

Sampfords Courtenay Parish Council

SC Community Asset Interest Company

Paper by Cllr. Coleman

Presented to the Meeting of the Parish Council 3rd March 2020

1 BACKGROUND

A *Community Interest Company (CIC)* is a business with the primary social objective that its surpluses/profits are principally reinvested to help create a strong, sustainable, and socially inclusive economy. CICs are intended to be easy to set up, with all the flexibility and certainty of a limited 'company', but with some special features to ensure they are working for the benefit of the whole community, whilst being unrestrained by political or other self-orientated organisations and groupings.

The CIC's surpluses/profits may be used to maintain and improve community held assets, or assets within the CIC's own direct control whilst ensuring the public purse is relieved of both capital and ongoing revenue costs.

Typical community owned assets within Sampford Courtenay, which CIC surpluses/profits might assist include, but are not necessary limited to:

- the War Memorial
- the Public Toilets
- the Village Hall.

Other wider projects might include:

- establishing a community shop
- ensuring a public house remains opened independently of a brewery or other title
- a crèche
- acquisition of second homes as they become available for rent to local people, particularly those with young families who are economically active within the Parish.

Formation and registration of CICs is similar to that of any limited company and are registered at Companies House by filing memorandum and articles of association; details of nominated officers such as directors and company secretary; and explaining their community credentials.

CICs are eligible to take advantage of generous HM Government Loans and Grants, and other financial support in much the same way as a local authority may for the same purposes, subject to conditions relating to Director remuneration and impact or evidence of the social benefit that they have provided over the previous year.

2 PROPOSED STRUCTURE

Against the background of the constant and progressive erosion of the heritage of Sampford Courtenay, the principal aim of an SC-CIC would be ***‘to secure and enhance the preservation status of both the natural and built environment, whilst developing the economic, and social fabric of the whole community’***. (Please refer to mission of the Landmark Trust in respect to Lundy Island as an example.)

An SC-CIC comprises, a Board of Directors with the appropriate qualifications, skills and professional accountability, who would serve to oversee individual projects as the Design, Construction and Management team. (Please refer to Construction (Design and Management Regulations) for further details of the associated mandated responsibilities, which are subject to criminal law under Health and Safety Legislation.)

A Chief Executive
A Conservation Architect
Project Scheme and Detailing Architect(s)
Quantity Surveyor
Consulting Engineer
Company Secretary
Chartered or Certified Accountant

The Conservation Architect would have the responsibility for securing third party funding such as grants, loans, and legacies consistent with the Mission of the SC-CIC ***‘to secure and enhance the preservation status of both the natural and built environment, whilst developing the economic, and social fabric of the whole community’***. (NB – I have previously circulated details of Hastings Pier, whereby an initial fundraising of £15,000 secured a total of £4M for the its redevelopment and winning the Foster Prize for outstanding architecture.)

Shareholders would be invited to form Development Consultative Committees to represent their individual and collective views in respect to individual projects to the Board of Directors in much the same way as any other company would do.

3 SOME ILLUSTRATIVE POTENTIAL SC-CIC PROJECTS

3.1 War Memorial and Re-instatement of the Church Room Cobbles

Costs:

Capital Cost of Project £10,000
Total Loan Repayments £10,000
Total Interest £5,000

Funded by:

Public Works Board Loan £10,000
Donor Subscription, pledge, and bequests £10,000
CIC Annual Surplus/Profits (say 20 years @ £250/yr) £5,000

Annual Maintenance £200 *Sponsorship/adoption/fundraising* £200

3.2 Redevelopment of Public Toilets

Capital Costs		Funded by:	
Subject to detailed project budget		<i>Grant Assistance – Eligible Costs (>90%)</i>	£45,000
		<i>Bank Loan (max)</i>	£5,000
<u>Budgeted Cost of Project:</u>			
	<u>£50,000</u>	<u>Total:</u>	<u>£50,000</u>

Recurring Annual Costs:

<i>Maintenance</i>	£1,000	<i>DDA Key Scheme(s)</i>	£1,000
<i>Cleaning</i>	£2,000	<i>Commercial Sponsorship & Sales</i>	£1,000
<i>Revenue Items</i>	£200	<i>CIC Annual Surplus/Profits</i>	£850
<i>Loan Repayments</i>	£500	<i>Sponsorship/adoption/fundraising</i>	£1,000
<i>Interest</i>	£125		
<u>Total:</u>	<u>£3,850</u>	<u>Total:</u>	<u>£3,850</u>

3.3 Redevelopment of Village Hall

Capital Costs		Funded by:	
Subject to detailed project budget		<i>Architectural/Improvement Grants (50%)</i>	£250,000
		<i>Public Works Board Loan (50%)</i>	£250,000
<u>Budgeted Cost of Project:</u>			
	<u>£500,000</u>	<u>Total:</u>	<u>£500,000</u>

Recurring Annual Costs:

<i>Loan Repayments</i>	£5,000		
<i>Interest</i>	£3,125	<i>CIC Annual Surplus/Profits</i>	£8,125
<u>Total:</u>	<u>£8,125</u>	<u>Total:</u>	<u>£8,125</u>

4 SC-CIC CAPITALISATION

From Section 3, it will be seen that the *SC-CIC Annual Surplus/Profits* required to service the three illustrative potential SC-CIC projects is a total of £9,225 before taxable benefits are taken into account. This implies a company capitalisation of around £200,000 at 5% return on capital. This will be raised by a combination of share and loan equity.

Friday 28th February 2020.