

To: Policy and Resources (Community Development) Sub Committee		Subject: FUNDING REQUEST AND DEVELOPMENT PLAN: CALDERCRUIX FOOD CO-OPERATIVE
From: Chief Executive		
Date: 12 January 1998	Ref: CE012/004/045	

1.0 INTRODUCTION

1.1 The purpose of this report is to advise the Policy and Resources (Community Development) Sub Committee of proposals to expand the services provided by Caldercruix Food Co-operative and to request the Sub Committee to consider awarding contributory funding for this expansion.

2.0 BACKGROUND

2.1 Caldercruix Food Co-operative was established 9 months ago and presently has 386 members. The Food Co-operative is managed by a Committee of local residents and staffed by Committee Members and other local volunteers. The Food Co-operative provides a range of quality and brand name foodstuffs at competitive prices including dried and tinned goods, fresh fruit, vegetables and dairy produce.

2.2 Caldercruix village is poorly served in terms of local shopping facilities with only a butcher's shop, chemist, post office and one general store. The Food Co-operative therefore provides an additional service and is particularly beneficial to those families living on a low income including elderly people, lone parent families and unemployed people, and those households who do not have access to a private car and cannot take advantage of more varied and competitive shopping facilities in nearby Airdrie.

3.0 PRESENT POSITION

3.1 Caldercruix Food Co-operative is a member of the North Lanarkshire Federation of Food Co-operatives and receives its supplies through the Federation's bulk buying scheme.

3.2 The Food Co-operative currently operates from premises within Caldercruix Community Centre and is open for business on a Wednesday morning 9.30 till 11.30am. The premises are not ideally suited to Food Co-operative operation and a number of issues have been identified:

- i. the premises are only available for a limited number of hours per week due to demands placed by other community groups and centre users;
- ii. all food co-operative stock is stored under the main hall stage and must be set out and stored at the start and finish of every session;
- iii. the premises are not available in the evening and the Food Co-operative cannot provide an extended opening hours service; and
- iv. although membership of the Food Co-operative is presently some 386 members it is estimated that only 186 of these are active customers suggesting that the venue, opening times or variety of Food Co-operative stock are unsuitable.

4.0 PROPOSED DEVELOPMENTS

- 4.1 In an attempt both to resolve the issues identified above and to extend the stock and range of services provided by the Food Co-operative, the Management Committee has identified alternative shop premises which could locate the Food Co-operative.
- 4.2 The shop, at 3 Dunbreck Avenue, Caldercruix is owned by North Lanarkshire Council and it is understood that the premises have been unoccupied for some time.
- 4.3 The Economic Development and Property Division of the Council's Planning and Development Department has intimated that the Council would be willing to consider leasing the shop to Caldercruix Food Co-operative under either a commercial or a charity lease as detailed below:
- i. Commercial - summary of key terms and conditions
Annual rental of £2,000 with the tenant responsible for repairs and insurance. Lease may be granted for a period of 1 to 5 years. The authority to approve a commercial lease is delegated to the Department.
 - ii. Charity 'let' - summary of key terms and conditions
Rent level levied at £1.00 per week (if requested) however lease would only be granted on a week to week basis. Again, the tenant would be responsible for repairs and insurance arrangements. The decision to award a charity let is subject to Council consideration.

In both lease agreements the tenant would be responsible for the payment of business rates and water rates and these are estimated at £1,350 per annum.

- 4.4 The Food Co-operative Management Committee are anxious to secure these premises, ideally on a commercial lease agreement for reasons of security of tenure and long term development, but otherwise on a week to week lease agreement for a number of reasons:
- i. the premises would provide a shop front identity for the Food Co-operative, increase local residents awareness of the service and increase membership;
 - ii. the Management Committee would extend the Food Co-operative opening hours to include an evening service;
 - iii. the variety of stock carried could be increased;
 - iv. the range of services available could be extended to include the sale of Scottish Power powercards; and
 - v. opportunities to develop initiatives linked to health promotion, healthy eating and budget cooking would be explored in partnership with the Health Promotion Department of Lanarkshire Health Board.
- 4.5 The Management Committee have had some discussions with existing local traders who are generally supportive of the Food Co-operative. The general store, which is adjacent to the shop identified by the Food Co-operative, has recently changed hands and the new owner does not anticipate a considerable impact to the business as a result of the Food Co-operative.

5.0 FUNDING REQUIREMENTS

- 5.1 The Food Co-operative Management Committee has recently completed business planning training provided by the Summerlee Training and Resource Centre and a comprehensive business plan and package of sources of potential support from other agencies has been prepared.
- 5.2 The business plan for financial year 1998/99 and funding application prepared by the Food Co-operative is attached as Appendix One to this report. The Management Committee has excluded any sources of grant aid or financial assistance from this business plan and the financial projections are calculated upon anticipated Food Co-operative profits. The business plan assumes the Food Co-operative leasing the shop premises on a 'charity let' basis and therefore being liable for the payment of rates, insurance and maintenance. From the business plan, it can be seen that the Management

Committee anticipate a year end loss or shortfall of £1,113 if financial assistance from an external sources is not awarded. Accordingly, the Food Co-operative Management Committee is applying to North Lanarkshire Council for a grant of £1,500 towards the payment of rates and operating expenses and a capital grant of £708 towards the installation of a security system to the shop premises.

6.0 SUPPORT FROM OTHER SOURCES

6.1 Discussions have taken place with the Co-operative Wholesale Society (Scotland) Limited who have intimated that they would be willing to equip the shop unit with obsolete shop fittings from existing CWS stores. In addition, the Food Co-operative Management Committee has identified and will apply to a number of trusts and charities for funding to purchase capital equipment including scales, shop fittings, telephone installation and other small items.

6.2 The Management Committee has also established links with the Health Promotion Department of Lanarkshire Health Board. The Health Board is anxious to promote health education programmes within disadvantaged communities including raising local peoples' awareness of the benefits of healthy eating, lifestyle and other aspects of health care. The Health Promotion Department recognises the potential to develop these health education programmes at a local level within Food Co-operatives where these are in operation and the Department would be keen to develop the programme within Caldercruix Food Co-operative as a forerunner to developing a Lanarkshire wide strategy. Accordingly the Health Promotion Department has applied for internal funding within its budget for 1998/99 to progress a health education programme initiative as a pilot exercise in Caldercruix. It should be noted that this proposal is subject to Health Board approval as part of the Board's budgetary process.

7.0 RECOMMENDATIONS

7.1 It is recommended that the Policy and Resources (Community Development) Sub Committee:

- i. note Caldercruix Food Co-operative Management Committee's proposals to expand the services provided by the Food Co-operative;
- ii. agree to award the Food Co-operative Management Committee a grant of £2,208 from the Chief Executive's Payments to Agencies and Other Bodies budget for payment of rates, operating expenses and the installation of a security system subject to the Council's Planning and Development (Buildings and Property) Sub Committee agreeing to award the Food Co-operative a charity let; and
- iii. otherwise note the contents of this report.

Chief Executive



APPENDIX ONE

COMPANY NAME : CALDERCRUIX FOOD CO-OP														
PROFIT & LOSS ACCOUNT	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	12. TOTAL	
	VAT Rate	1	2	3	4	5	6	7	8	9	10	11		
SALES														
SALES AREA	1	3314	5330	2450	1538	1911	2364	2740	2769	2100	2100	2800	2800	32216
SALES AREA	2													0
SALES AREA	3													0
SALES AREA	4	17.50												0
OTHER INCOME		17.50												0
OTHER INCOME		17.50												0
OTHER INCOME		17.50												0
OTHER INCOME		17.50												0
TOTAL SALES		3314	5330	2450	1538	1911	2364	2740	2769	2100	2100	2800	2800	32216
LESS : COST OF SALES														
COST SALES AREA	1	3119	5016	2305	1448	1799	2225	2579	2606	1976	1976	2634	2634	30317
COST SALES AREA	2													0
COST SALES AREA	3													0
COST SALES AREA	4													0
OTHER DIRECT COSTS														0
OTHER DIRECT COSTS														0
OTHER DIRECT COSTS														0
OTHER DIRECT COSTS														0
TOTAL COST OF SALES		3119	5016	2305	1448	1799	2225	2579	2606	1976	1976	2634	2634	30317
GROSS MARGIN		195	314	145	90	112	139	161	163	124	124	166	166	1899
%														
OVERHEADS:														
SALARIES/NON PROD. WAGES														0
EMPLOYERS NHI														0
RENT & RATES		125	125	125	125	125	125	125	125	125	125	125	125	1500
INSURANCE		25	25	25	25	25	25	25	25	25	25	25	25	300
HEAT/LIGHT	17.50	65	65	65	65	65	65	65	65	65	65	65	65	780
PROPERTY MAINTENANCE	17.50													0
REPAIRS TO PLANT														0
POSTAGE/CARRIAGE		1	1	1	1	1	1	1	1	1	1	1	1	12
PRINTING/STATIONERY		5	5	5	5	5	5	5	5	5	5	5	5	60
TELEPHONE														0
SECURITY		25	25	25	25	25	25	25	25	25	25	25	25	300
ROAD TAX & VEHICLE INSURANCE														0
AUDIT & ACCOUNTANCY														0
LEGAL/ARCHITECTS														0
MISCELLANEOUS EXPENSES		5	5	5	5	5	5	5	5	5	5	5	5	60
ADVERTISING/PUBLICITY														0
TOTAL OVERHEADS		251	251	251	251	251	251	251	251	251	251	251	251	3012
DEPRECIATION														
DEPRECIATION	1													0
DEPRECIATION	2													0
DEPRECIATION	3	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION	4	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION	5	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEPRECIATION		0	0	0	0	0	0	0	0	0	0	0	0	0
CHARGES & INTEREST														
INTEREST - BANK														0
INTEREST - OTHER														0
CHARGES - BANK														0
CHARGES - OTHER														0
TOTAL CHARGES & INTEREST		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMPANY OVERHEAD		251	251	251	251	251	251	251	251	251	251	251	251	3012
DIRECT PROFIT CONTRIBUTION		-56	63	-106	-161	-139	-112	-90	-88	-127	-127	-85	-85	-1113
ADD : GRANT INCOME RECEIVED														
NEW BUSINESS GRANT														0
COMMUNITY ENTERPRISE GRANT														0
LEAF														0
OTHER GRANT														0
TOTAL GRANT INCOME		0	0	0	0	0	0	0	0	0	0	0	0	0
NET MONTHLY CONTRIBUTION		-56	63	-106	-161	-139	-112	-90	-88	-127	-127	-85	-85	-1113
CUMULATIVE CONTRIBUTION		-56	7	-99	-260	-399	-511	-601	-689	-816	-943	-1028	-1113	