's Strategic housing Policy and the extra job generation could encourage young people to remain in the village.

### ***9.4 What if the PO will not support?***

Post Office Limited have reassured the Initiative that they wish to maintain the Post Office but do not have the funds to continue subsidising salaried appointees on a full time basis unless the profits justify doing so. The government's rural post office subsidy that keeps rural Post Offices open is due to end in 2008. Retention of the PO is very high on village wish list and we expect to provide it subject to PO policy however economically it is not vital to the business plan. If the Post Office closes for more than eighteen months it will not be re-opened.