

# Sampford Courtenay Parish Council

## SC Community Asset Interest Company [Revision 3]

Presented to the Meeting of the Parish Council 2<sup>nd</sup> February 2021

### 1 BACKGROUND AND PROGRESS REPORT

#### 1.1 SC-PC Meeting 3<sup>rd</sup> March 2020

- 1.1.1 Minute 13 (P) of the SC-PC Meeting held 3<sup>rd</sup> March 2020 **summarily dismissed** my earlier paper in respect to establishing a ***Community Interest Company (CIC)*** with the purpose of adequately funding Parish Assets with minimum impact on the precept.  
Cllr Coleman was asked during the PC meeting on 3rd February 2021 to accept that at the meeting referred to above he was given the Council floor to explain his idea. There were no specific proposals for the PC to resolve but as he has identified in a separate report presented to Cllrs at that meeting in March 2020 'That he was given leave to develop a CIC'.
- 1.1.2 The minute reads:  
13(P) Community Interest Company – Progress Report – Cllr Coleman presented a written report on his proposal to set up a CIC. If you are interested in finding out more about this enterprise please contact Cllr Coleman direct.

A copy of the paper was also placed on the website and has been there since August 2020 - what progress has been made in creating the CIC during the last 12 months? This does not describe a summary dismissal of this initial paper!

*Cllrs and parishioners should be aware that following the meeting in March 2020 I sent Cllr Coleman an email as follows -*

*Colin*

*Thank you for explaining the information in your briefing paper regarding CIC's. As I highlighted last night unfortunately, as much as you have tried to make this as simple as possible, for those like myself that are not stupid but just uneducated in this type of enterprise, it would be very helpful for those not at the meeting to have further details as you explained regarding the set-up of the company.*

*Specifically, it was very interesting to hear about how the shareholder aspect works with stakeholders being able to have just a £1 share and what then their responsibilities would be both financially and legally, for the debt repayment on loans etc*

*Also, a clear explanation of the link to the Parish Council and the requirements if they do or don't support the CIC and the necessity for (I think you said) at least 12 Shareholders (Investors) to form the CIC?*

*It would also be helpful to clarify the payment requirements as John I think explained that the payment only required repayment of the interest over the 50 years? Which I came away thinking How does that work? Where does the Original Loan sum get paid from?*

*Your vast knowledge gives you a very clear vision of what you would like to achieve and as you have said on a number of occasions the details behind it are not relevant or necessary at this stage. For someone like myself (who isn't stupid) but has a tendency for OCD, who clearly doesn't understand this process, does unfortunately require detail. So as irritating as it may be, I feel that a clearer explanation of what you desire from the PC is necessary.*

*I am grateful for your offer to give me a briefing (I obviously need more explanation) but I think that it would be far more relevant for you to update the briefing paper with more detail, circulate and then for a separate meeting that all the Councillors can attend (not part of the normal business of the Council as I feel that at this stage it will take too long). Then when people are knowledgeable you can set out the proposals that you wish to put to the Council and we can then take the vote on something specific.*

*I don't have any objections to considering a PWB Loan for the right project but I for one would need to consider it against all other relevant options and be satisfied that it is the most appropriate way forward rather than it being the only way forward.*

*Many thanks  
Michele*

*Unfortunately, Cllr Colemans response was not very helpful*

Dear Michele

Thank you for your email regarding my paper '**SC Community Asset Interest Company Presented to the Meeting of the Parish Council 3<sup>rd</sup> March 2020**'. I am sorry that you are struggling to understand the content, but I am unable to offer legal or financial advice and you must rely on your own enquiries. You are always welcome to call me or arrange a meeting to go through the proposal in detail without the time constraint and other pressures of public meeting.

My intention is to include a summary of the proposal in my '**Retirement Letter**' to Parishioners as one example of how '**SC-PC may take all available steps to mitigate the need for council tax increases**' observing the guidance of the Secretary of State for Housing, Communities and Local Government.

As outlined in the paper, professional advice will be sought to develop the proposals should the aim of '**securing and enhancing the preservation status of both the natural and built environment,**

*whilst developing the economic, and social fabric of the whole community'* find a resonance with sufficient Parishioners.

Of course, SC-PC and individual Councilors will have the opportunity to become a shareholder as they may choose should the CIC be established.

I look forward to receiving alternative written proposals in respect to '*all the other relevant options*' to which you refer to ensure the War Memorial, Toilets, and Village Hall have the resources to be developed as '*Best in Class*' community assets. However, my best understanding is that these remain unfunded in the SC-PC 2020-21 budget.

With warm regards

Colin

## **1.2 SC-PC Meeting Held 5th January 2021**

- 1.2.1 The paper *SC Community Asset Interest Company [Revision 2]* dated 1st January 2021 was represented at the SCPC Meeting held 5<sup>th</sup> January 2021 but was dismissed again without discussion as it did not make any proposals.

Again, this needs to be clearly understood by Parishioners because an information only paper presented to the Council is just that, there were no proposals in this paper it was circulated on New Year's Eve!! and probably only picked up and read by Councillors on 4th January. Where there is an expectation that Papers will be discussed at a meeting, they need to have been circulated at least 7 days in advance and there needs to be clear proposals that the Cllrs can consider.

- 1.2.2 As no reference was made to the paper in the minutes, Cllr. Coleman made a formal request that it be discussed at the February meeting. Minute 22(a) refers.

It was on the agenda as an Information only report as per the procedure reported above for the January 2021 meeting and was included in the Agenda for February 2021.

- 1.2.3 Since publication of the minutes of the meeting held 5<sup>th</sup> January 2021, several Parishioners have made proposals for further projects to be included within the scope of the *SC Community Asset Interest Company*.

## **2 OVERVIEW OF A COMMUNITY INTEREST COMPANY (CIC)**

2.1 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.

2.2 The CIC's surplus/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.

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

- war memorial
- public toilets
- village hall

2.4 Other wider projects might include:

- establishing a community shop
- ensuring a public house remains opened independently of the brewery or other tithe
- a creche
- 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.

2.5 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.

2.6 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.

- 2.5 I have discussed these proposals with a director of a Community Interest Company established about two years ago, which has secured 100% funding to realise its vision with a healthy surplus to date. He has suggested that in his view the proposed Board Structure (Section 4 refers) is sound and demonstrates competent management control to mitigate risks sufficiently to secure staged funding as required. However, from his experience the incorporation should be as a '*company limited by guarantee*'. As a consequence, my intention is now to canvass these proposals more widely than the community of support I have secured already and invite all Parishioners to become guarantors.

This is exceptionally interesting and no doubt factually correct as it was back in March 2020 but none of the information in any of the papers circulated for information has answered the following questions - What are the implications or expectation of the PC? What financial liabilities would rest with the PC as a Public body or on individual Councillors? Would there be a responsibility upon the PC for the assets owned by them should the CIC fail?

### **3 PARISHIONERS' SUGGESTIONS AND SUPPORT**

Minute 13(P) of the SC-PC Meeting held 3rd March 2020 was widely circulated and as a consequence, both expressions of interest and offers of financial support have been received to implement the proposals for an ***SC Community Asset Interest Company***.

In addition, since the initial proposal was made a number of further suggestions have been received as outlined in the following sections.

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

An offer of £2,000 towards the cost of the remedial works required to the War Memorial has been received to include the reinstatement of the Church Room Cobbles.

Again, it would be good for the SCPC to understand how any grants or monies donated would be audited? I am guessing that as a CIC has the same responsibilities as a Limited Company it would be through their own audited accounts. As has been suggested by Cllr Carpenter on a number of occasions now any proposal for a CIC to take responsibility for the repair, development, maintenance or enhancement of a community asset held by the

PC then a full costed business proposal would be required before the members of the Parish Council could be asked to make a decision, and depending on the financial liabilities to them, professional financial and legal advice may well be needed on the business proposal from the CIC before any vote could be taken to support or not the proposals made by the CIC.

- **3.2 Reconstruction of the SC PC Public Conveniences**

- 3.2.1 Strong representations have been made by Parishioners' and their families with special needs that the SCPC Public Conveniences should be rebuilt fully compliant with the Disabilities Discrimination Act 1995 (DDA).

SCPC totally agree and this is part of the proposals in phase two but at this time as has been the case for the last 10 years there are insufficient funds available to achieve such a redevelopment. However again should Cllr Coleman's CIC present a fully costed business proposal to complete the redevelopment together with any financial liabilities on the Council or Councillors then they can make decisions, where necessary obtaining financial and legal advice, before putting the proposals to the vote

- 3.2.2 Professional architectural services have been offered on a contingent basis to secure 100% funding for the redevelopment of the Parish Toilets to be fully accessible compliant with the DDA.

If that is the case then they can be included in the business proposal for the CIC to present to the Council

### **3.3 Redevelopment of the Village Hall**

3.3.1 My personal commitment to the Village Hall goes back to circa 1990, when Mr. Les Beer was Chairman of the *Village Hall Committee (VHC)* and obtained the paint from ICI to repaint the entire hall! A great debt of gratitude is owed to Mr. & Mrs. Beer, Mr. & Mrs. Ralph Squire, and a small band of volunteers who gave time the best they could. Subsequently, the success of the *Millennium Celebrations (MC)* resulted in the Principals of the MC Organising Committee revitalising the VHC. They gave the commitment at the time that the surplus from the MC would be held in a ring-fenced account for a series of Parish improvement projects including a versatile 'Best-in- Class' Village Hall fit for the 21<sup>st</sup> Century. Some examples of these improvements include the Village Hall Staging, the Millennium Stone, and an annual subsidised community outing. Much is owed to the Village Hall Improvement Working Party, that used to meet every second Saturday.

- 3.3.2 However, things move on. Subsequent advice received from West Devon Borough Council was to engage an architect<sup>1</sup> to apply for a Village Hall Grant and supervise the construction of the new kitchen and other improvements. Against this advice the VHC pursued a Village Hall Grant on their own initiative, without being supported by an Architect's drawings or Design & Access Statement. As a consequence, of the grant application of £90,000 only circa £10,000 was received.
- 3.3.3 The opportunity now exists for the mistakes of the past to be redressed with prospective grants and other funding available from a variety of sources including educational, and architectural trusts, and architectural competitions. Each of these sources of funds require formal proposals by an architect explaining the benefits, design and execution of the project, and how the funds are to be managed, controlled, and audited.
- 3.3.4 The proposal is that the funds derived from these sources are invested as an '*Invest to Save*' project as advised by The Secretary of State for Housing, Communities and Local Government Rt. Hon. Robert Jenrick. The cost of the full redevelopment would be eligible for a Public Works Board Loan over fifty years, which would be more than repaid from the capital growth invested in '*Invest to Save*' meeting the Secretary of State's objective to lower the ongoing costs over this period and mitigating the need for council tax increases and relieving the Council Taxpayer of otherwise avoidable costs.
- 3.3.5 As a consequence, of my clear and unequivocal position on reducing the Parish Precept whilst enhancing Parish facilities including the Village Hall, I have received offers to support the redevelopment of the Village Hall to be a versatile '*Best-in-Class*' facility fit for the 21<sup>st</sup> Century. These include commercial proposals for a '*Planetarium Domed Roof*', a Northern Hemisphere Astronomical Projector, and retractable seating.



- 3.3.6 I have written formerly to the ***Village Hall Committee (VHC)*** several times with these proposals, but I am yet to receive a reply or acknowledgement. However, in a casual conversation with a member of the VHC, I understand that there is a view these proposals are the way forward. I am also heartened that Parishioners better understand the respective responsibilities of Trustees and Beneficiaries under the Trust Act 2000. As a consequence, I am confident that majority support by the '*Beneficiaries of the Village Hall Trust*' can be demonstrated.

As the Village Hall is a Community Asset held by the Charity and totally separate to the Parish Council whilst the current priority is to work closely with the Charity and Village Hall Committee any proposals set out in a business plan by Cllr Coleman's CIC would need to be presented to the Trustees of the Charity.

### **3.4 The New Inn to be Operated as a *Not-For-Profit* Community Pub**

3.4.1 The New Inn has ceased trading as a casualty of the pandemic and is unlikely to re- open. This demonstrates just how vulnerable, community assets are to changed circumstances.

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The title '*architect*' is reserved for use solely by appropriately qualified professionals who are on the Architects Register and is protected by law.

- 3.4.2 As a consequence, following discussions with the present licensee, acquisition of the remaining lease term is now included in the proposals for a ***SC Community Asset Interest Company***.
- 3.4.3 Previous overtures had been made to Heavitree Brewery regarding the acquisition of the freehold of the New Inn about twenty years ago as part of the '***Millennium Vision***'. This resulted in its thorough renovation from not much better than '*spit and sawdust*' to a '*gastro-pub*' after being closed for over six months. Heavitree Brewery is a pragmatic business, and as a consequence of the pandemic, there is little reason why they would not be sympathetic to partnering arrangements and sharing future risk. All the indications are also that HM Government would be supportive of helping to ensure hospitality and entertainment venues are retained, particularly



in rural or other disadvantaged communities.

We can only await the outcome of the CIC's development and await with interest the investment through the local donations and potential grants at the disposal of the CIC directors to see this initiative come to fruition

### 3.5 Consolidation of the Village Play Area with a Skate-Board Park

- 3.5.1 In anticipation that the lease of the New Inn can be acquired, the adjacent field to the car park is within the leased area of the pub. As a consequence, it offers the opportunity for the construction of the skateboard park suggested by a young Parishioner, and which seems to be generally supported.
- 3.5.2 This field also offers the opportunity to relocate the present play area on the Village Green to be consolidated with the skateboard park.

We can only await the outcome of the CIC's development and await with interest the investment through the local donations and potential grants at the disposal of the CIC directors to see this initiative come to fruition.

### 3.6 Community Fibre Broadband Partnership for the Beeches

- 3.6.1 Sampford Courtenay Parish Council already has powers to subsidise telecommunication services.
- 3.6.2 Residents of *The Beeches* have invited me to represent their interests and that SC-PC exercise their '*telecoms powers*' to implement a ***Community Fibre Broadband Partnership*** on their behalf following earlier consultations.
- 3.6.3 Please note I have properly declared my interest as a director with a shareholding in a holding company of telecoms interests specialising in high-speed data communications. The associated intellectual property was sold to BT, and the equity interests were sold-out to Virgin Media, which in turn was acquired by Liberty Bell. I am also a former member of the BT Consultants' Service. I am now free of any restrictive covenant and my consultancy services are available in this business sector.

- 3.6.4 The current situation is that Open Reach (a BT Plc company) has the ***Public Service Obligation (PSO)*** to provide high-speed broadband when requested by an ***Internet Service Provider (ISP)*** to do so subject to an appropriate business justification. Sadly, there are some areas which do not withstand the rigorous business scrutiny required and are deemed non-viable by the ISPs. Sampford Courtenay Parish generally is one such community.
- 3.6.5 Within Sampford Courtenay itself there are clusters, however, that may meet the criteria to build a customised fibre solution to bring fibre broadband to homes and businesses. One such community is The Beeches and nearby properties.
- 3.6.6 ***Open Reach*** have joint funding arrangement in place to contribute towards some of the costs, whilst the ***SC Community Asset Interest Company*** would be ideally placed to fund the rest.
- 3.6.7 From this modest start ***Open Reach*** and the ***SC Community Asset Interest Company*** could then work in partnership to progressively roll-out the most affordable solution to the rest of the Parish.
- 3.6.8 As an example, should the ***SC Community Asset Interest Company*** be adopted as the '*Partner of Choice by The Beeches*', ***Open Reach*** would then advise on the grants available from local authorities, Government, or both to help pay for its costs.
- 3.6.9 The business model then follows the '***Invest to Save***' advice of the Secretary of State for Housing, Communities and Local Government. Specifically, the grant funds received are invested to pay-back a Public Works Board Loan over fifty years (say) relieving The Beeches and the Council Taxpayer generally of otherwise avoidable costs.

We can only await the outcome of the CIC's development and await with interest the investment through the local donations and potential grants at the disposal of the CIC directors to see this initiative come to fruition

## 4 PROPOSED STRUCTURE

- 4.1 Against the background of the constant and progressive erosion of the heritage of Sampford Courtenay, the principal aim of the ***SC Community Asset Interest Company*** 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.)
- 4.2 The ***SC Community Asset Interest Company*** 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(s)  
Company Secretary  
Chartered or Certified Accountant  
Other Specialist Advisers depending on the project
- 4.3 The positions will be remunerated compliant with the conditions of the Companies Act regulating Community Interest Companies.
- 4.4 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 its redevelopment and winning the Foster Prize for

outstanding architecture.)

4.5 Stakeholders 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.

The relevance to the Parish Councillors at the February meeting was to clearly understand the liability of the Council, and them as individuals, in either endorsing the CIC or becoming stakeholders in the CIC in respect of Community assets owned by the PC and this report nor responses given by Cllr Coleman at that meeting were clear.

## **5 OUTLINE COSTINGS OF SOME ILLUSTRATIVE POTENTIAL SC-CIC PROJECTS**

- 5.1 Cllr. Carpenter has requested a full business plan of any *SC Community Asset Interest Company* project that SC-PC might support.
- 5.2 Listed below are three outline costings of prospective projects. Upon Fellow Councillors endorsement of the actions requested in Section 6, the Board of Directors will be appointed, and the business plan(s) requested by Cllr. Carpenter developed by appropriately qualified professionals.

The relevance of the costing proposals below is not sufficiently detailed for any Councillor to give any endorsement of Cllr Coleman's CIC proposals. A full business proposal that clarified that all financial liabilities rest upon the CIC, its directors and shareholder/ stakeholders. The issue regarding whether the PC commits to becoming a shareholder needs far greater details, and clarity is required as to its always being a stakeholder in any proposals regarding assets owned by them. What are the future financial liabilities upon the Council if the CIC fails and is unable to fulfil its financial liabilities for work on public assets? If these have been developed by Appropriately Qualified Professionals perhaps those professionals can prepare advice papers for the Councillors to understand the risks and implications upon them and the Council.

## 5.3 War Memorial and Re-instatement of the Church Room Cobbles

| <b>Costs:</b>                          | <b>Funded by:</b>   |
|--|---|
| <i>Capital Cost of Project</i> £10,000 | <i>Public Works Board Loan</i> £10,000                            |
| <i>Total Loan Repayments</i> £10,000   | <i>Donor Subscription, pledge, and bequests</i> £10,000           |
| <i>Total Interest</i> £5,000           | <i>CIC Annual Surplus/Profits (say 20 years @ £250/yr)</i> £5,000 |
| <i>Annual Maintenance</i> £200         | <i>Sponsorship/adoption/fundraising</i> £200                      |

## 5.4 Redevelopment of Public Toilets

| <b>Capital Costs</b>                            | <b>Funded by:</b>  |
|---|--|
| Subject to detailed project budget              | <i>Grant Assistance – Eligible Costs (&gt;90%)</i> £45,000 |
| <i>Bank Loan (max)</i> £5,000                   |  |
| <b><i>Budgeted Cost of Project: £50,000</i></b> | <b><i>Total: £50,000</i></b>                               |
| <b><i>Recurring Annual Costs:</i></b>           |  |
| <i>Maintenance</i> £1,000                       | <i>DDA Key Scheme(s)</i> £1,000                            |
| <i>Cleaning</i> £2,000                          | <i>Commercial Sponsorship &amp; 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                            |  |
| <b><i>Total: £3,850</i></b>                     | <b><i>Total: £3,850</i></b>                                |

## 5.5 Redevelopment of Village Hall

| <b>Capital Costs</b>                             | <b>Funded by:</b>                                      |
|--|--|
| Subject to detailed project budget               | <i>Architectural/Improvement Grants (50%)</i> £250,000 |
| <i>Public Works Board Loan (50%)</i> £250,000    |  |
| <b><i>Budgeted Cost of Project: £500,000</i></b> | <b><i>Total: £500,000</i></b>                          |
| <b><i>Recurring Annual Costs:</i></b>            |  |
| <i>Loan Repayments</i> £5,000                    |  |
| <i>Interest</i> £3,125                           | <i>CIC Annual Surplus/Profits</i> £8,125               |
| <b><i>Total: £8,125</i></b>                      | <b><i>Total: £8,125</i></b>                            |

SCPC are unclear on the details reported above and would require more information in a costed business plan to demonstrate how repayments and loan interest repayments would be met and sustained year on year for 50 years, and a risk analysis on the proposed schemes ie what would the 'Professional Assessment' be for the suggested proposal of investment in Government Bonds as a repayment method over 50 years?

## **6 SUPPORT REQUESTED BY SC-PC**

Fellow Councillors are invited to endorse the following resolution:

The ***SC Community Asset Interest Company*** as proposed by Cllr. Colin R. Coleman is supported by SC Parish Council as a commendable independent initiative ***'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'***.

Friday 29<sup>th</sup> January 2021

It would be good to have a clear understanding of what the relevance is to a CIC to have the endorsement by SCPC in such an independent endeavour?

Until the specific responsibilities and liabilities on the Council are more clearly stated then no specific endorsement in the name of the PC has been given.