

**THE SAFFRON WALDEN COMMUNITY PUB LTD
BUSINESS PLAN
2020**

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1. Executive Summary

- In January 2017 the Railway Arms was closed by its owners, Charles Wells and was offered for sale by private treaty with continued licensed use or for conversion and development potential.
- Save The Railway Arms Pub [STRAP], a campaign group with over 160 members, set out to save the pub and lobbied the Town Council to nominate it as an Asset of Community Value [ACV].
- The Railway Arms was registered as an ACV on 31 March 2017, that triggered a six-month moratorium to allow a community interest group time to raise funds and make a bid to purchase it.
- On the 14 June 2017, The Saffron Walden Community Pub Limited, a community benefit society, was registered by the Financial Conduct Authority for the purpose of raising funds, making a bid to purchase the Railway Arms and to operate it as a business for the benefit of the community.
- The Society is governed by the Plunkett Foundation's Model Rules for Community Ownership whereby all members, irrespective of the size of their shareholding, have a single vote. Members have a say in how the Society and pub are run and appoint members of the management committee.
- In 2017, the campaign applied and was accepted onto the Plunkett Foundation's "More Than a Pub" [MTAP] programme. The MTAP programme provided the Society with a comprehensive package of business development support in the form of a bursary, specialist advice, a conditional grant and loan totalling £100,000 to help fund a bid to purchase the Railway Arms.
- The Society was also successful in securing a long-term [20 year] mortgage of £100,000 with Triodos Bank.
- A community share offer was launched on 4 October 2017 and by the end of the month the Society had raised sufficient funding to exercise its Community Right to Bid for the Railway Arms. The share offer finally closed on 31 January 2018 having reached the target of £250,000.
- Having successfully raised £450,000, the Society offered the owners initially £300,000 plus VAT for the freehold that was later increased to £350,000 plus VAT together with a very generous overage clause.
- On 9 April 2018, the owners decided to reject the Society's offer and to take the pub off the market to redevelop and re-open it themselves.
- Since then the Society has maintained a "watching brief" and started delivering local community and family events at a local media and arts centre, Fairycroft House. This has included eleven pop-up pub weekends, a pop-up choir, community cider making and other events including the "Saffron Walden Alternative World Games".
- On 27 June 2018, after several extensions to their conditional offer of a grant, the MTAP programme panel, understandably, notified the Society that they were unable to offer a further extension in light of other applications for funding being made and the programme coming to an end.
- On the 20 December 2019, having failed to secure planning permission twice to make several alterations to the buildings and grounds, the owners notified Uttlesford District Council, under section 95(1) of the Localism Act 2011, that they were selling the property.
- A few major shareholders have, understandably, withdrawn their investments due the length of time taken by the owners to first decide to take the pub off the market, to submit two planning applications and finally to re-sell it. The current number of shareholders is 289 and total share capital stands at £173,350.
- The Management Committee has launched a new pledge campaign and plans to launch a second share issue in May 2020 to rebuild the share capital to a minimum of £250,000, but ultimately £325,000 to allow SWCP to fully develop the business. The Management Committee has also applied for the Community Shares Booster Programme that will match and purchase the same

number of shares as the number raised under this share offer up to a maximum of £50,000. This is included in the £325,000 share capital target.

- Shares cost £50 each and the minimum subscription is 1 share. The maximum allowable subscription is for 600 shares [i.e. £30,000]. The Society can only pay interest out of its trading profits and the rate of interest cannot exceed the higher of 5% or 2% above the Bank of England Base Rate. All payments would be made gross of tax.
- The Society received advance assurance from HMRC that the first share offer in 2017 qualified for the Seed Enterprise Investment Scheme [SEIS] and Enterprise Investment Scheme [EIS]. These are government schemes devised to encourage investment in new enterprises and provide tax relief to those buying shares, who also pay income tax, at the rate of 50% [SEIS] of the cost of investment on the first £150,000 raised and 30% [EIS] of the cost of investment for the remainder. The Management Committee cannot see any reasons why the second share offer should also not qualify for EIS providing tax relief at 30% of the cost of investing, as there have been no changes in the business plan and model provided to HMRC in 2017.
- Shares would be eligible for withdrawal from the end of year 3, subject to approval of the management committee and on the basis that any withdrawal will not endanger the financial viability of the Society.
- The Society will seek further loan finance, if necessary, to meet any shortfall between the total share capital raised and the minimum target of £250,000.
- The Society has applied to the second MTAP programme and has been granted a conditional joint grant and loan of £100,000. The Society has also applied to the Triodos Bank for a 20-year mortgage of £100,000, secured on the freehold of the property.
- It is planned to make a fully funded bid to purchase the Railway Arms by mid May 2020. This will be one to two months before the end of the six-month moratorium during which the owners can only enter into negotiations to sell the pub to a properly constituted community group such as SWCP.
- Should the Society be successful, it will become the owner and operate the Railway Arms on a managed basis to allow it to control and ensure the pub is run in accordance with the Society's aims and values and best meet the needs and interests of the shareholders, customers and local community.
- The Society has been informed the owner's the guide price for the pub is £400,00 plus VAT [£80,000]. Having made an offer at £350,000 plus VAT in 2018, the management committee feels the final price will be between the Society's last offer and the guide price and will be determined by the number of bidders and the owner's willingness to accept a price on the basis that the Railway Arms continues as a pub.
- The Society intends to raise further funds [£50,000] from other charitable trusts and organisations [£25,000] and from a joint venture to run a micro-brewery, community café and/or shop, offices and or bed and breakfast at the pub [£25,000]
- If the Society is successful in raising the funds it will have in the region of £575,000, to make a bid to purchase the pub, and if successful, to develop the pub and outbuildings to provide a useable space to extend the range of services and activities on offer to the community, local clubs, societies and charities.
- If successful, the Society proposes to use the funds raised from the MTAP programme and its share issues including the share booster for the purchase of the Railway Arms and to use the funding from the long-term [20 year] loan or mortgage with other funding to develop the pub and outbuildings.
- The Society is very keen that the pub will provide the community with more than the usual pub offering. Additionally, it wants to provide the community, clubs and charities that help people with physical, learning and employment needs or experiencing loneliness, with opportunities to meet

and develop life skills, whether it be meeting or working in the pub, the kitchen, gardens, a new community café/shop, or other community activities at the pub.

- The number of communities purchasing and running community pubs is growing and as far as we know, none have failed. Community owned pubs are run on a different business model to pubs owned by brewery and pub companies as they can be run on a low-cost basis, making them more financially viable. A financial five-year forecast is included in Appendices 2 and 3 that demonstrates the Railway Arms is financially viable.

2. Background to the concept

Saffron Walden has seen seven pubs close completely or change use in recent years. Two have become eateries, one a coffee shop, one a supermarket and others turned into dwellings.

An article in the Guardian¹ highlighted “A revolution in pub ownership is gathering pace as more and more groups club together to buy and run their local, slowing the alarming pace of closures”.

A report from Plunkett Foundation, a charity that supports community-owned businesses, said “these locally owned and run enterprises are prospering where private enterprise has failed”.

The number of community owned businesses is growing fast. In 1988 there was only one co-operative pub registered, and in 2004 there were just three. Campaign for Real Ale, (CAMRA) revealed in September 2019 that the number of community-owned pubs in England is estimated to have doubled in the last two years and now stands at 120 with more in the pipeline.

In many cases these were previously failing or defunct businesses. Community owned pubs are run on a different business model to pubs owned by brewery and pub companies and can be run on a low- cost basis, improving their financial viability. Community owned business are run for the benefit of the community and are thus more customer focused rather than being investor focused with the need to maximise a financial return. Not a single community owned pub has closed, “maintaining an impressive 100% survival rate”, said the Plunkett Foundation.

After closing the Railway Arms at short notice in early January 2017 the owners, Charles Wells, put the pub up for sale. Whilst it was being offered to the licensed and leisure market, the sale also stated that the site had potential for conversion or redevelopment to other uses, subject to obtaining appropriate planning consents. Conditional or unconditional offers from developers would be considered by the owners.

Save The Railway Arms Pub [STRAP], a campaign group with over 160 members, set out to save the pub and lobbied the Town Council to nominate it as an Asset of Community Value [ACV]. An ACV is defined as ‘land or a building’ that has recently had or could have in the near future, community value, ‘in that it furthers the social wellbeing or social interests of the local community’.

The Railway Arms was registered as an ACV on 30 March 2017 triggering a six-month moratorium preventing the owners from selling the pub and allowing local community groups the opportunity to raise funds and place a bid to buy the pub under the Community Right to Bid.

Having achieved its first objective, members of STRAP instructed an expanded committee to:

- Investigate putting in place a legal entity to raise funds and make a bid.
- Put together a business case.
- Explore the level of interest within the wider community.

The committee first drew up a vision, set of aims and values to help define the direction and parameters the campaign should follow and produced the following:

Vision:

To be the first community owned pub in Saffron Walden serving the needs of the local and wider community

Aims:

- Owned by the community
- The community has a say in setting the direction and values of the pub
- An offering that is attractive and accessible to all
- Promotes social inclusion
- Financially viable for the long term

¹ [Community groups call time on the demise of the British pub | Life and style | The Guardian](#)

Values:

- A family friendly pub where members of the local community feel welcome
- A tenant (or manager) who is known and is a welcoming host
- Good food which is accessibly priced for all members of the local and wider community
- A range of well-kept beers and ciders, not predominantly from any one brewer
- A pub that encourages community involvement and participation in local events, and is at the heart of the local community

The committee then set about exploring different legal entities that would best meet the vision, aims and values and agreed that a Community Benefit Society [previously known as Industrial and Provident Societies] best met them, as their purpose is to serve the broader interests of the community. More detailed information on Community Benefit Societies and how they operate is provided in Appendix 5.

On the 14 June 2017, The Saffron Walden Community Pub Limited [the Society] was registered by the Financial Conduct Authority for the purpose to carry out business for the benefit of the community.

The Society applied and was accepted onto the Plunkett Foundation's first "More Than a Pub" [MTAP] programme, a unique two-year programme established to help support community ownership of pubs in England, jointly funded by the Department for Communities and Local Government and the Power to Change Trust. The programme was led by The Plunkett Foundation and delivered in collaboration with Co-operative & Community Finance, the Campaign for Real Ale (CAMRA), Co-operative Mutual Solutions, Pub is the Hub and Locality.

Support is provided to community groups looking to take on ownership of their local pub and committed to delivering a community pub for the benefit of the wider community. These activities could include the provision of employment and volunteering opportunities, workplace training and additional services such as a shop, post office, library, internet café, cash point, prescription services and informal meeting spaces for a range of community activities and groups.

A Community Benefit Plan is included at Appendix 6 to show the wide range of social and other benefits a community owned Railway Arms could provide.

The MTAP programme provided the Society with a comprehensive package of business development support in the form of a bursary, specialist advice, a conditional grant and loan totalling £100,000 to help fund a bid to purchase the Railway Arms.

The Society was also successful in securing a long-term [20 year] mortgage of £100,000 with Triodos Bank. Triodos Bank is a global pioneer in sustainable banking, using the power of finance to support projects that benefit people and the planet.

A community share offer was launched on 4 October 2017 and by the end of the month the Society had raised enough funding to exercise its Community Right to Bid for the Railway Arms. The share offer closed on 31 January 2018 having reached the target of £250,000.

On 1 November 2017, having successfully raised £450,000, the Society offered the owners initially £300,000 plus VAT for the freehold, that was later increased to £350,000 plus VAT together with a very generous overage clause.

On 9 April 2018, the owners decided to reject the Society's offer, to take the pub off the market to redevelop and re-open it themselves. They conceded that re-opening the Railway Arms would be dependent upon acquiring planning permission and finding a suitable person willing to take on the tenancy and rebuild a profitable customer base. The owners confirmed that if planning permission was not granted and/or they were unable to find a suitable tenant, they would consider putting the pub back on the market.

Since then the Society has maintained a "watching brief" on the Railway Arms and also started delivering local community and family events at a local arts and music centre, including eleven pop-up pub weekends, a pop-up choir, community cider making and other events including the "Saffron Walden alternative world games".

On 27 June 2018, after several extensions to their conditional offer of a grant to the Society, the MTAP programme panel notified the Society that they were unable to offer a further extension in light of other applications for funding being made and the programme coming to an end. Without a willing seller it would have been wrong if funds that could be used to save other pubs were allocated to the Society at a time when demand for funds exceeded availability.

The owners, having failed twice in obtaining planning permission to make several alterations to the buildings and site notified Uttlesford District Council on the 20 December 2019 that they were selling the property under section 95(1) of the Localism Act 2011.

A few major shareholders have, understandably, withdrawn their investments due the length of time taken by the owners to first decide to take the pub off the market, to submit two planning applications and finally to re-sell it. The current number of shareholders is 289 and total share capital stands at £173,350.

The Management Committee has launched a new pledge campaign and plans to launch a second share issue in May 2020 to rebuild the share capital to a minimum of £250,000, but ultimately £325,000 to allow SWCP to fully develop the business.

The Management Committee has also applied for the Community Shares Booster Programme that will match and purchase the same number of shares as the number raised under this share offer up to a maximum of £50,000. This is included on the £325,000 share capital target.

The Society will seek further loan finance, if necessary, to meet any shortfall between the total share capital raised and the minimum target of £250,000.

The Society has applied to the second MTAP programme and has been granted a conditional joint grant and loan of £100,000. The Society has also applied to the Triodos Bank for a 20-year mortgage of £100,000, secured on the freehold of the property.

It is planned to make a fully funded bid to purchase the Railway Arms by mid May 2020. This will be one to two months before the end of the six-month moratorium during which the owners can only enter into negotiations to sell the pub to a properly constituted community group such as SWCP.

Should the Society be successful, it will become the owner and operate the Railway Arms on a managed basis to allow it to control and ensure the pub is run in accordance with the Society's aims and values and best meet the needs and interests of the shareholders, customers and local community.

The Society has been informed the owner's the guide price for the pub is £400,00 plus VAT [£80,000]. Having made an offer at £350,000 plus VAT in 2018, the management committee feels the final price will be between the Society's last offer and the guide price and will be determined by the number of bidders and the owner's willingness to accept a price on the basis that the Railway Arms continues as a pub.

The Society intends to raise further funds [£50,000] from other charitable trusts and organisations [£25,000] and from a joint venture to run a micro-brewery, community café and/or shop [£25,000] to fund the development of the outbuildings.

If successful, the Society proposes to use the funds raised from the MTAP programme and the share issues including the share booster for the purchase of the Railway Arms and to use the funding from the long-term [20 year] loan or mortgage with other funding to develop the pub and outbuildings.

3. The Railway Arms

Catchment area

Saffron Walden is a prosperous market town with a population of over 16,000 (2015), of whom some 9,000 are of working age and 2,700 are over 65. Despite recent population growth of 1.5% per year, the built-up area of the town remains very compact (approx. 4km sq.) and the residential density is approx. 4,400 persons/km sq.

The Railway Arms is located approximately 500m south of the Market Square (Appendix 1 Fig. 1). It lies in an established residential area containing a mix of terraced housing, semi-detached and detached housing, primarily of Victorian age, built after the arrival of the Railway line in 1865, but with some modern apartment blocks, houses and several custom-built retirement homes in the immediate vicinity.

The prime catchment area (shown within the red line shown on the map - Appendix 1 Fig. 2) containing no other pubs, is the southern quadrant of the town, bounded by London Road in the west, Audley Road in the north and Thaxted Road in the east. To the south, this catchment widens to include a large swathe of post-war housing. This catchment area contains nearly the whole built-up area of Audley Ward, and around 75% of the built-up area of Shire Ward (Appendix 1 Fig. 3). The most recent electoral roll gives a combined total of 9724 “electors” [2019] for these two wards.

The green circle on the map attempts to “size” the catchment on the basis of walking distance from home to the pub. Within a ten-minute radius, the entire town centre is within easy reach of the pub, and the greater part of the southern half of the town. Aside from the two main arterial roads which bound the catchment to east and west, Debden Road is a third important route connecting the town with the villages and farms to the south, and all three are possible links to a wider catchment.

Within 2-5 minutes’ walk of the pub are a number of residential apartments/retirement homes (Appendix 1 Fig. 4). The electoral roll identifies a total of some 3,400 electors. We hope to encourage custom from this group by providing accessible convenient facilities such as a library/ book exchange, internet access, a community owned allotment/ orchard, a local shop supplying essentials and foodstuffs in appropriately smaller quantities, weekly low cost meals, activities such as bingo and bridge classes, lectures and workshops, ‘knit and natter’, a ‘men’s shed’ and other special events.

What role does it play?

The Railway Arms is the only pub serving a large part of the community in the southern part of Saffron Walden. It is a historic pub, which dates from 1865 and is the sole remaining publicly accessible element of the town's closed railway station and Audley End to Bartlow branch line.

With its friendly atmosphere and extensive town garden it has always been known as a place to bring family and friends for food, drink, entertainment and as a place to meet new friends. It has been an employer and a consumer of local services and a focus for the local community and wider Saffron Walden community when holding events such as beer festivals, garden parties, charity quiz nights and as a music venue.

The pub also benefits from outside buildings that, subject to planning permission and finance, have the potential to extend the range of services and activities available to the community. As well as providing new services as described above, they could also provide the local community with function rooms, a community shop/ café, a micro-brewery or much needed overnight accommodation in Saffron Walden. All these would complement and enhance the business of the pub and provide additional income to make the pub financially viable. Increased local employment opportunities would follow.

What is the local competition?

The nearest pub [200 metres distant] largely caters for a sporting clientele, offering sports coverage on three televisions while it is open. It does not offer evening meals.

There are other pubs, cafés and restaurants in the centre of Saffron Walden, but the Railway Arms is the only pub serving a large part of the community in the southern half of Saffron Walden, and few pubs in the centre provide evening meals. With the likelihood of more housing being built near the Lord Butler Leisure Centre and beyond in the Shire Ward of Saffron Walden, the Railway Arms is well placed to serve a growing community in that part of the town.

All the local shops, cafés and other local convenience services closed many years ago and residents in the southern part of town must walk or drive to the centre or the outskirts of the town to buy essentials or go to the post office for example.

What sort of pub is it?

The Railway Arms has in the past been essentially a beer house consisting of two bars that have been knocked through to make a single room. It has limited space to provide meals for people wishing to eat at the pub.

The pub has a large enclosed garden that is very popular in the summer, particularly with families and is large enough to hold events including a number of beer festivals in the past. It also has a garden previously used as a private garden that could be developed into a community allotment/ orchard.

The food offering, when run successfully in the past, has been home-cooked, good quality and accessibly priced meals, including a specials board and weekly food promotions.

The pub has been used as a meeting place for people involved in many clubs such as the Saffron Walden Musical Theatre Company, the Saffron Walden Rugby Club Veterans Team, the Saffron Striders, Walden Tri, the Saffron Walden Amateur Operatic Society and a darts team in the past.

Why buy it and why now?

The opportunity to purchase the pub and secure its future for the community comes at a time when many places where people can meet to socialise and forge new relationships are closing.

Places such as these are not just full of character, in this instance, the Railway Arms used to serve the people using the old Railway Station itself but are essential focal points for members of the local community that help build a distinctive community identity and spirit.

The owners, Charles Wells having failed to obtain planning permission to redevelop and re-open themselves have decided to sell the pub.

Community owned pubs are run on a different business model to pubs owned by brewery and pub companies and can be run on a low-cost basis, improving their financial viability. Run on a non-profit basis with a strong community ethos, an extended range of services and activities and good management, it provides an opportunity to secure a valuable amenity for the community.

Having raised over £450,000 funding in the past and with 284 shareholding members, the Society is in a strong position and has the experience and knowledge to raise the necessary fund to make a successful bid for the Railway Arms

4. The Proposal - To purchase the Railway Arms

Our proposal is that the Saffron Walden Community Pub Limited [the Society], will purchase the first community owned pub in Saffron Walden, the Railway Arms.

In accordance with the Society's governing document, the Model Rules for Community Ownership, (copy attached as Appendix 7), the Society has the power to raise funds to acquire the pub and if successful to be the owner and landlord of the pub. As the pub is no longer trading, the pub would be purchased with vacant possession.

On 1 November 2017, having successfully raised £450,000, the Society offered the owners initially £300,000 plus VAT for the freehold that was later increased to £350,000 plus VAT together with a very generous overage clause.

On 9 April 2018, the owners decided to reject the Society's offer, to take the pub off the market to redevelop and re-open it themselves. They conceded that re-opening the Railway Arms would be dependent upon acquiring planning permission and finding a suitable person willing to take on the tenancy and rebuild a profitable customer base. The owners confirmed that if planning permission was not granted and/or they were unable to find a suitable tenant, they would consider putting the pub back on the market.

Since then the owners have been unsuccessful in obtaining planning permission to redevelop and open the Railway Arms, they have decided to put it back on the market and on 20 December 2019, under section 95(1) of the Localism Act 2011, notified Uttlesford District of their intention to sell the property.

The Society has already advised Uttlesford District Council that it wishes to be considered as a potential bidder for the purchase of the Railway Arms who have informed the owners, Charles Wells, of the Society's intention.

In 2017, the pub was previously marketed by the owner's agents, Gerald Eve, who advised the Society that the owners were looking to sell the pub in the region of £300,000 [plus VAT] as continued use as a pub and in excess of £600,000 for residential development. Being registered as an Asset of Community Value [ACV], a developer considering purchasing the property would need to get planning permission for change of use that we feel would be difficult, in light of the owners failure to be granted planning permission and there being a strong business case and support in place for a community owned pub.

The Society has been informed the owner's the guide price for the pub is £400,00 plus VAT [£80,000]. Having made an offer at £350,000 plus VAT in 2018, the management committee feels the final price will be between the Society's last offer and the guide price and will be determined by the number of bidders and the owner's willingness to accept a price on the basis that the Railway Arms continues as a pub.

The Society intends to finance its purchase and development of the Railway Arms initially through:

- A community share offer of between £250,000 and £325,000;
- Up to £50,000 from the Share Booster Programme operated by the Community Shares Unit;
- A joint grant/loan of £100,000 from the "More than a Pub" programme administered by the Plunkett Foundation;
- Grants from charitable trusts and other organisations of up to £25,000;
- A 20-year mortgage of up to £100,000 from Triodos Bank
- Up to £25,000 from a joint venture to run a micro-brewery or community shop/ café at the pub.

If the Society is successful in raising the funds it will have in the region of between £350,000 and £375,000 plus VAT to make a bid to purchase the pub and, if successful, to invest between £100,000 to £150,000 to develop the outbuildings.

Triodos Bank have offered the Society a short-term [4 months] working capital of loan of up to £75,000, if needed, to provide funding for the period until the Society is refunded the VAT paid on the purchase.

Share Offer

In 2018, the Society was successful in raising £243,800 from 301 shareholders with pledges for a further £7,000 on the Society being successful in its bid. Since then 17 shareholders have withdrawn their investments totalling £70,450 due to the time taken by the owners to take the pub off the market, submit two planning applications and finally to decide to re-sell it. There are still 289 shareholders who hold a total share capital of £173,350.

A second share offer will be launched in May 2020 to rebuild the Society's share capital. The Society is seeking to raise between a minimum of £77,000 and a maximum of £150,000 from this second share offer to increase the total share capital raised to between £250,000 and £325,000.

The Society has also applied to the Community Shares Booster Programme that will match and purchase the same number of shares as the number raised under this share offer up to a maximum of £50,000.

The Society will seek further loan finance to meet any shortfall between the total share capital raised and the target of £250,000.

The Society applied for and received advance assurance from HMRC in 2017 that the first share offer qualified for both Seed Enterprise Investment Scheme [SEIS] and the Enterprise Investment Scheme [EIS] administered by HMRC. Under SEIS and EIS, those subscribing for shares are, on the purchase of the pub, able to claim tax relief against their tax bill, 50% of their investment for the first £150,000 raised, and for those investors after the first £150,000, 30% tax relief.

The Management Committee cannot see any reasons why the second share offer should also not qualify for the same tax relief schemes as there has been no changes in the business plan and model submitted to the HMRC

Loans/ mortgage finance of up to £150,000 on commercial terms

The Society was granted a conditional joint grant and short-term loan offer in 2017 from the first MTAP programme. The offer of the short-term loan was the maximum offered under the programme of £50,000 and was a short-term loan repayable over 7 years with an interest rate in the region of 8%.

The Society has re-submitted a grant and loan funding application to the second MTAP programme that provides communities similar benefits and funding as the first programme and is currently in negotiations with the Cooperative and Community Finance, who are part of the programme, in securing a short-term [8 yrs.] loan of £50,000.

In 2017, the Society was also successful in securing a long-term [20 year] mortgage of £100,000 with Triodos Bank. Triodos Bank is a global pioneer in sustainable banking, using the power of finance to support projects that benefit people and the planet. They believe that banking can be a powerful force for good: serving individuals and communities as well as building a more sustainable society.

The Society has re-applied to Triodos Bank for a loan on the same terms. The loan will be secured on the freehold and provided at commercial interest rates in the region of 4% to 6%. These funds would not be used for the purchase of the pub but to develop the pub and outbuildings with other funding.

Grants and donations

As mentioned, the Society has re-submitted a grant and loan funding application to the second MTAP programme and has been successful in receiving a conditional grant offer for the maximum grant awarded under the programme of £50,000.

The Society had also been considering applying for funding from the National Lottery Community or Heritage Fund for a grant of up to £25,000 due to the historical heritage of the pub and its outbuildings. In 2018, The Railway Arms was included in the Local Heritage List along with its outbuildings. At the same time the garden was proposed for inclusion in the Neighbourhood Plan as "Green Open Space". These moves are designed to ensure that the pub's significance is preserved, and where possible enhanced, as part of any future development proposals.

JV Share/ Loan

Following development, the outbuilding could provide useable space for several other community ventures such as a micro-brewery, community shop and/ or café, offices and bed and breakfast accommodation. Funding could be in the form of a fixed term premium or several affordable low-cost tenancies.

Security

We plan to ensure the amount of loan finance raised will not exceed 50% of the estimated value of the Railway Arms operating at its full development potential [£450,000]. The business plan cash flow includes regular repayments of loan capital that will increase the proportion of the value of the pub owned by the shareholders.

5. The Proposal - Operations of SWCP

The Saffron Walden Community Pub Limited [the Society] was registered as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014 on the 14 June 2017. The Society is governed by the Plunkett Foundation's Model Rules for Community ownership [a copy is attached as Appendix 7].

The management committee are responsible for the overall running of the company and the pub in line with the Society's governing document, aims and values. The management committee reports to the shareholding members each year at an Annual General Meeting. As well as receiving a report on the achievements for the year and agreeing future plans, the members can remove and appoint members of the management committee.

As well as receiving the annual report and financial statements each year, shareholding members can determine the affairs and rules of the society by putting forward motions to amend the Society's aims and values and how the pub should operate. Each member can cast one vote, irrespective of the number of shares owned.

Following the successful purchase of the pub, the management committee will be responsible for the operation of the Railway Arms, in line with the Society's aims and values. It will do this through the appointment of a manager to operate the pub. The manager will run the day-to-day activities of the pub, hiring staff as necessary and in line with an agreed budget.

As well as receiving a salary, the manager will also benefit from living in the flat above the pub at a subsidised rent and will also receive a profit share based first on maintaining the financial viability of the business and secondly on the level of community involvement, activities and events held at the pub.

With the pub being, operated on a managed rather than tenanted basis, the management committee will be collectively responsible for all the statutory and regulatory responsibilities of running a business and it is proposed to employ a part-time [two days a month] business manager with the necessary qualifications, skills and experience of the pub and hospitality trade to help the management committee meet its these responsibilities. The business manager will act as the nexus between and provide a two-way flow of information, support and advice between the pub manager and management committee and help define and maintain the respective roles and responsibilities of each party.

The business manager will work and support the management committee with:

- The recruitment of a pub manager;
- Financial budgeting and planning;
- Setting performance measures for the pub manager
- Complying with all statutory legislation and regulations.

The business manager will work with and support the pub manager with:

- Recruiting staff;
- Ensuring the pub is meeting the statutory regulations on H&S, hygiene, fire protection, public and employee liabilities and insurance;
- Ensuring proper accurate financial records are maintained for the pub's takings, purchases, stocks, VAT returns, wages, PAYE, NI and workplace pension schemes;
- Monitoring the pub manager's performance and targets;
- Identifying areas for development and improvement.

The business manager will attend and provide monthly reports to the management committee confirming the above and will work with the committee on resolving any issues and planning areas for development and improvement.

The Society's company secretary will be responsible for maintaining the shareholding member's records, receiving and recording applications for new shares and share withdrawals and, with the treasurer's

assistance, the payment of interest to shareholders. The secretary will also be responsible for organising shareholder members' and the management committee's meetings.

The treasurer will be responsible for maintaining the financial records, keeping VAT records, paying and reclaiming VAT, the preparation of management and annual accounts, submitting annual returns to the FCA and ensuring all mortgage payments are made on time.

All the committee officers, the business manager and pub manager have/ will have agreed job descriptions setting out their roles and responsibilities.

The management committee will meet formally with the business manager and pub manager at a minimum of every 3 months to discuss the running of the business, to monitor the running of the pub, to discuss recommendations and improvement projects and to satisfy themselves that the pub is meeting the aims and values of the Society as well as the needs of the community, individuals, societies, clubs and local charities.

6. The Proposal - Business Development

The Railway Arms has in the past been essentially a beer house with limited space to provide food to people wishing to eat at the pub. It does have a large enclosed garden that is popular in the summer, particularly with families and for holding events.

Not being in the centre of town, it has limited “footfall” and is more of a “destination” pub. It has attracted large numbers at beer festivals, music events, clubs and society/ charity events.

The undeveloped outbuildings provide a massive potential to expand the business and broaden the range of services and activities provided by the pub.

Having purchased the pub, the first job is to re-open it together with the trade garden and we have allowed up to £50,000 working capital to refurbish and re-equip it.

Having re-opened the pub, the next priority is to rebuild the regular customer base by providing a convivial space and ambience, drink and a food offering that is accessibly priced, of good quality and value. The recruitment of the right pub manager with good hosting, pub retailing skills and the ability to provide an offering that meets the needs of regular customers is key to the success of this.

It is also our intention to work with the business and pub managers to encourage and support their effort in improving the food offering. We will support them in maximising the use of the local market, independent shops and traders, as well as further afield farm shops. The proposed allotment/ orchard could also be a source for organically grown produce and we could also work with local allotment holders in the town to provide ‘surplus’ produce to the pub.

We will need to proactively advertise events and activities, establish contacts with clubs and societies and groups of people, and that will bring like-minded people together at the pub. A mixture of pub-centric clubs (e.g. darts, pool), groups less traditionally associated with pubs (e.g. dance, reading, ‘knit and natter’, book club) and events such as BBQ evenings, open mics and music nights will ensure a broad appeal.

We feel the success of delivering these community benefits and activities is dependent on “baking-in” the necessary systems and infrastructure to engage, on an ongoing basis, with the local community and other community organisations such as clubs, societies and local charities to establish a programme of community activities that they would like be provided at the Railway Arms and then to market those events. With this in mind, we have proposed establishing a Publicity, Marketing and Events Steering Group made up of volunteers with the necessary publicity, marketing and events skills and experiences to maximise the range of community activities and use of the pub. The marketing, publicity and events steering group will publicise, organise and run the events with the help of other volunteers.

We have also built into the business plan an incentive for the pub manager to provide more than the usual pub activities in the form of a performance and reward scheme whereby the manager receives an annual bonus determined by the level of community events and use as well as operating the pub on a financially viable basis. The Society is also keen to contact and provide clubs, and charities that help people with physical, learning and employment needs, with opportunities to meet and develop life skills, whether it be meeting or working in the pub, its gardens, a community café/ shop, or other community events at the pub.

Following the successful purchase of the Railway Arms, the Society will hold all its meetings in the pub and will use the pub for refreshments after the AGM (itself likely to be held at the nearby Fairycroft House Media & Arts centre).

We will encourage and support the business and pub managers in providing, for example:

- coffee mornings for young parents who take their children to the nearby R A Butler Academy and St Thomas More School;
- special lunch menus and activities such bingo, bridge clubs and other activities for the over 60’s who live nearby in Custerson Court, Audley Court and in other single accommodation;
- a DVD/CD/book library/ share facility;
- cookery classes particularly for single men of all ages of whom some may be living in isolation;
- a community allotment/ orchard;

- a monthly Business Club for local businesses to exchange ideas, air problems etc.;
- internet provision.

After purchase, the Society will continue to seek additional finance in the form of new grants, new shareholders and loans as necessary to invest in the pub and extend the range of services and activities that it provides. After grants, shareholder capital is more attractive as the dividend/ interest payments are likely to be about 50% lower than commercially sourced finance.

Despite what we expect to be an attractive interest/dividend rate payable on the shares, it is possible that a few shareholders will ask to redeem their shareholding after the initial 3 year 'lock up' period, which could place a strain on SWCP's cash flow.

For this reason, we will continue to seek investors in order to achieve three key objectives:

- minimise the overall cost of the Society's funding;
- build a cash reserve to meet redemption requests and unforeseen expenses;
- develop a 'waiting list' of prospective investors who are attracted by the planned competitive interest/dividend rate but whose investment is currently not needed. These prospective investors would be approached to replace redeemed shares and possibly to fund new, viable projects.

The Society will continue to attract new shareholder interest via its own website and through regular publicity in the town and surrounding areas.

7. The Proposal - Potential improvement plans

The Society has commissioned an independent valuer to provide a fair value of the property and to produce a condition report of the pub. We anticipate and have allowed up to £50,000 for the remedial work to restore the condition of the pub to a presentable state to be able to reopen. This includes:

- repair and redecoration of all external woodwork;
- clean and redecorate the interior;
- internal redecoration to the Manager's flat;
- re-installing all the cellar equipment;
- deep cleaning the commercial kitchen equipment.

The management committee have developed a list of further improvements that it believes will be beneficial for the operation of the pub, as well as allow the pub to provide a wider range of services and activities. These include:

- developing part of the outbuildings to provide a useable space as a meeting/ function room for hire, to be used for parties, clubs, societies, as a separate eatery, community shop or café. This will require installing a small kitchen and additional toilets to be used by the new space, and by people using the new courtyard;
- paving the car park between the pub and the outbuildings to provide a courtyard that better links the pub and outbuildings and provides an external place to eat, drink and hold functions;
- developing other outbuildings to make them into a useable space to allow the providing other community benefits, employment and opportunities.
- relocating the first-floor commercial kitchen to the ground floor to improve the operational effectiveness of the kitchen in providing more meals.

Longer term proposals include converting the stables and cart shed into other uses such as overnight accommodation and/or community shop, exhibition/performance space.

We will not be able to implement them all fully in the short term but see this as a continuing process.

We have commissioned a local architect to prepare outline drawings that can be used when seeking planning permission and for tendering. The architect has confirmed the provisional sums included in the cash flow would be enough to fund the scale of development proposed.

We also believe the Society will benefit from skills such as design, building, plumbing, electrical work, decorating etc. that are available either within the Society's membership or the local community and that could be provided at low cost.

We also anticipate grant funding will be available for part of the costs from bodies such as the Architectural Heritage Fund, Essex Community Fund, Essex Big Society Fund and others.

8. The Business Case

The owners, in their representations to Uttlesford District Council resisting the application to have the Railway Arms registered as an Asset of Community Value in 2017, stated the pub was not financially viable and provided supporting documentation showing that it had made a loss over several trading periods.

Analysis of the supporting information highlighted the underlying reason why the Railway Arms (and many other tied pubs) fail to make a surplus, being the amount the owners take out of the business in the form of rent, service charges and mark up on pubs having to purchase beer and wet goods through the owner.

Stripping out the rents and service charges and reducing the cost of purchases to levels that freehold pubs can access, immediately show that the pub was viable in the past.

The owners also did not initially invest in the pub to exploit the potential of the outside buildings, the dining area and the gardens. Investing in these and providing function rooms, courtyards, an eatery, a micro-brewery and overnight accommodation all complement and enhance the business of the pub.

Perhaps due the success of the campaign to save the Railway Arms, the level of interest shown by the community and the number of investors buying shares, the owner's decision to reject the Society's offer to purchase in order to redevelop and re-open it themselves, demonstrated their belief that the pub could be financially sustainable.

What would change?

Community owned pubs operate under a completely different business model to those operated by tied-pubs and pub owning companies. A well-managed community owned pub only needs to make sufficient surplus to pay the interest to its shareholders and commercial loan providers, to build a reserve to allow shareholders to redeem their shares and to re-invest in the pub. Following the development of the pub and outbuildings, the Society will also benefit from higher trading surpluses and additional rental income.

The projections

A projected five-year income and expenditure account, trading account balance sheet and cash flow are included in Appendix 2. A monthly cashflow for the first year is also included to show the income and expenditure forecasts for refurbishing and re-opening the pub.

The assumptions used for the projections are based on the figures when the pub was in operation and running successfully before it closed, and do not reflect the potential from redeveloping the site. We feel the pub trading sales figures may well be higher once the outbuildings have been developed and with more people being engaged and shareholding customers using the pub.

We have taken account of the effects of the current pandemic and the potential loss of income should the restrictions on pubs and restaurants not be relaxed until December 2020.

Broadly the projections demonstrate that with conservative assumptions, the new company would generate a surplus after payment of debt costs, shareholder interest and other costs.

In the worst case, should the underlying pub business fail, we would then have two alternatives:

First, we would identify why the pub is not being successful and perhaps seek a new manager to implement a revised business plan.

Should this not be successful we would be able to demonstrate that, run on a not-for-profit basis, a pub business simply will not work and the Society, as the owner of a valuable freehold property, would be able to sell the property and repay the shareholders and other providers of capital.

Also, in this extreme scenario, the community having endeavoured and failed to ensure the continuation of a viable business, would be able to seek permission for a change of use and sell the building and site. Should this happen, it is probable a sale on this basis would realise an amount in excess of any amounts owed and provide a surplus which would have to be distributed for the benefit of the community.

We will manage the Society's sources of capital such that the total amount of loan finance raised will not exceed 50% of the estimated value of the pub operating at full development potential at our estimate of £450,000. The business plan cash flow also includes regular repayments of loan capital that will increase the proportion of the value of the pub owned by the shareholders.

We believe that our projections for the business are reasonable and achievable. They are largely based on existing data. However, these projections do not factor in the considerable goodwill and new interest that will be created by the formation of a community owned pub.

Several other factors will have a positive impact on the performance of the pub, including:

- we expect that shareholders, with a more direct vested interest in the success of the Railway Arms, will increase their support and use of the pub;
- the Society will be more attentive than the existing owner to the need for improvements to the fabric of the building and for better decorated and fitted out bars and toilet facilities. These will make the pub more attractive to visit;
- the manager will be incentivised to increase the level of community involvement, activities and events that in turn will help grow the business and make it viable;
- the shareholder base will include people with a wide range of relevant skills, and we are confident that these will be made available to the Society in respect of improvement projects. The town is home to plumbers, electricians, decorators, builders etc.;
- the creation of the first community owned pub in Saffron Walden will raise the profile of the Railway Arms in the town and surrounding areas.

9. SWOT analysis

Strengths

- Historical heritage
- Good location, in area with lots of housing
- Dwindling number of competing pubs in the town
- Lack of local convenient community services
- Core existing customer base for pub business
- Potential from unutilised outside buildings
- Large garden
- Good internal condition/ decorations
- Underlying value of site and, in extremis, development value
- Reservoir of goodwill for pub
- Inherent incentive for proposed shareholder base to use pub and underpin business
- Management by Committee

Weaknesses

- Distance from town centre
- Limited “footfall”
- Limited on-site car parking
- Kitchen on first floor, access to bar via a dumb waiter system
- Management by committee
- Dwindling pub scene

Opportunities

- To be the first community owned pub in Saffron Walden
- As a community-based company, increased possibility of grant and donor funding
- Strengthen customer base and loyalty by building on ‘community’ aspect of pub
- Involve customers and wider community more in pub, e.g. events, practical skills
- Invest in and develop complementary new community services and facilities
- Work closely with manager to enhance attractiveness of pub, through practical support and constructive feedback
- Demonstrate a new model that can support the wider pub scene in the town

Threats

- Unsuitable pub manager
- Unforeseen costs, repairs etc
- Structural/ building improvements required, e.g. garden, courtyard, repairs to outbuildings
- Environmental impact of micro-brewery
- High level of redemption requests from shareholders
- Pub business may not be successful for reasons beyond our control, e.g. pandemics, economic situation, new legislation etc

The weaknesses and threats can be addressed as follows:

Distance from town centre and low footfall

The Railway Arms is 500 metres [a 10-minute walk] from the town centre. There are other pubs, cafés and restaurants in the centre of Saffron Walden, but the Railway Arms is the only pub serving a large part of the community in the southern half of Saffron Walden. With the likelihood of more housing being built to the South and East of Saffron Walden, the Railway Arms is well placed to serve a growing community in that part of the town.

The Eight Bells pub is a similar distance north of the town centre and is a popular venue due to having an excellent restaurant and space to hold events. The Railway Arms is smaller, but better positioned than the

Eight Bells as it has a larger “10-minute walking” catchment area to the greater part of the southern half of the town where there are no other pubs.

The pub has been very popular in the past, particularly when holding events. Being the only community owned pub in Saffron Walden, it will be unique in being accessible to all by way of price, activities and events with a focus for community social inclusion.

The business plan includes an incentive to encourage the manager to increase the level of community involvement, activities and events held at the pub. Allowance has also been made for promoting activities and events in the cash flow projections and the Society has access to professional people with marketing and communication skills.

All the local shops, cafés and other local convenience services closed many years ago and residents in the southern part of town must walk or drive to the centre or the outskirts of the town to buy essentials or go to the post office for example. Re-establishing a community hub that is more than a pub will help cross-fertilise each business.

Limited car parking

There is very restricted parking on the pub site. There is on-road parking in Station Road and Station Street, the exception is during school drop-off and pick-up times, but these do not conflict with the pubs more active times.

With its larger “10-minute walking” catchment area from the town centre to the greater part of the southern half of the town, many wanting to go the Railway Arms will be able to walk. Indeed, many less mobile people live on the doorstep.

First floor kitchen

The first-floor kitchen and “dumb-waiter” would be adequate for the level of food sales on the reopening of the pub. As the business develops, it would improve the operating capacity of the kitchen and the provision of meals if the kitchen is moved to where the toilets are currently and the toilets [apart from a toilet for disabled customers] are relocated to where the kitchen is upstairs. A further small kitchen and new toilets would be included in the development of the outbuildings and the provision of a function room, eatery, community café etc.

Management by committee

All members of the management committee are bound by a code of conduct when dealing with the Society’s affairs. All decisions made by the committee are done so as a corporate body, preventing any individual member making decisions that affect the Society without the consent of the committee. Decisions made will also need to be in line with the Society’s objectives, aims and values as determined by the shareholders. As well as having the power to appoint members onto the management committee, shareholding members can also vote to remove committee members.

The committee is currently carrying out a skills audit to ensure there is a good range of business, financial and marketing skills and expertise on the committee to run the Society. Job descriptions will be drawn up defining the responsibilities and roles of each officer on the committee as well as the business manager and pub manager.

The appointment of the part-time business manager will be the link and provide a “buffer” between the management committee and the pub manager that will facilitate the working relationship between both parties.

Pub manager

A key criterion to the success of the venture is having the right pub manager who, in addition to being well qualified in pub retailing, has the vision, motivation and capability to operate the pub with a strong inclusive community ethos and is willing to provide the wide range of services/ activities as set out in the plan.

Good recruitment, retention, performance management and training practices are vital for employing the right person(s). The management committee includes members with a range of business skills and expertise covering Human Resource management. The committee will also be able to use the skills and expertise of the business manager in the recruitment and management of the pub manager.

Provision has also been made for the pub manager to receive an annual profit share based partly on maintaining the financial viability of the business and on the level of community involvement, activities and events held at the pub.

Building improvements

These could be both costly and disruptive. However, as a community company, we would be attractive to certain donors. We also benefit from a broad skill base in the town that could be used to enhance the quality of the community owned asset. These skills include architectural and building design, building, plumbing, electrical, flooring, decorating services, gardening etc.

Unforeseen costs for maintenance

We will endeavour to maintain a cash reserve for maintenance. The cash flow projections include an allowance for this. In addition, as with the building improvements discussed above, we would expect to be able to benefit from substantial donations of skilled labour from the pub customers and shareholders.

High level of share redemption costs

We would aim to have a reserve of cash in place to meet any redemption requests, however this is a non-productive asset (paying 3%+ interest out and receiving 1% from a bank). We would therefore seek to make the interest rate payable to shareholders an attractive one so that requests driven by a need for higher returns would be few. In addition, we would endeavour to create and maintain a waiting list of investors who have expressed a wish to buy shares.

Underlying pub business may not be successful.

It is possible that despite the efforts undertaken and improvements made, the Railway Arms might not become a viable business. In that event, the community owned company will own the freehold of a very valuable site. At worst, the site could be sold and the proceeds used to redeem all shares outstanding and put any surplus into charity projects, possibly as the basis of a community endowment fund.

Economic environment is not conducive to business

Clearly, we are unable to control broader economic events which could impact on the underlying business. However, as a community-based organisation we should have a greater degree of flexibility and desire to assist the pub manager than the large pub owning companies have.

10. The Management Committee

There are currently 7 members on the committee with the provision to increase to 12. The committee is currently putting together a succession plan such that new members with the necessary business and other skills come onto the committee to maintain the momentum and direction of the Society in line with the aims and values of its shareholding members and other interested stakeholders.

The current members are:

Tom Bennett [Secretary]

Tom has lived in Saffron Walden now for 10 years and in the area for over 25 years. He became involved in the campaign initially to save another closing pub but increasingly to be part of a growing movement in creating pubs that are “more than a pub”.

He has worked in the charity and not for profit sector for over 32 years, as a Finance and Administration Manager rising to the position of a Chief Executive Officer of an occupational Benevolent Fund and offers experience and knowledge on governance, business planning, finance, administration and facility management and has been involved in the start-up of two new organisations.

Tom is now part-retired that allows him time to support the campaign for the first community owned pub in Saffron Walden.

Jules Hales

Jules has a lifelong interest in pubs, beer, and the opportunity to try and create the perfect pub.

Jules worked for 30 years in the City managing multi-million-dollar treaty reinsurances for medium/large insurance companies in the USA.

In 2011 he attended a three-month brewing course and in 2012 set up his own brewery and created a beer brand, “Bombay Blonde”. Jules holds a personal licence for the sale of alcohol and his company is fully registered under the HMRC Alcohol Wholesalers Registration Scheme.

Jules brings his extensive knowledge of brewing, the pub industry and running his own small VAT registered business. He provides good all-round organisational skills, the ability to work to strict deadlines and high quality written and verbal communication skills.

Dave Kenny [Chair]

Dave moved to Saffron Walden in 2005 and was a regular at the Railway before its closure. He is an archaeologist now working with Historic England and has worked in the heritage sector for over 32 years.

He is mindful of the public benefit associated with access to and appreciation of the historic environment. Pubs are one of the most readily accessed elements of the historic environment and he sees their loss as damaging in terms of the scope of the public domain in the town and throughout the country.

He was particularly concerned by the way that the Railway’s community of regulars were dispersed without notice at the time of its closure and sees the alternative CBS business model as offering a more sustainable solution to the challenges faced by pubs in promoting community wellbeing and social cohesion.

Steve Langford

Steve moved to Saffron Walden 11 years ago after living in North London/Hertfordshire and was a regular at the Railway before its closure.

He has worked in the electronics industry for over 27 years in the UK and Europe covering many marketing, sales and procurement roles and has been a long-term member of the Chartered Institute of Procurement & Supply (CIPS). A former keen rugby player, Steve is also secretary of Saffron Walden Rugby Club. Steve has experience in business development, PR & marketing, commercial negotiation and contract management.

Gemma Perry [Treasurer]

Gemma has lived in Saffron Walden all her life, except for a few years away at University. In this time, she has seen the number of pubs in town halve and hopes to contribute to saving another from closure.

She is Data Manager for an educational trust near Cambridge, a job which combines many years administrative experience with a mathematical background to analyse and present statistics across the organisation. She hopes these skills, along with her local knowledge, will be beneficial to the Society.

Tim Walker [Vice-Chair]

Tim has lived in Saffron Walden for 27 years and helped raise two children that have attended local schools and sports clubs here.

He has worked in the travel industry for over 32 years. The last 19 years of which as a partner in a tour operating company based in Uttlesford that he co-founded and still works at full time.

He is looking forward to bringing his general business administration and financial skills in running a medium size organisation to the group's benefit.

Kenneth Wright

Kenny is a retired Geography teacher, householder in Saffron Walden since 1976, and permanent resident since retiring in 2005.

He currently works part-time with Bell International (Language School) and likes to spend leisure time punctuating long-distance treks with pub-crawling.

He is dismayed by the loss of numerous local pubs, both in town and the rural hinterland, which constantly confound his out-of-date OS maps, and fires a commitment to revolt against this trend.

29 April 2020

Fig 1 The Railway Arms in Saffron Walden



Fig 3 Ward boundaries, prime catchment area

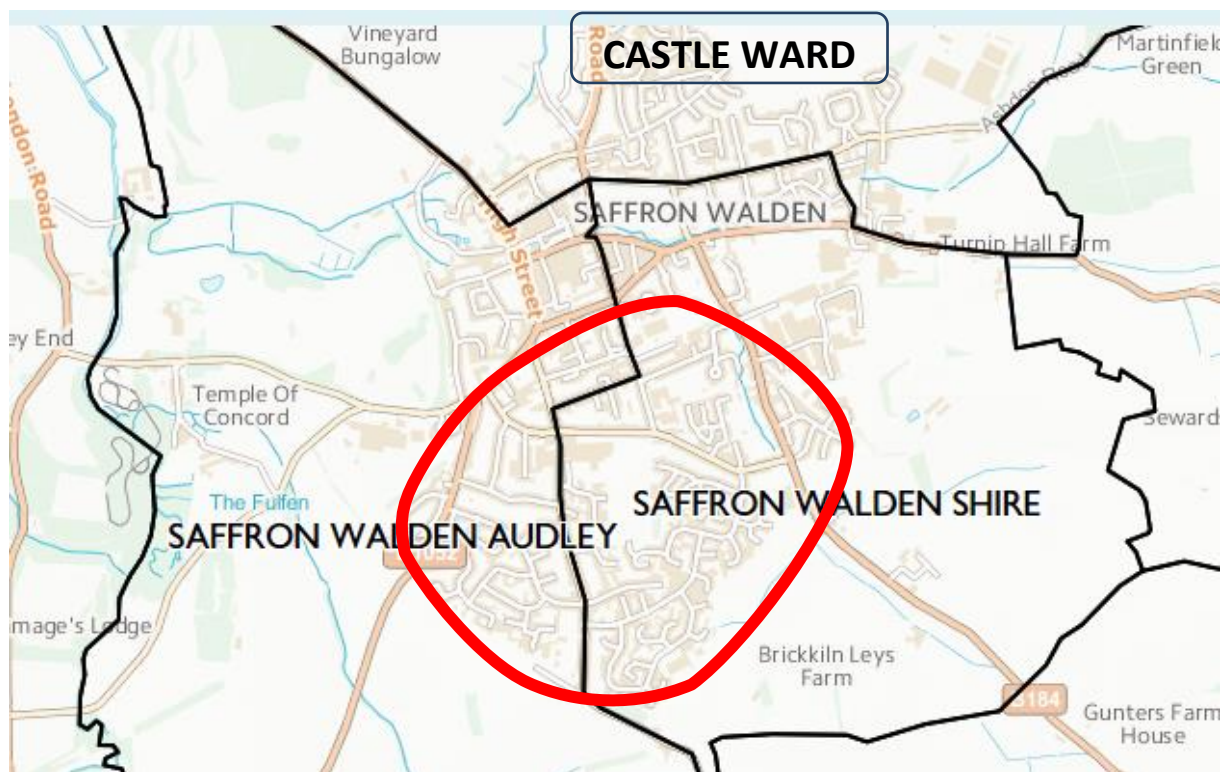


Fig 4 Potential number of customers

Although a few streets in Audley and Shire wards fall outside the **prime catchment area** as shown by the boundary, this should be more than counterbalanced by potential customers travelling from Castle Ward, which has not been included in the totals below.

Ward	No. properties	No. electors [2019]
Audley	2,221	3,940
Shire	3,154	5,784
TOTAL	5,375	9,724

Retirement Homes (incomplete list)

Homes	No. Residents
John Dane Player Court	21
Stanley Wilson Lodge	36
Saffron Lodge	38
Highfield Nursing Home	22
Audley Court	47
Gabriel Court	27
Farmadine House	47
Four Acres	50
Custerson Court	57

Source: Electoral Roll 2015

Socio-economic data

Age Distribution Statistics

The population of Saffron Walden as a whole, is older than the national average.

AGE	UTTLESFORD	ESSEX	ENGLAND
Age 0 to 4	5.9%	5.9%	6.3%
Age 5 to 9	6.3%	5.6%	5.6%
Age 10 to 14	6.7%	6%	5.8%
Age 15 to 17	4.3%	3.9%	3.7%
Age 18 to 24	6.6%	8%	9.4%
Age 25 to 29	4.5%	5.6%	6.9%
Age 30 to 44	19.8%	19.8%	20.6%
Age 45 to 59	22.2%	20.3%	19.4%
Age 60 to 64	6.7%	6.8%	6%
Age 65 to 74	9.1%	9.6%	8.6%
Age 75 to 84	5.5%	6.2%	5.5%
Age 85 and over	2.4%	2.5%	2.3%
Mean Age	40.6	40.9	39.3
Median Age	42	41	39

General Health Statistics

The respondents of the 2011 Census were asked to rate their health. These are the results for Saffron Walden. The percentage of residents in Saffron Walden rating their health as 'very good' is more than the national average. Also, the percentage of residents in Saffron Walden rating their health as 'very bad' is less than the national average, suggesting that the health of the residents of Saffron Walden is generally better than in the average person in England.

HEALTH	UTTLESFORD	ESSEX	ENGLAND
Very Good	52.55%	47.13%	47.17%
Good	33.34%	34.94%	34.22%
Fair	10.85%	13.10%	13.12%
Bad	2.60%	3.74%	4.25%
Very Bad	0.66%	1.09%	1.25%

Social Grade & Occupation Statistics

Social grade is a classification based on occupation and it enables a household and all its members to be classified according to the job of the main income earner. Saffron Walden has 20% more Higher and Intermediate managerial, administrative or professional households than the national average.

GRADE	UTTLESFORD	ESSEX	ENGLAND
AB	32.56%	22.55%	22.96%
C1	32.58%	33.54%	30.92%
C2	20.59%	22.53%	20.64%
DE	14.27%	21.39%	25.49%

Benefits & Unemployment Statistics

These figures on the claiming of benefits in Saffron Walden come from the Department for Work & Pensions and are dated. They can often be a good indicator of the prosperity of the town and possible indicator of how hard it would be to get employment in the area. The rate of unemployment in Saffron Walden is both lower than the average for Essex and lower than the national average, suggesting that finding a job in this area maybe easier than most places. The rate of claiming any benefit (which includes in work benefits) is more than 10% lower in Saffron Walden than the national average, suggesting higher salaries than the average in the area.

BENEFIT	UTTLESFORD	ESSEX	ENGLAND
Jobseekers Allowance (only)	1.2%	2.6%	3.3%
Incapacity Benefits (IB or ESA)	1.2%	2.1%	2.4%
Any Benefit (includes in work benefits)	6.4%	11.5%	13.5%

Sources: Office for National Statistics & Department for Work & Pensions.

Appendix 2

SWCP

Monthly Cashflow

		Start up	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12
<u>Income</u>		£	£	£	£	£	£	£	£	£	£	£	£	£
Share issue		250,000												
Share booster		50,000												
New shares Issued			420	420	420	420	420	420	420	420	420	420	420	380
Grants		50,000	-	-	10,000	-	-	5,000	-	-	-	-	-	10,000
Short term working capital loan [4 months]		75,000												
Short term loan [7 years]		50,000	-	-	-	-	-	-	-	-	-	-	-	-
Long-term loan/ mortgage [20 years]		100,000	-	-	-	-	-	-	-	-	-	-	-	-
Purchase VAT recovery			-	-	-	75,000	-	-	-	-	-	-	-	-
Operating profit [see trading account]			-	-	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735
Rent Manager's accommodation			-	-	720	720	720	720	720	720	720	720	720	720
Rent outside/ function rooms			-	-	-	-	-	-	-	-	-	-	-	-
Total income		575,000	420	420	14,875	79,875	4,875	9,875	4,875	4,875	4,875	4,875	4,875	14,835
<u>Expenditure</u>														
Property cost		450,000												
Acquisition costs		10,000												
Refurbishment of the pub and trade garden			10,000	10,000	10,000	-	-	-	-	-	-	-	-	-
Fittings. Furniture and equipment			5,000	5,000	5,000	5,000	-	-	-	-	-	-	-	-
Property maintenance fund			380	420	420	420	420	420	420	420	420	420	420	420
Property Insurance			1,000	-	-	-	-	-	-	-	-	-	-	-
Legal & professional costs			250	-	-	250	-	-	250	-	-	250	-	-
Business Manager [2 day per month]	£ 400		400	400	400	400	400	400	400	400	400	400	400	400
Manager profit share [trading profits]	20.0%		-	-	-	-	-	-	-	-	-	-	-	7,500
Short term working capital interest [4 mths]	8.0%		-	-	-	2,000	-	-	-	-	-	-	-	-
Short term loan interest	8.0%		333	333	333	333	333	333	333	333	333	333	333	333
Long term Interest	4.8%		-	-	1,188	-	-	1,188	-	-	1,188	-	-	1,188
Shareholder interest interest	3.00%		-	-	-	-	-	-	-	-	-	-	-	9,150
Shares withdrawn														
Loan repayments														
Short term working capital loan [4 months]			-	-	-	75,000	-	-	-	-	-	-	-	-
Short term loan [repayable [8 years]			595	595	595	595	595	595	595	595	595	595	595	595
Long-term loan/ mortgage [20 years]			-	-	1,250	-	-	1,250	-	-	1,250	-	-	1,250
Total expenditure		460,000	17,958	16,748	19,186	83,998	1,748	4,186	1,998	1,748	4,186	1,998	1,748	20,836
Net cash surplus/ (deficit)		115,000	(17,538)	(16,328)	(4,311)	(4,123)	3,127	5,689	2,877	3,127	689	2,877	3,127	(6,001)
Opening bank balance		-	115,000	97,462	81,133	76,823	72,699	75,826	81,515	84,392	87,518	88,208	91,084	94,211
Closing bank balance		115,000	97,462	81,133	76,823	72,699	75,826	81,515	84,392	87,518	88,208	91,084	94,211	88,210
Growth rate	3%													
RPI	2.5%													

Appendix 2

SWCP

5 Yr Cashflow

	Year	Start up	2020/21	2021/22	2022/23	2023/24	2024/25
Income		£	£	£	£	£	£
Share issue		250,000					
Share booster		50,000					
New shares Issued		-	5,000	5,000	5,000	5,000	5,000
Grants		50,000	25,000	2,500	2,500	2,500	2,500
Short term working capital loan [4 months]		75,000	-	-	-	-	-
Short term loan [7 years]		50,000	-	-	-	-	-
Long-term loan/ mortgage [20 years]		100,000	-	-	-	-	-
JV Seed Funding		-	-	25,000	-	-	-
Purchase VAT recovery		-	75,000	-	-	-	-
Operating Profit [See Trading Account]		-	37,350	38,970	40,660	42,430	44,380
Rent Manager's accommodation		-	7,200	7,380	7,560	7,750	7,940
Rent outside/ function rooms		-	-	12,000	12,360	12,730	13,110
Total income		575,000	149,550	90,850	68,080	70,410	72,930
Expenditure							
Property cost		450,000	-	-	-	-	-
Acquisition costs		10,000	-	-	-	-	-
Refurbishment day-centre/Community café/shop		-	50,000	100,000	-	-	-
Property maintenance fund		-	5,000	5,130	5,260	5,390	5,520
Property Insurance		-	1,000	1,030	1,060	1,090	1,120
Legal & professional costs		-	1,000	1,030	1,060	1,090	1,120
Business Manager [2 day per month]	£ 400	-	4,800	4,920	5,040	5,170	5,300
Manager profit share [trading profits]	20.0%	-	7,500	7,690	7,880	8,080	8,280
Short term working capital interest [4 mths]	8.0%	-	2,000	-	-	-	-
Short term loan interest	8.0%	-	4,000	3,429	2,858	2,500	2,000
Long term Interest	4.8%	-	4,750	4,513	4,275	4,038	3,800
Shareholder interest interest	3.00%	-	9,150	9,150	9,150	8,700	9,000
Shares withdrawn		-	-	-	-	15,000	5,000
Loan repayment		-	-	-	-	-	-
Short term working capital loan [4 months]		-	75,000	-	-	-	-
Short term loan [repayable [7 years]		-	7,140	7,140	7,140	7,140	7,140
Long-term loan/ mortgage [20 years]		-	5,000	5,000	5,000	5,000	5,000
Total expenditure		460,000	176,340	149,031	48,723	63,198	53,280
Net cash surplus/ (deficit)		115,000	(26,790)	(58,181)	19,357	7,213	19,650
Opening bank balance		-	115,000	88,210	30,029	49,386	56,599
Closing bank balance		£ 115,000	£ 88,210	£ 30,029	£ 49,386	£ 56,599	£ 76,249
Growth rate	3%						
RPI	2.5%						

Appendix 2

SWCP							
5 Year Profit and Loss Account							
	Year	Start up	2020/21	2021/22	2022/23	2023/24	2024/25
Income		£	£	£	£	£	£
Grants/ fundraising		50,000	25,000	2,500	2,500	2,500	2,500
JV Seed Funding		-	-	25,000	-	-	-
Trading operating profit [see trading account]			37,350	38,970	40,660	42,430	44,380
Rent Manager's accommodation			7,200	7,380	7,560	7,750	7,940
Rent outside/ function rooms			-	12,000	12,360	12,730	13,110
Total income		50,000	69,550	85,850	63,080	65,410	67,930
Expenditure							
Property maintenance fund			5,000	5,130	5,260	5,390	5,520
Property Insurance			1,000	1,030	1,060	1,090	1,120
Legal & professional costs			1,000	1,030	1,060	1,090	1,120
Business Manager [2 day per month]	£ 400		4,800	4,920	5,040	5,170	5,300
Manager profit share [trading profits]	20.0%		7,500	7,690	7,880	8,080	8,280
Short term working capital interest [4 mths]	8.0%	-	2,000	-	-	-	-
Short term loan interest	8.0%		4,000	3,429	2,858	2,500	2,000
Long term loan interest	4.8%		4,750	4,513	4,275	4,038	3,800
Shareholder Interest	3.0%		9,150	9,150	9,150	8,700	9,000
Depreciation							
Buildings/ development	2.0%		4,300	6,300	6,300	6,300	6,300
Fixtures, furniture and equipment	20.0%		4,000	4,000	4,000	4,000	4,000
Total expenditure		-	47,500	47,191	46,883	46,358	46,440
Operating profit after interest & depreciation		50,000	22,050	38,659	16,197	19,053	21,490
Accumulated profit/ (loss) b/fwd		-	50,000	72,050	110,709	126,906	145,959
Accumulated profit/ (loss)c/fwd		£ 50,000	£ 72,050	£ 110,709	£ 126,906	£ 145,959	£ 167,449
Growth rate	3%						
RPI	2.5%						

Appendix 2

SWCP

5 Year Balance Sheet

	Start-up	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£	£
Fixed Assets						
Freehold property [cost]	385,000	385,000	385,000	385,000	385,000	385,000
Building development		30,000	130,000	130,000	130,000	130,000
Fixtures, furniture and equipment		20,000	20,000	20,000	20,000	20,000
Less depreciation		(8,300)	(18,600)	(28,900)	(39,200)	(49,500)
Total	385,000	426,700	516,400	506,100	495,800	485,500
Current Assets						
Trade stock		3,000	3,170	3,340	3,520	3,710
Trade Debtors		2,000	2,110	2,230	2,350	2,480
Other Debtors	75,000	1,000	1,060	1,120	1,180	1,240
Bank Account	115,000	88,210	30,029	49,386	56,599	76,249
Total	190,000	94,210	36,369	56,076	63,649	83,679
Current Liabilities						
Working capital loan [4 mths]	75,000	-	-	-	-	-
Trade Creditors		3,500	3,690	3,890	4,100	4,330
Other Creditors		2,500	2,650	2,800	2,950	3,100
Total	75,000	6,000	6,340	6,690	7,050	7,430
Net Current Assets	115,000	88,210	30,029	49,386	56,599	76,249
Total Assets less Current Liabilities	500,000	514,910	546,429	555,486	552,399	561,749
Long-term Creditors						
Coop Community Finance [7 yrs.]	50,000	42,860	35,720	28,580	21,440	14,300
Loan/ mortgage [20 yrs.]	100,000	95,000	90,000	85,000	80,000	75,000
Total	150,000	137,860	125,720	113,580	101,440	89,300
Total Net Assets	£ 350,000	£ 377,050	£ 420,709	£ 441,906	£ 450,959	£ 472,449
Capital and Reserves						
Shareholding	300,000	300,000	300,000	300,000	300,000	300,000
New shares/ redemption reserve	-	5,000	10,000	15,000	5,000	5,000
Accumulated profit/ (loss) account	50,000	72,050	110,709	126,906	145,959	167,449
Total Capital and Reserves	£ 350,000	£ 377,050	£ 420,709	£ 441,906	£ 450,959	£ 472,449

Appendix 2

The Railway Arms Pub							
Trading Account		Year	2020/21	2021/22	2022/23	2023/24	2024/25
	Qty/%	Rate	£	£	£	£	£
Sales							
Wet Sales	52	£ 2,500	130,000	133,900	137,920	142,060	146,320
Food Sales	52	£ 1,500	78,000	80,340	82,750	85,230	87,790
Other income	12	£ 1,000	12,000	12,360	12,730	13,110	13,500
Total Sales			220,000	226,600	233,400	240,400	247,610
Purchases							
Wet Purchases	35%		45,500	46,870	48,270	49,720	51,210
Food Purchases	30%		23,400	24,100	24,830	25,570	26,340
Total Purchases			68,900	70,970	73,100	75,290	77,550
Direct Costs			10,000	10,250	10,420	10,590	10,760
Gross Profit/Loss	64%		141,100	145,380	149,880	154,520	159,300
Overheads							
Promotion and advertising			3,000	3,080	3,160	3,240	3,320
Staff Costs			55,000	56,380	57,790	59,230	60,710
Business rates			8,000	8,200	8,410	8,620	8,840
Light & Heat			6,000	6,150	6,300	6,460	6,620
Motor Expenses			1,000	1,030	1,060	1,090	1,120
Office costs & subscriptions			1,000	1,030	1,060	1,090	1,120
Legal and Prof. Fees			2,500	2,560	2,620	2,690	2,760
TV, sky & licence costs			150	150	150	150	150
Equipment costs			1,000	1,030	1,060	1,090	1,120
Cleaning & Gardening			8,000	8,200	8,410	8,620	8,840
Bank/Credit Card Charges			4,000	4,100	4,200	4,310	4,420
Total overheads			89,650	91,910	94,220	96,590	99,020
Contingency [gross profit]	10%		14,100	14,500	15,000	15,500	15,900
Trading operating profit/ (loss)			£ 37,350	£ 38,970	£ 40,660	£ 42,430	£ 44,380
			17%				
Growth Rate	3%						
RPI	2.5%						

Appendix 3 - Assumptions used for the financial projections

Share issue

The minimum subscription will be for 1 share (£50) and the maximum will be 600 shares (£30,000) to allow for a larger number of shareholders and to provide financial stability going forward.

Currently there are 289 shareholders and the total share capital stands at £ £173,350.

The Society is seeking to raise between a minimum of £77,000 and a maximum of £150,000 from a second share offer to increase the total share capital raised to between £250,000 and £325,000.

The Society has also applied to the Community Shares Booster Programme that will match and purchase the same number of shares as the number raised under this share offer up to a maximum of £50,000.

The Society will seek further loan finance to meet any shortfall between the total share capital raised and the target of £250,000.

New shares

We anticipate that other people will want to invest in the Society after the pub has been purchased. We have anecdotal evidence of other community ownership schemes having waiting lists of people wishing to invest in projects that support and provide benefit to community. Funds raised from new shares will be held and used for those shareholders wishing to withdraw their shares.

Grants and donations

We estimate that £75,000 will be raised from applying to grant giving programmes, organisations and individuals. We have been successful and have been offered a conditional grant of £50,000 from the second “More than a Pub” programme. We also plan to submit grant applications to the National Lottery Heritage and Community Fund and other charities.

Short-term working capital loan

Triodos Bank have offered the Society a short-term [4 months] working capital of loan of up to £75,000, if needed, to provide funding for the period until the Society is refunded the VAT paid on the purchase.

Loans/ mortgage finance of up to £150,000 on commercial terms;

The Society has been successful in applying to the Plunkett Foundation’s “More than a Pub” programme for the maximum joint loan of £50,000 and grant of £50,000 available. The loan is a short-term loan repayable over 7 years with an interest rate in the region of 8%.

The Society has been successful in the past when applying to the Triodos Bank for a long-term (20 year) loan or mortgage of £100,000 secured on the freehold at commercial interest rates in the region of 4% to 6%. These funds would be not be used for the purchase of the pub but used with other funding to develop the pub and outbuildings.

JV Share/ Loan

Following development, the outbuilding could provide useable space for several community ventures such as a micro-brewery, community shop and/ or café, offices and bed and breakfast accommodation. Funding could be in the form of a fixed term premium or several affordable low-cost tenancies

Trading income

The sales figures are based on turnover achieved when the pub was in operation and are expected to grow at a rate of 3% each year after the first year. We feel the sales figures may well be higher once the outbuildings have been developed as this may increase the number of people using the pub.

Other income

Rent – Manager’s accommodation

The pub has a three-bedroom flat on the first floor that will be offered to the pub manager at a rate of c.£600 per month increasing by 2.5% annually. The average rent for a three-bedroom flat in Saffron Walden is between £1,000 and £1,250.

Rent - Outside/ function rooms

We have included £1,000 per month, increasing 3% annually, for rent from the micro-brewery, community café/ shop and hire of the function rooms/ gardens for events and weddings.

Expenditure

Price of the pub

The pub is being marketed by an agent, Gerald Eve, for the Owner. The agent has informed us the owner's guide price is £400,000 plus VAT. Having made an offer at £350,000 plus VAT in 2018, the Management Committee feels the final price will be between the Society's last offer and the guide price and will be determined by the number of bidders and the owner's willingness to accept a price on the basis that the Railway Arms continues as a pub.

We have commissioned an independent valuer to value the pub and site on three bases: the pub as it stands now, the pub operating without development and operating at its full development potential. For this plan, we estimate the values as:

- The pub as it stands now - £250,000
- The pub operating without development - £325,000
- The pub operating with its full development potential - £420,000.

Should the final price be more than the £350,000 plus VAT and less than the £375,000, included in the financial projections, the Society will use part of the £150,000 designated for development to meet the shortfall.

Should the final selling price be above £375,000 plus VAT, the management committee will consider its plans to proceed.

Acquisition costs

- Stamp duty land tax: £7,500
- Legal costs: £1,500
- Land Registry fee: £500
- Valuation fees: £500

Refurbishment and creations of a community café/shop/ bed and breakfast/ micro-brewery

We have had initial discussions with an architect on refurbishing and turning the outbuildings into usable space for a community café/shop, function rooms, and micro-brewery. He has confirmed the amount provided for the refurbishment is reasonable to allow these developments. Further funding may be needed for the second development phase of providing bed and breakfast accommodation.

Trading expenditure

The cost of purchases has been based on industry averages and are expected to increase in line with growth and CPI.

Staff costs

The expenditure includes staff costs of £55,000 to employ a manager, bar and kitchen staff. The cost includes employer's costs for National Insurance and pension contributions as the staff will need to be automatically enrolled within a new stakeholder pension scheme.

Overheads

The costs for rates, light and heat have been based on the amounts paid when the pub was operating and adjusted for inflation.

Contingency

A contingency has been included to allow for an adverse variation of 10% in gross profit due to lower than anticipated turnover or higher cost of sales. The trading accounts are currently being reviewed and checked for reasonableness by an advisor whose business is buying and selling pubs.

Maintenance

We have provided for £5,000 per annum and increasing at 2.5% annually to be set aside for a property maintenance fund.

Business Manager [2 days per month]

Provision has been included for the appointment of an individual or organisation that would provide an oversight role on the pub's operation and would report to the Management Committee. The role would include ensuring the pub is being run in line with the Society's aims and values, it is complying with its statutory obligations on Health & Safety, Hygiene, VAT, other taxes, employment law etc as well as providing internal controls on takings, costs of sales, opening and closing stocks.

Manager profit share (20% trading profits)

We have included a profit share for the pub manager, to provide an incentive to operate the pub on a sound financial basis. Other metrics will also be considered when reviewing the manager's performance incentive, such as number of community events held etc.

Mortgage/loan interest

Interest has been included at an average rate of 8% for short-term loans and 5% for longer-term loans/mortgages.

Share interest

Shareholders will receive interest at a rate of 3% per annum. Payment will be made gross of tax. Depending on the overall viability of the business, it is proposed to maintain this rate at a level of at least 2.5% above the Bank of England base rate but not more than 3% above. Rates will need to be at a level to retain investors.

Shares withdrawn

We believe that in practice and provided an attractive interest rate continues to be paid, the rate of share withdrawal requests will be low, and it will be possible to attract new investors. The cash flow shows withdrawals being permitted from year 3, at a level rate of £5,000 per annum, which has been matched by new shares being issued for the same amounts. However, withdrawals would only be possible provided the business was not endangered and requests for withdrawals can be declined and/or reduced by the management committee.

Appendix 4 Community Benefit Societies

The purpose of a community benefit society is to serve the broader interests of the community, in contrast to co-operative societies that serve the interests of members. The 2014 Act requires a community benefit society to “carry on a business, industry or trade” that is “being, or intended to be, conducted for the benefit of the community”. Community benefit societies are registered and regulated by the Financial Conduct Authority [FCA] who focus on following four key characteristics of a community benefit society when considering registration:

Purpose: The FCA says that “the conduct of a community benefit society’s business must be entirely for the benefit of the community”. There can be no alternative or secondary purposes, including any that may preferentially benefit the members.

Membership: In common with all societies, community benefit societies are expected to have members who hold shares. The FCA expects community benefit societies to be run on a democratic one-member-one-vote basis regardless of the number of shares owned.

Application of profits: Any profit made by a community benefit society must be used for the benefit of the community. Unlike a co-operative society, profits cannot be distributed to members of a community benefit society. Interest on share capital is an operating expense and should be subject to a declared maximum rate.

Use of assets: Community benefit societies must only use their assets for the benefit of the community. If a community benefit society is sold, converted, or amalgamated with another legal entity, its assets must continue to be used for the benefit of the community and must not be distributed to members. This lock on the assets of a community benefit society can be reinforced by adopting the prescribed wording for a statutory asset lock

Community Benefit Societies are particularly appropriate for organisations wishing to raise capital from the public as it has several special attributes that make it different to companies in this regard, these are:

- enshrined democracy and protection of members' rights - must be one member, one vote regardless of the number of shares owned. In a society, members have the right to appoint and dismiss directors and determine the affairs and rules of the society;
- withdrawable share capital - societies have the option of issuing withdrawable share capital. This type of share is withdrawable by the member, subject to any conditions stated in the society’s rules. There is no requirement to specify an amount of share capital upon registration. Societies have some exemptions from the Financial Services and Markets Act (FSMA 2000), including exemptions covering the approval of financial promotions, which can reduce the cost of a share issue. Withdrawable share capital is nevertheless risk capital and, despite the exemptions, the FCA will expect a society to provide appropriate information regarding this risk to potential investors;
- limits on shareholding - all members must hold at least one share in the society. Currently shareholding for individuals is limited to £100,000, but there is no limit to the size of shareholding held by another society;
- limits on share interest - the interest payable on shares must be limited to what is “necessary to obtain and retain enough capital to run the business”. Those people investing in societies usually do so for socially motivated or philanthropic reasons.

Source: The Community Shares Handbook

Appendix 5

Community Benefit Plan

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
Enabling the community to bring about change	The purchase of the first community owned pub in Saffron Walden will be a hugely significant event in the town and will demonstrate the power of the community to change things that matter to them. Saving the Railway Arms will endow a large and growing community with the confidence, enthusiasm, skills, knowledge and wherewithal to take action and reverse the trends over the last ten years in the reduction of local services and support to all parts of the community and in particular to those less able and vulnerable in caring for themselves.	<p>Estimated purchase/ setup costs £360,000 funded by share capital, grant and loan funding.</p> <p>Estimated running cost per year £218,200</p> <p>Estimated revenue generated per year: £227,200</p>	<ul style="list-style-type: none"> – Residents living in Saffron Walden [16,600] – Residents in the catchment area [9,700] – Older people or people with limited mobility who may be isolated or socially excluded [2,400] – Unemployed people with limited opportunities and confidence [120] 	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Enabling greater community cohesion – Foster greater community pride and empowerment 	<p>It is planned to set up a Marketing, Publicity and Events Steering Group will monitor and collect data for marketing and publicly purposes and to provide monthly reports to the pub manager, management committee to monitor usage, volunteer involvement etc.</p> <p>Data will include the number of members of the community who want to be involved by becoming shareholders, and/ or involved in the running of the pub by being on the management committee or by joining the planned steering groups to raise funds, refurbish and redevelop the facility, to market and publicise the facilities and events and/ or to run the events and activities.</p>	01/06/2020

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
Providing structured opportunities for volunteering	<p>There are several post-acquisition actions/ projects to, reopen the pub, make the trade garden use-able again, provide a new separate community garden, orchard, develop the outbuildings to provide use-able space to deliver additional community services included a community shop and cafe.</p> <p>Each project will have a steering committee with members drawn from the local community with the skills and knowledge to deliver each project.</p> <p>It will also provide job experience to steering group members who have been out of work and are looking for employment.</p> <p>There will be opportunities for the many retired residents to use past professional and trade qualifications, skills and experiences that will re-stimulate feelings of self-worth and self-assurance.</p> <p>The aim is to maximise the level of community involvement and engagement at the Railway Arms for the long-term and in doing so provide individual and group self-actualisation benefits.</p> <p>Provide an impetus for additional centre volunteering</p>	<p>Nil.</p> <p>The activity will be managed and operated by volunteers.</p>	<ul style="list-style-type: none"> – Local residents in the catchment area [9,700] – Unemployed [120] – Young people [1,700] 	<ul style="list-style-type: none"> – Reducing social isolation – Increasing employability – Enabling greater community cohesion – Foster greater community pride and empowerment 	<p>The number of members of the community volunteering to be members on the steering groups.</p> <p>The number of unemployed and volunteering.</p> <p>Volunteer register, impact reports to the monthly management committee meetings and to members and supporters via the website, social media, Annual Report and Financial Statements.</p>	01/07/2020

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
Providing elderly residents and those living alone an accessible place to socialise, take part in activities outside their homes.	<p>The closure of the pub in 2017 together with the loss of other local amenities such as shops, post offices and other near-to-go- to places has made it difficult for the increasing number of elderly community living, often alone, within two to five minutes of the pub to go out.</p> <p>Re-opening the pub is the first priority and will put back an important community and valued asset and provide an accessible space for a range of services and activities for the many elderly residents and those living alone.</p> <p>Services and activities such as a low-cost lunch club, a book club, bingo, bridge clubs, a book/DVD/ CD lending library, access to internet and a parcel collection service</p> <p>At the same time, it is planned to restore the large trade garden using local professional gardeners volunteering their time, to extend this accessible space for this age group, many of whom live in flats and homes with no or limited access to a garden, to enjoy with families and friends.</p> <p>The marketing, publicity and events steering group will publicise, market and organise these events and activities that will be run by individuals, clubs, societies and charities wishing to provide these services on a regular or permanent basis.</p>	<p>Estimated setup cost £20,000 funded from grants and loans.</p> <p>Estimated running cost per year £7,000.</p> <p>Estimated revenue generated per year: £7,000.</p>	<ul style="list-style-type: none"> – Local residents in catchment area [9,700] – Residents of nearby sheltered accommodation [3,400] – Unemployed [120] 	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Enabling greater community cohesion 	<p>Weekly usage reports, feedback from customers, sheltered accommodation residents, family and staff.</p> <p>Reported to Marketing, Publicity and Events Steering Group, monthly management committee meetings, quarterly manager performance reviews, AGM's.</p>	28/08/2020

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
Function room, community space and facilities	<p>The post-acquisition action plan includes a project to redevelop part of the outbuildings to provide a multi-purpose space</p> <p>This multi-purpose space will be designed to meet the needs of all including those with limited mobility. Being independent to the pub, it can be operated during and outside normal pub opening times.</p> <p>The marketing, publicity and events steering group will publicise, market and organise these events and activities that will be run by individuals, clubs, societies and charities wishing to provide these services on a regular or permanent basis.</p> <p>This multi-purpose space will provide parents with children opportunities to meet for coffee mornings, evening socials gatherings to re-connect and engage with other adults and help reduce feelings and the effects of isolation</p> <p>Individuals, clubs and societies will be able to run a broad range of activities such as arts and crafts courses for the elderly, exhibitions, training workshops a local health drop-in centre. These will provide both mental and physical health benefits to the elderly together with opportunities to meet others.</p>	<p>Estimated setup cost: £50,000 funded from loans.</p> <p>Estimated running cost per year: £6,000</p> <p>Estimated revenue generated per year: £12,000</p>	<p>Local residents in catchment area [9,700]</p> <p>Clubs and societies [1,000]</p> <p>Charities [200]</p>	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Enabling greater community cohesion – Improving access to cultural activity for providers and consumers 	<p>Events booking register/ calendar/ data recorded by the Marketing, Publicity and Events Steering Group.</p> <p>Reported at monthly management committee meetings, quarterly manager performance reviews, AGM's.</p>	31/10/2020

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
Men's shed, repair shop, Library of Things in former workshop buildings	<p>A men's shed, repair shop and a Library of Things will be established in the former workshop buildings to provide individual and/or group activity to older men experiencing isolation to generates a sense of wellbeing amongst a particularly vulnerable group. The benefits can also be accessed by other sections of the community</p> <p>A library of things will offer the wider community the opportunity to borrow items that they may need infrequently. Rather than multiple purchases of under-used tools and equipment a library of things established through donations allows sharing and a loan system to develop.</p>	<p>Estimated setup cost £1,000 funded from loan finance</p> <p>Estimated running cost per year: £500</p> <p>Estimated revenue generated per year: £520</p>	<p>Older men experiencing social isolation [2,000]</p> <p>Unemployed [120]</p>	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Enabling greater community cohesion 	<p>An active men's shed group formed. Events booking register/ calendar/ data recorded by the Marketing, Publicity and Events Steering Group, feedback from customers at the repair shop.</p> <p>Reported at monthly management committee meetings, quarterly manager performance meetings, AGM's.</p>	01/01/2022
Cooking courses and demonstrations	<p>Cooking courses to be offered on quiet days from the pub kitchen to provide opportunities for people living alone, particularly men, to meet and socialise with others, learn new or improve practical skills and to be encouraged to use fresh ingredients to promote good health and well-being.</p> <p>Cooking courses and demonstrations could also be provided remotely via new teleconferencing technology to people at home who find it difficult to visit the pub.</p>	<p>Estimated setup cost £1,000 to be funded from revenue.</p> <p>Estimated running cost per year: £1,000</p> <p>Estimated revenue generated per year: £1,000</p>	<p>[Male] residents of nearby sheltered accommodation [1,700]</p> <p>Unemployed [120]</p>	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Skills development/ employment 	<p>Events booking register/ calendar/ data recorded by the Marketing, Publicity and Events Steering Group, feedback from users.</p> <p>Reported to Monthly management committee meetings, quarterly manager performance meetings, AGM's.</p>	01/09/2020

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
Community shop and cafe	<p>The action plan includes a development project to further develop part of the outbuildings to provide space for community shop/ cafe to be run as a separate community run business.</p> <p>The community shop and cafe will provide access to essential provisions in a part of the town where there are no local convenience stores, newsagents, post offices and where transport is currently needed to shop.</p> <p>The shop and cafe will also offer local employment and training opportunities to unemployed and young people.</p>	<p>Estimated setup cost £50,000 funded from grants and loans.</p> <p>Estimated running cost per year: £6,000</p> <p>Estimated revenue generated per year: £12,000</p>	<p>Local residents [9,700]</p> <p>Residents of nearby sheltered accommodation [3,400]</p> <p>Unemployed [120]</p> <p>Young people [1,700]</p>	<ul style="list-style-type: none"> – Reducing social isolation – Increasing employability – Creating better access to basic services – Enabling greater community cohesion – Skills development/ employment 	<p>Reports from the community group operating the shop and cafe providing data on number of users, financial out-turns and customer feedback. /surveys.</p> <p>Reported to monthly management committee meetings, quarterly liaison meetings and staff reviews, twice yearly general meetings, AGM's.</p>	30/06/2021
Community garden or orchard	<p>Another development project is to create a community garden and/ or orchard for the community, in particular those who do not have a garden,</p> <p>The garden/ orchard will be designed by local skilled gardeners including gardeners employed at Audley End House to provide access to all via pathways to raised beds and quiet areas. Plants and tree will be chosen to maximise the sensory and therapeutic benefits to all age groups.</p> <p>The volunteer gardeners employed at Audley End House have also volunteered to provide demonstrations and training workshops to build and develop skills for</p>	<p>Estimated setup cost £5,000 funded from grants/ loans.</p> <p>Estimated running cost per year: £3,000</p> <p>Estimated revenue generated per year: £6,000</p>	<p>Local residents [9,700]</p> <p>Residents of nearby sheltered accommodation [3,400]</p> <p>Unemployed [120]</p>	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Improving the local environment – Enabling greater community cohesion – Skills development 	<p>Events booking register/ calendar/ data recorded by the Marketing, Publicity and Events Steering Group, feedback from users.</p> <p>Reported to monthly management committee meetings, quarterly manager performance meetings, AGM's.</p>	30/04/2021

What 'More than a Pub' service or activity will you provide?	Description	Costs	Target Groups	What outcomes or benefits will those group(s) experience as a result of accessing this service or activity?	How will you monitor whether these outcomes are being achieved?	When will this service/ activity commence?
	<p>both recreational and employment purposes.</p> <p>Users will be involved in growing produce for the pub, community shop and community.</p>					
Collaborating with charities and other organisations supporting vulnerable adults and children	<p>To provide a place where adults with mental and physical health difficulties can meet come to feel part of and to be accepted by the community with their carers and family.</p> <p>To provide "life skills" training in the pub, the kitchen, the community garden, orchard and café.</p> <p>A pub manager and charity/ organisation would both be responsible for drawing up and managing a programme of training and other activities that could be carried out safely</p>	<p>Estimated setup cost £5,000 funded from grants/ loans.</p> <p>Estimated running cost per year: £3,000</p> <p>Estimated revenue generated per year: £6,000</p>	<ul style="list-style-type: none"> – Local charities – Local care homes – Individual families 	<ul style="list-style-type: none"> – Reducing social isolation – Improving health and wellbeing – Increasing employability – Creating better access to basic services – Enabling greater community cohesion – Skills development 	<p>Events booking register/ calendar/ data recorded by the Marketing, Publicity and Events Steering Group, feedback from users.</p> <p>Reported to monthly management committee meetings, quarterly manager performance meetings, AGM's.</p>	30/04/2021

Plunkett Foundation

Model Rules for Community Ownership

Version 4
February 2017

Rules sponsored by the Plunkett Foundation

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1 INTRODUCING THE SOCIETY AND THE RULES

Name

- 1.1 The society is called **The Saffron Walden Community Society Ltd** and it is called “the Society” in these Rules.

Registration

- 1.2 The Society is registered under the law as a society for the benefit of the community with the **Financial Conduct Authority**. Its registered office is 89 High Street, Saffron Walden, Essex, CB10 1DX

Why the Society exists

- 1.3 The Society exists in order to carry on business for the benefit of the community. This is the Society’s Purpose.

Commitments

- 1.4 The Society is committed to:
- 1.4.1 trading for the benefit of the community, and not for anyone’s private benefit;
 - 1.4.2 retaining profits and applying profit to advance the Society’s Purpose.

Governing documents

- 1.5 These Rules set out the way in which the Society is owned, organised and governed.
- 1.6 In addition to the Rules, the Management Committee may make other provisions concerning how the Society operates, such as a code of conduct for the Management Committee. Such provisions must not be inconsistent with the Rules.
- 1.7 In the Rules
- 1.7.1 words starting with a capital letter (like Rules) refer to something specific, and the Appendix at the end of the Rules identifies the rule which makes this apparent; and
 - 1.7.2 words which are highlighted in italics (like *partner*) have a special meaning and the Appendix lists all of these words and explains what they mean.

2 GOVERNANCE

Overview

- 2.1 The Society has Members, a Management Committee, and a Secretary.

Members

- 2.2 Membership is the means by which the Society is owned by the community. Membership provides Members with access to information, a voice in the Society, and the opportunity to be elected to a representative role in its governance.

Information

- 2.3 Members are entitled to receive information about the Society and its business, as provided in the Rules.

Voice

- 2.4 Members have a voice in the Society's affairs as provided in the Rules, by
- 2.4.1 attending, speaking and submitting motions to be considered at Members' Meetings;
 - 2.4.2 voting at Members' Meetings;
 - 2.4.3 electing representatives to the Management Committee.

Representation

- 2.5 Subject to qualification criteria, Members may stand for election to the Management Committee.

Management Committee

- 2.6 Subject to the Rules, the Management Committee manages the affairs of the Society and may exercise all of its powers.
- 2.7 The Management Committee is collectively responsible for everything done by or in the name of the Society, but on that basis it may
- 2.7.1 employ a manager or any other staff it considers to be necessary and appropriate;
 - 2.7.2 delegate to any employee responsibility for day-to-day management of some or all of the Society's business;
 - 2.7.3 authorise members of the Management Committee to deal with specific matters;
 - 2.7.4 make use of the services of volunteers.
- 2.8 The Management Committee may, with the approval of a resolution of the Members at a Members' Meeting, arrange for the management of the business of the Society to be carried out by a third party.

Secretary

- 2.9 The Secretary is secretary to the Society, and acts as secretary to the Management Committee.

3 MEMBERS

- 3.1 The Society shall encourage people to become Members, and to that end, the Management Committee shall
 - 3.1.1 maintain a Membership Strategy for that purpose;
 - 3.1.2 report to the Members at the Annual Members' Meeting on the state of the Society's membership and on the Membership Strategy.
- 3.2 The Members of the Society are those whose names are listed in its Register of Members.
- 3.3 Membership is open to any person (whether an individual, a corporate body or the nominee of an unincorporated organisation) who completes an application for membership in the form required by the Management Committee and:
 - 3.3.1 is over 18 years of age;
 - 3.3.2 supports the Society's Purpose;
 - 3.3.3 pays for the minimum number of shares required by the Rules;
 - 3.3.4 agrees to pay an annual subscription (if there is one); and
 - 3.3.5 whose application is accepted by the Management Committee.
- 3.4 The Management Committee may refuse any application for membership at its absolute discretion.
- 3.5 A Member, which is a corporate body, shall appoint a representative to attend Members' Meetings on its behalf, and otherwise to take part in the affairs of the Society. Such appointment shall be made in writing, signed on behalf of the governing body of the corporate body.
- 3.6 The Management Committee may divide Members into constituencies, based on geography, the nature of their interest in the society, or any other relevant factor. If Members are divided into constituencies:
 - 3.6.1 the Members in each constituency will be able to elect at least one representative from amongst their number to the Management Committee;
 - 3.6.2 no person may be a Member within more than one constituency; and
 - 3.6.3 the Secretary shall make any final decision about the constituency which a Member belongs to.

Cessation of Membership

- 3.7 A person ceases to be a Member of the Society in the following circumstances:
 - 3.7.1 they resign in writing to the Secretary;
 - 3.7.2 being an individual, they die;
 - 3.7.3 being a corporate body, they cease to exist;
 - 3.7.4 being a nominee of an unincorporated organisation, the organisation replaces them as its nominee;
 - 3.7.5 they are expelled from membership under the Rules;
 - 3.7.6 the Secretary removes them from the Register of Members, after completing procedures approved by the Management Committee on the grounds that:
 - 3.7.6.1 the Society has lost contact with the Member; or
 - 3.7.6.2 the person no longer wishes to continue to be a Member.

- 3.8 A Member may be expelled by a resolution approved by not less than two-thirds of the members of the Management Committee present and voting at a Management Committee Meeting. The following procedure is to be adopted.
- 3.8.1 Any Member may complain to the Secretary in writing that another Member has acted in a way detrimental to the interests of the Society.
 - 3.8.2 If a complaint is made, the Management Committee may itself consider the complaint having taken such steps as it considers appropriate to ensure that each Member's point of view is heard and may either:
 - 3.8.2.1 dismiss the complaint and take no further action; or
 - 3.8.2.2 for a period not exceeding twelve months suspend the rights of the Member complained of to attend Members' Meetings and vote under the Rules;
 - 3.8.2.3 arrange for a resolution to expel the Member complained of to be considered at the next Management Committee Meeting.
 - 3.8.3 If a resolution to expel a member is to be considered at a Management Committee Meeting, details of the complaint must be sent to the Member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the meeting.
 - 3.8.4 At the meeting the Management Committee will consider evidence in support of the complaint and such evidence as the Member complained of may wish to place before them.
 - 3.8.5 If the Member complained of fails to attend the meeting without due cause, the meeting may proceed in their absence.
 - 3.8.6 A person expelled from membership will cease to be a member upon the declaration by the Chairperson of the meeting that the resolution to expel them is carried.
- 3.9 No person who has been expelled from membership is to be re-admitted except by a resolution carried by the votes of not less than two-thirds of the members of the Management Committee present and voting at a Management Committee Meeting.

4 MEMBERS' MEETINGS

- 4.1 Every year, the Society shall hold an Annual Members' Meeting, within six months of the close of the financial year.
- 4.2 Any other Members' Meetings are Special Members' Meetings.
- 4.3 The Management Committee (except where otherwise provided in the Rules) convenes Members' Meetings, and decides the date, time and place of any Members' Meeting and of any adjourned meeting.

Annual Members' Meeting

- 4.4 The functions of the Annual Members' Meeting shall include:
 - 4.4.1 receiving from the Management Committee the Annual Accounts for the previous financial year; a report on the Society's performance in the previous year, and plans for the current year and the next year;
 - 4.4.2 receiving from the Management Committee a report on the state of the membership and the Membership Strategy;
 - 4.4.3 appointing any financial Auditors, and external Auditors of any other aspect of the performance of the Society;
 - 4.4.4 declaring the results of elections of those who are to serve on the Management Committee;
 - 4.4.5 Any other business included in the notice convening the meeting.

Special Members' Meetings

- 4.5 Special meetings are to be convened by the Secretary either by order of the Management Committee, or if a written requisition signed by not less than 12 Members or 10% of all Members (whichever is less) is delivered, addressed to the Secretary, at the Society's registered office.
- 4.6 Any requisition must state the purpose for which the meeting is to be convened. If the Secretary is not within the United Kingdom or is unwilling to convene a special meeting, any member of the Management Committee may convene a Members' meeting.
- 4.7 A special meeting called in response to a Members' requisition must be held within 28 days of the date on which the requisition is delivered to the registered office. The meeting is not to transact any business other than that set out in the requisition and the notice convening the meeting.

Notice of Members' Meetings

- 4.8 Notice of a Members' Meeting is to be given at least 14 clear days before the date of the meeting, by notice prominently displayed at the registered office, all of the Society's places of business, and such other places as the Management Committee decides.
- 4.9 The notice must state whether the meeting is an Annual Members' Meeting or Special Members' Meeting, give the time, date and place of the meeting, and set out the business to be dealt with at the meeting.

Procedure at Members' Meetings

- 4.10 Members' Meetings are open to all Members. The Management Committee may invite particular individuals or representatives of particular organisations to attend a Members' Meeting.
- 4.11 Before a Members' Meeting can do business, a minimum number of Members (a quorum) must be present. Except where these Rules say otherwise a quorum is

present if 5 Members or 10% of the Members entitled to vote at the meeting (whichever is greater) are present.

- 4.12 If no quorum is present within half an hour of the time fixed for the start of the meeting, the meeting shall be dissolved if it has been requisitioned by the Members. Any other meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such time and place as the Management Committee determine. If a quorum is not present within half an hour of the time fixed for the start of the adjourned meeting, the number of Members present during the meeting is to be a quorum.
- 4.13 The Chairperson, or in their absence another member of the Management Committee (to be decided by the members of the Management Committee present), shall chair a Members' Meeting. If neither the Chairperson nor any other member of the Management Committee is present, the Members present shall elect one of their number to be Chairperson.
- 4.14 The Chairperson may, with the consent of the meeting at which a quorum is present, and shall if so, directed by the meeting, adjourn the meeting from time to time and from place to place. But no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. No notice of an adjourned meeting needs to be given unless the adjournment is for 21 days or more.

Voting at Members' Meetings

- 4.15 Subject to these Rules and to any Act of Parliament, a resolution put to the vote at a Members' Meeting shall, except where a poll is demanded or directed, be decided upon by a show of hands.
- 4.16 The Management Committee may introduce arrangements for Members to vote by post, or by using electronic communications.
- 4.17 On a show of hands and on a poll, every Member present is to have one vote. Where postal or electronic voting arrangements have been introduced, every Member who has voted by such method shall also have one vote. In the case of an equality of votes, the Chairperson of the meeting is to have a second or casting vote.
- 4.18 Unless a poll is demanded, the Chairperson of the meeting will declare the result of any vote, which will be entered in the minute book. The minute book will be conclusive evidence of the result of the vote.
- 4.19 A poll may be directed by the Chairperson of the meeting or demanded, either before or immediately after a vote by show of hands, by not less than one-tenth of the Members present at the meeting. The Chairperson of the meeting shall decide how a poll is taken.
- 4.20 Unless these Rules or an Act of Parliament say otherwise, all resolutions are to be decided by a simple majority of the votes cast.
- 4.21 A resolution in writing signed by all the Members for the time being entitled to vote at a Members' Meeting shall be valid and effective as if it had been passed at a Members' Meeting duly convened and held. Such a resolution may consist of several documents in the same form each signed by one or more Members.

5 MANAGEMENT COMMITTEE

Composition of the Management Committee

- 5.1 The Management Committee shall comprise not less than three and not more than 12 persons, who shall mainly be elected by and from the Members. Not more than one quarter of the Management Committee may comprise persons co-opted by the Management Committee.
- 5.2 If Members are divided into constituencies, the Management Committee shall include persons elected by and from the Members in each constituency, and the Management Committee shall strive to ensure that its composition appropriately reflects the various constituencies.
- 5.3 If the size of the Management Committee falls below three, it may act only for the purpose of calling a Members' Meeting, the business of which shall be the election of new members to the Management Committee, and not for any other purpose.

Elections, appointments and removals

- 5.4 Elected members of the Management Committee hold office for a period commencing immediately after the Members' Meeting at which their election is declared and ending at the conclusion of the third Annual Members' Meeting after that.
- 5.5 Co-opted members of the Management Committee serve until the next Annual Members' Meeting.
- 5.6 A person retiring from office shall be eligible for re-election or re-appointment.
- 5.7 Elections shall be carried out in accordance with procedures determined by the Management Committee.
- 5.8 Only a Member over the statutory minimum age may be elected or appointed to serve on the Management Committee.
- 5.9 The Management Committee will adopt a code of conduct, and every member of the Management Committee must comply with the terms of such code of conduct.
- 5.10 A member of the Management Committee shall immediately vacate their office if they:
 - 5.10.1 resign their office in writing to the Secretary;
 - 5.10.2 cease to be a Member;
 - 5.10.3 become bankrupt or subject to a disqualification order made under the Company Directors Disqualification Act 1986
 - 5.10.4 are removed from office by a resolution passed by a two-thirds majority of those voting at a meeting of the Management Committee, on the grounds that in the opinion of the Management Committee, they are in serious breach of the Management Committee's code of conduct or have not performed the duties which they agreed to perform or which they could reasonably have been expected to perform and it is not in the interests of the Society that they should continue in office.
- 5.11 The Management Committee shall elect from amongst themselves a Secretary, Chairperson Vice-Chairperson and a Treasurer. These officers shall have such functions as the Rules or the Management Committee specify, and they shall serve until they are removed or replaced by the Management Committee, or until they resign.

Meetings of the Management Committee

- 5.12 The Management Committee shall hold such meetings as it considers appropriate to discharge its roles and responsibilities.
- 5.13 Every meeting of the Management Committee shall be chaired by the Chairperson, or in their absence the Vice-Chairperson, or in their absence another member of the Management Committee chosen by those present.
- 5.14 Three members of the Management Committee shall comprise a quorum.
- 5.15 Members of the Management Committee may be counted in the quorum, participate in and vote at meetings of the Management Committee by telephone, video or other electronic means.
- 5.16 Unless the Rules provide otherwise, in the event of a decision to be made by a vote at meetings of the Management Committee, the decision shall be decided by a majority of votes. Each member of the Management Committee shall have one vote, and in the event of a tied vote, the Chairperson of the meeting shall have a second or casting vote.
- 5.17 A resolution signed by all the members of the Management Committee has the same effect as a resolution validly passed at a meeting of the Management Committee. Each member of the Management Committee may sign a separate copy of the resolution and send a signed copy to the Secretary by email or other electronic means.

Disclosure of Interests

- 5.18 A member of the Management Committee shall declare an interest and shall not vote in respect of any matter in which they, or their spouse or **partner** or immediate relative, have a personal financial or other material interest. If they do vote, their vote shall not be counted.

Remuneration

- 5.19 Members of the Management Committee are not entitled to any remuneration, but they may be reimbursed for reasonable expenses incurred in connection with the Society's business.

Secretary

- 5.20 The Management Committee appoints and may remove the Secretary and decides the terms of the appointment and whether any remuneration is to be paid.
- 5.21 A person does not have to be a Member in order to be appointed Secretary, and a member of the Management Committee may be appointed Secretary. However, a person employed to carry out other services may not be appointed Secretary.
- 5.22 The Secretary
 - 5.22.1 has the functions set out in the Rules and any other functions which the Management Committee assigns;
 - 5.22.2 acts as Returning Officer at and is responsible for the conduct of all elections described in the Rules;
 - 5.22.3 has absolute discretion to decide any issue or question which the Rules require the Secretary to decide.

6 REPORTING

Preparation of Accounts

- 6.1 In respect of each year of account, the Management Committee shall cause Annual Accounts to be prepared which shall include:
 - 6.1.1 a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that year and which give a true and fair view of the income and expenditure of the Society for that year; and
 - 6.1.2 a balance sheet giving a true and fair view as at the date thereof of the state of the affairs of the Society.

Auditors and Audit

- 6.2 At each Annual Members' Meeting where, as a result of the provisions of the Co-operative and Community Benefit Societies Act 2014 the Society has the power to decide not to appoint an Auditor or Auditors to audit its Annual Accounts, a resolution shall be put to the Members to decide whether or not they wish to exercise the power.
- 6.3 Where required by law or the decision of the Members, the Society shall appoint in each year a qualified Auditor or Auditors to be the Auditors, and the following provisions shall apply to them.
 - 6.3.1 The accounts of the Society for that year shall be submitted to them for audit as required by the law.
 - 6.3.2 They shall have all the rights and duties in relation to notice of, and attendance and right of audience at Members' Meetings, access to books, the supply of information, reporting on accounts and otherwise, as are provided by the law.
 - 6.3.3 Except where provided in the Rules, they are appointed by the Annual Members' Meeting, and the provisions of the law shall apply to the re-appointment and removal and to any resolution removing or appointing another person in their place.
 - 6.3.4 Their remuneration shall be fixed by the Management Committee in accordance with the Act.
- 6.4 The Management Committee may fill any casual vacancy in the office of Auditor until the next following Members' Meeting.

Presentation of Accounts

- 6.5 The Management Committee shall present the Annual Accounts and reports of the business and affairs of the Society to the Annual Members' Meetings.
- 6.6 The Management Committee shall lay Annual Accounts before the Annual Members' Meeting showing respectively the income and expenditure for and the state of the affairs of the Society as at the end of the Society's most recent financial year (or of such other period as the Management Committee may decide).

Publication of Accounts and Balance Sheets

- 6.7 Subject to the law, the Management Committee must not cause to be published any revenue account or balance sheet unless it has previously been audited by the Auditors unless the power in 6.2 not to appoint Auditors has been exercised and in its place an audit has been substituted by an accountant's report or lay auditors' report. Every revenue account and balance sheet published must be signed by the Secretary and by two Members acting on behalf of the Management Committee.

Copy of Balance Sheet to be Displayed

- 6.8 The Society must keep a copy of the last balance sheet for the time being, always displayed in a conspicuous place at its registered office together with the report of the Auditors if appointed.

Annual Return to be sent to Financial Conduct Authority

- 6.9 The Society must, within the time allowed by legislation in each year, send to the ***Financial Conduct Authority*** a general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return, together with a copy of:

6.9.1 the Society's financial statements for the period included in the return; and

6.9.2 the report of the Auditors thereon if Auditors have been appointed.

and the most recent annual return of the Society shall be made available to any Member by the Secretary on request in writing free of charge.

7 CHANGE

Alterations to Rules

- 7.1 No new rule shall be made, nor shall any of the Rules be amended, unless it is approved by a two-thirds majority of the votes cast at a Special Members' Meeting.
- 7.2 Notice of such a Special Members' Meeting shall specify the Rules to be amended and set out the terms of all amendments or new rules proposed.
- 7.3 No amendment to any of the Rules and no new rule shall be valid until registered.
- 7.4 The Management Committee may change the situation of the Society's registered office. The Society will send notice of any such change to the **Financial Conduct Authority**.

Restriction on use

- 7.5 Pursuant to regulations made under section 29 of the Co-operative and Community Benefit Societies Act 2014:
 - 7.5.1 All of the Society's assets are subject to a restriction on their use.
 - 7.5.2 The Society must not use or deal with its assets except:
 - 7.5.2.1 where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;
 - 7.5.2.2 to pay a Member of the Society the value of their withdrawable share capital or interest on such capital;
 - 7.5.2.3 to make a payment pursuant to section 39 (proceedings on death of nominator), 40 (provision for intestacy) or 36 (payments in respect of mentally incapable persons) of the Co-operative and Community Benefit Societies Act 2014;
 - 7.5.2.4 to make a payment in accordance with the Rules of the Society to trustees of the property of bankrupt Members or, in Scotland, Members whose estate has been sequestered;
 - 7.5.2.5 where the Society is to be dissolved or wound up, to pay its creditors; or
 - 7.5.2.6 to transfer its assets to one or more of the following:
 - (a) a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;
 - (b) a community interest company;
 - (c) a registered social landlord which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;
 - (d) a charity (including a community benefit society that is a charity); or
 - (e) a body, established in Northern Ireland or a State other than the United Kingdom, that is equivalent to any of those persons.
 - 7.5.3 Any expression used in this Rule which is defined for the purposes of regulations made under section 29 of the Co-

operative and Community Benefit Societies Act 2014 shall have the meaning given by those regulations.

Transfers of Engagements

- 7.6 The Society may, by special resolution passed at a Special Members' Meeting in accordance with the Rules and in the way required by the law, amalgamate with or transfer its engagements to any **society** or convert itself into a **company**. Nothing in this Rule shall entitle the Society to amalgamate with, transfer its engagements to or convert itself into a type of body that is not listed in Rule 7.5.2.6.
- 7.7 The Society may also accept a transfer of engagements and assets from any **society** by resolution of the Management Committee or of a Members' Meeting, as the Management Committee shall decide.

Dissolution

- 7.8 The Society may be dissolved by an Instrument of Dissolution or by winding up in the way required by the law. If on the solvent dissolution or winding up of the Society there remain, after the satisfaction of all its debts and liabilities and the repayment of the paid-up share capital, any assets whatsoever, such assets shall be transferred in accordance with the provisions above headed "Restrictions on use".
- 7.9 Subject to those provisions, such assets shall be transferred to one or more community organisations that support the objects of the Society chosen by the Members at a Members' Meeting, which may include any society established by the **Plunkett Foundation** for the purpose of the creation, promotion and development of community-owned enterprises.

8 SHARE CAPITAL

- 8.1 The Society has shares of £50 each.
- 8.2 Application for shares shall be made to the Management Committee and is subject to any maximum permitted by law. Shares shall be paid for in full on application.
- 8.3 The minimum shareholding shall be 1 share. The Society may from time to time make a public share offer, and any such offer may specify a minimum number of shares.
- 8.4 Shares are not transferable except on death or bankruptcy, and are withdrawable at the sole discretion of the Management Committee in accordance with the Rules as follows:
 - 8.4.1 shares may be withdrawn by Members who have held them for a minimum period of three years or such other period as the Management Committee decides;
 - 8.4.2 application for withdrawal shall be made on not less than three months' notice, on a form approved by the Management Committee;
 - 8.4.3 the Management Committee may specify a maximum total withdrawal for each financial year;
 - 8.4.4 All withdrawals must be funded from trading profits, reserves or new share capital raised from Members, and are at the absolute discretion of the Management Committee having regards to the long-term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit. If any withdrawal is to be funded from reserves, the Management Committee must be satisfied that:
 - 8.4.4.1 as a result of such withdrawal there will be no ground upon which the Society could then be found to be unable to pay (or otherwise discharge) its debts; and
 - 8.4.4.2 the Society will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following the withdrawal.
 - 8.4.5 all withdrawals shall be paid in the order in which the notices were received, up to a maximum total withdrawal specified for the financial year, following which no further withdrawals may be made;
 - 8.4.6 except where a Member intends to terminate their membership, they shall not be permitted to withdraw shares leaving them with less than the minimum required by the Rules;
 - 8.4.7 the Management Committee may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as it considers appropriate;
 - 8.4.8 the Management Committee may suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall apply to all notices of withdrawal which have been received and remain unpaid at the time. Where the suspension is for a fixed period, it may be extended from time to time by the Management Committee;
 - 8.4.9 during any period when the right of withdrawal has been suspended, the shares of a deceased Member may, if the

- Management Committee agrees, be withdrawn by their personal representatives on giving such notice as the Management Committee requires;
- 8.4.10 the Society may deduct such reasonable sum to cover administrative costs of withdrawal from the monies payable to a Member on the withdrawal of shares.
- 8.5 The Society may (but is under no obligation to) pay interest to holders of shares, as compensation for the use of such funds, subject to the following:
- 8.5.1 any payment of interest must be from trading profits and is at the discretion of the Management Committee having regard to the long-term interest of the Society, the need to maintain prudent reserves and the Society's commitment to community benefit;
- 8.5.2 the rate of interest to be paid in any year is to be approved by resolution of the Members at the Annual Members' Meeting, and shall not exceed 5% or 2% above the base rate of the Bank of England whichever is the greater;
- 8.5.3 the Management Committee may decide that interest shall not be paid in relation to holdings of shares below a minimal level.
- 8.6 On the solvent winding-up of the Society, holders of shares will have no financial entitlement beyond the payment of outstanding interest and repayment of paid up share capital.
- 8.7 In the event that a Member resigns from membership, is removed from the Register of Members, or is expelled in accordance with the Rules, shares held by them at the date of resignation, removal or expulsion shall thereupon become a loan, repayable to the former Member by the Society. The terms of repayment shall be those applying to the withdrawal of share capital set out in the Rules and notice of withdrawal shall be treated as having been given at the point of resignation, removal or expulsion.

9 ADMINISTRATIVE

Purpose, objects and powers

- 9.1 The Society's Purpose is to carry on business for the benefit of the community.
- 9.2 The Objects of the Society are, in accordance with its Purpose:

The objects of the Society shall be to carry on business for the benefit of the community by providing social and and hospitality facilities and services to the local community in Saffron Walden.

- 9.3 The Society has the power to do anything which appears to it to be necessary or desirable for the purposes of or in connection with its Objects.
- 9.4 In particular it may:
 - 9.4.1 acquire and dispose of property;
 - 9.4.2 enter into contracts;
 - 9.4.3 employ staff;
 - 9.4.4 make use of the services of volunteers;
 - 9.4.5 receive donations or loans free of interest for its Objects.
- 9.5 Any power of the Society to pay remuneration and allowances to any person includes the power to make arrangements for providing or securing the provision of pensions or gratuities (including those payable by way of compensation for loss of employment or loss or reduction of pay).
- 9.6 The Society shall not accept deposits or conduct any activity that constitutes a 'regulated activity' for the purposes of the Financial Services and Markets Act 2000 and 2012 without first applying for, and obtaining, authorisation for the conduct of any such activity.

Borrowing

- 9.7 Subject to the approval of the Management Committee, the Society may borrow money from its members and others for the purposes of or in connection with its Objects, providing that the amount outstanding at any one time shall not exceed £10,000,000.
 - 9.7.1 The Society shall have the power to mortgage or charge any of its property, assets and undertakings, and to issue loan stock, debentures and other securities for money borrowed or for any contracts of the Society or its customers or persons or corporations having dealings with the Society under whatever security or conditions the Management Committee determine are necessary to obtain the capital required to fulfil the society's objects.

Investments

- 9.8 Subject to any restriction imposed by resolution of any Members' Meeting, the Management Committee may invest any part of the capital and funds of the Society in any manner which the Management Committee may from time to time determine.

Books of Account

- 9.9 The Management Committee shall cause to be kept proper books of account with respect to the transactions of the Society, its assets and liabilities, and shall establish and maintain a satisfactory system of control of the books of account, the cash holdings and all receipts and remittances of the Society in accordance with the law.

Treatment of Profits

- 9.10 The profits of the Society shall not be distributed either directly or indirectly in any way whatsoever among Members, but shall be applied:
- 9.10.1 to maintain prudent reserves;
 - 9.10.2 social payments furthering the objects of the Society;
 - 9.10.3 on expenditure in carrying out the Society's Objects.

Minutes

- 9.11 The Management Committee shall cause proper minutes to be made of all Members' Meetings, meetings of the Management Committee and of any sub-committees. All such minutes shall be open to inspection by any Member at all reasonable times.

Settlement of Disputes

- 9.12 Any dispute, between the Society or an officer of the Society on the one hand and a Member or a person who has for not more than six months ceased to be a Member on the other hand, as to the interpretation of or arising out of the Rules shall (except as otherwise provided in the Rules) be referred, in default of agreement between the parties to the dispute, to a person appointed by the Chief Executive of the Plunkett Foundation, on application by any of the parties. The person so appointed shall act as sole arbitrator in accordance with the Arbitration Act 1996 or the Arbitration (Scotland) Act 2010 and such person's decision shall (including any decision as to the costs of the arbitration) be final.

Register of Members

- 9.13 The Society shall keep at its registered office a register of Members as required by the law. Any Member wishing to inspect the register (or any part of it) shall provide the Society with not less than 14 days' prior notice given in writing to the Secretary at the Society's registered office.

Copies of Rules and Regulations

- 9.14 The Secretary will provide a copy of the Rules to any person who demands it and may charge a sum (not exceeding the maximum allowed by the law) for providing such a copy.

Management Committee's and Officers' Indemnity

- 9.15 Members of the Management Committee and the Secretary who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions, save where they have acted recklessly. Any costs arising in this way will be met by the Society. The Society may purchase and maintain insurance against this liability for its own benefit and for the benefit of members of the Management Committee and the Secretary.

Deceased and bankrupt members

- 9.16 Upon a claim being made by the personal representative of a deceased Member or the trustee in bankruptcy of a bankrupt Member, any property to which the personal representative or trustee in bankruptcy has become entitled may be used as the personal representative or trustee in bankruptcy may direct.
- 9.17 A Member may in accordance with the law nominate any person or persons to whom any of their property in the Society at the time of their death shall be transferred, but such nomination shall only be valid to the extent for the time being provided by the law. On receiving satisfactory proof of the death of a Member who has made a nomination the Society shall, in accordance with the law, either transfer or pay the full amount of such property to the person so nominated.

10 START-UP PROVISIONS

- 10.1 The first Members of the Society shall be those who signed the application for registration.
- 10.2 The first Members shall appoint the first Management Committee who shall serve until the first Annual Members' Meeting.
- 10.3 At the conclusion of the first Annual Members' Meeting, all the members of the first Management Committee shall retire.
- 10.4 Those elected to replace them as members of the Management Committee shall take office immediately after the conclusion of the first Annual Members' Meeting, and the following provisions shall apply to them.
 - 10.4.1 One third of those so elected, who obtained the highest number of votes, shall serve until the conclusion of the fourth Annual Members' Meeting.
 - 10.4.2 One third who obtained the next highest number of votes shall serve until the conclusion of the third Annual Members' Meeting.
 - 10.4.3 The remainder of those elected shall serve until the conclusion of the second Annual Members' Meeting.

11 TRANSITION PROVISIONS

- 11.1 If these model rules are adopted on a complete amendment of rules, the following provisions shall apply.
- 11.2 Those holding office as elected members of the Management Committee immediately prior to the adoption of these model rules shall continue in office until the next Annual Members' Meeting, and the following will then apply:
 - 11.2.1 if, under the rules applying before the adoption of these model rules, members of the Management Committee were elected for a three-year term of office, then the elected members of the Management Committee shall serve out the term of office for which they had been elected;
 - 11.2.2 if, under the rules applying before the adoption of these model rules, members of the Management Committee were elected for any other term of office, all elected members of the Management Committee shall retire from office at the conclusion of the next Annual Members' Meeting; elections shall be held before the Annual Members' Meeting to fill the vacancies arising; and the following provisions shall apply:
 - 11.2.2.1 one third of those elected, who polled the highest number of votes, shall serve a three-year term of office ending at the conclusion of the fourth Annual Members' Meeting following the adoption of these model rules;
 - 11.2.2.2 one third of those elected, who polled the next highest number of votes, shall serve a two-year term of office ending at the conclusion of the third Annual Members' Meeting following the adoption of these model rules;
 - 11.2.2.3 the remainder of those elected, who polled the lowest number of votes, shall serve a one-year term of office ending at the conclusion of the second Annual Members' Meeting following the adoption of these model rules.
- 11.3 Those holding office as Chairperson, Vice-Chairperson, and Treasurer immediately prior to the adoption of these model rules shall continue in office until the first meeting of the Management Committee after the next Annual Members' Meeting. At the commencement of that Management Committee meeting, they shall retire from office and the Management Committee shall elect a Chairperson, Vice-Chairperson and Treasurer.
- 11.4 The person holding office as Secretary immediately prior to the adoption of these model rules shall continue in office unless or until replaced by the Management Committee.

12 SIGNATURES OF MEMBERS

APPENDIX

- 1 The Rules should be read and understood on the basis of what is set out below.
- 2 Words in the singular include the plural, and words in the plural include the singular.
- 3 Any reference to legislation includes any subsequent enactments, amendments and modifications, or any subordinate legislation.
- 4 The section, rule and paragraph headings are inserted for convenience only and shall not affect the interpretation of the Rules.
- 5 The following words and phrases have the special meaning set out below.

“company”	a company registered with limited liability under the Companies Act 2006 or any previous Companies Act, or under any law of the country where it is situate whereby it acquires the right of trading as a body corporate with limited liability
“Financial Conduct Authority”	Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS
“partner”	a person living with another in the same household as a couple, irrespective of their sex or sexual orientation
“Plunkett Foundation”	Plunkett Foundation, The Quadrangle, Woodstock, Oxfordshire, OX20 1LH
“society”	a society registered with limited liability under the Co-operative and Community Benefit Societies Act 2014 or under any law of the country where it is situate whereby it acquires the right of trading as a body corporate with limited liability

- 6 The following words or phrases are introduced in the rule specified in each case.

Words or Phrases	Rule
Annual Members' Meeting	4.1
Annual Accounts	6.1
Appendix	1.7.1
Auditor	6.2
Chairperson	5.11
Management Committee	2.1
Member	2.1
Members' Meeting	4
Membership Strategy	3.1.1
Objects	9.2
Purpose	1.3
Register of Members	3.2
Rules	1.1
Secretary	2.1
Society	1.1
Special Members' Meeting	4.2
Treasurer	5.11
Vice-Chairperson	5.11

PLUNKETT FOUNDATION'S GUIDANCE NOTES FOR USE OF THESE MODEL RULES

These Guidance Notes are not part of the Model Rules and are not formulated by the FCA

Using these Model Rules

The use of model rules for the registration of new societies is intended to save costs on application. At the current time (February 2017), an application to register a new society using model rules without any amendments to the model costs £40. The costs increase as the number of amendments to the model increases (between 1 and 6 amendments - £120; between 7 and 10 amendments - £350; 11 or more amendments - £950). Completing blanks in the model (e.g. inserting the name of the society) does not count as an amendment.

Rule 1.1 Insert the proposed name of the Society. The name, which will include the word "Limited", needs to be available and acceptable, and for guidance on this see: www.fsa.gov.uk/pubs/forms/MS_change_name_notes.pdf

Rule 1.2 The registered office, which is the place to which all communications and notices to the society may be addressed, must be in Great Britain or the Channel Islands.

Rule 3.3.1 The model rules provide for a minimum age to be specified. Unless a minimum age is stated in the rules, the law presumes that there is no minimum age for members. Where under these rules substantial share capital is to be raised from members, Plunkett Foundation recommends that legal advice is taken if the minimum age is to be lower than 16. Subject to that, it recommends that the minimum age is not lower than 14.

Rule 3.3 It has been suggested that 51% of the total membership should be comprised of local residents. This could be hard to police or enforce. It can be up to the Board to use 'reasonable endeavours' to ensure that at all times at least 51% of members are local.

Rule 5.1 The recommended size of a Management Committee is for a maximum number of 12 members.

Rule 5.8 The statutory minimum age for serving on the Management Committee is currently 16.

Rule 5.9 The Management Committee must adopt a code of conduct. A template code of conduct is set out following these Guidance Notes below, which can be adopted in that form, or amended.

Rule 5.11 Where possible, it is preferable for the Chairperson, Secretary and Treasurer to be elected from amongst the elected members of the Management Committee.

Rule 7 It is our preference that no new rule should be made of any of the rules repealed or altered without first discussing the suggested changes with Plunkett Foundation.

Rule 8

These model rules only provide for withdrawable shares. No member of a registered society may have any interest in the withdrawable shares of the society exceeding £100,000 being the statutory maximum, with limited exceptions.

While a society can increase the shareholding limit in its rules to £100,000, it should consider, based on its circumstances and the views of its members, whether it is appropriate to do so.

If a significant proportion of a society's share capital is held by a small number of members, the imbalance could lead to liquidity problems and possibly the risk of destabilisation if the holders wish to withdraw their shares. There is also the risk of undue influence, despite shareholders normally holding equal voting rights.

It is recommended that a society should seek legal advice if it wishes to amend these model rules to permit shares that are not withdrawable.

Rule 8.4.1 This rule is most often applied during a start-up period. If in the future you want an open offer for members to join or leave the Society on a regular basis, this three-year period should be reviewed.

Rule 8.4.2 Application for withdrawal – if withdrawals are to be made available from trading profits rather than reserves, the management committee, at their absolute discretion, can allocate a proportion of profits for the repayment of share withdrawals. This means that withdrawals will be made after the Society's year end and any requests that cannot be funded from that year's allocation will need to be carried forward until the following year, or until the request can be met. We suggest a withdrawal policy be made available or included in an application for withdrawal that explains that withdrawals may not be paid immediately following three-month's notice period.

Rule 9.6 A deposit for the purpose of 9.6 is referring to deposits as defined by regulation 5 of the Financial Services and markets Act 2000 (Regulated Activities) order 2001. The definition of the Order classes deposits as either:

- Money received that is lent to other; or
- Money used to finance to a material extent any other activity of the deposit taker.

Our advice is that this excludes reverse credits.

Rule 10 These provisions apply where these model rules are adopted upon first registration. Where that is not the case, these provisions should be deleted.

Rule 11 These provisions apply where these model rules are adopted on a complete change of rules. Where this is not the case, these provisions should be deleted.