Minutes of Leasingham Community Benefit Society’s

First Annual Members’ Meeting

0n Sunday 21st July 2019 at 3pm at Leasingham Village Hall

1. *Chairman’s Welcome –*

 Dave Warner welcomed all to this first AGM and asked all members to who had not already cast their votes to do so as soon as possible at the break to aid a timely count

1. *Apologies*-

Joan Lawton pointed out before reading out the apologies that she was using a voice recorder to aid accuracy of minutes. Apologies received were:-

Margaret Davidson, Eleanor Franklin, Ann Buttery, Gill Marshall, Carol, Martin and Amy Tokley, Margaret and Terence Donovan, Carly and Gavin Renaud, Heather and Grant Beecham, Derek Law, Anthony, Alison, Kate, Ian and Andrew Edwards, Colin and Diane Hibberd, Nicola Hibberd, Selena and David Crowther , Carl & Frankie Garrick-Smith, Katy Farrow, John, Tom, & Kim Rayner, Peter & Richard Sharpe, Angela, Hannah & Robert Aitkin

1. *Management Committee’s Reports* –

Joan informed the meeting that she will hand over to the relevant person to read out the Management Committee’s reports, and made it clear that questions will be taken at the end of all these reports not after each one

* 1. *Annual Chair’s report-*

Dave read out the Chair’s report in full, which had already been circulated to members [see appendix 1]

Following the reading of the report, Pierre Davidson asked to read out a statement from Philip Rowe and Sylvia Hodgkiss as a right of reply to some points in this report, it was pointed out by the Secretary [Joan Lawton] that it has been made clear that questions were to be asked at the end of all reports, so this would be the appropriate time for this.

* 1. *Treasurer’s report and Annual Accounts* –

Frances Franklin as Treasurer informed the meeting that she would hand over to Oliver Elphick who has been doing the bookkeeping for LCBS and has prepared the accounts for the committee so he was the most appropriate person to present and explain this report which has already been circulated to all members [see appendix 2]

Oliver went through the report explaining the profit and loss account and what running costs entailed – maintenance, insurance, etc. He pointed out that the operating profit for the year was just under £17,000 and there was no Corporation Tax for the year; the charge for Deferred Taxation was an amount that would be payable if all items on which Capital Allowances were being claimed were sold at their current book value, which was most unlikely. He also explained that the line called, Extraordinary Income related to the Plunkett Foundation Grant, which had been given to help purchase the Duke. This was non-repeatable and therefore not part of normal profits. He noted it does not need to be paid back.

The interest payable was on the loan from Key Fund, made in order to buy the Duke.

On the balance sheet, the sum included for the property was not merely the £232,000 purchase price but also the stamp duty and the legal fees associated with the purchase.

*Formal Resolutions-*

Joan introduced this item by explaining that given our legal structure, we have the option of disapplying the requirement to undertake a full professional audit. We have been assured by expert advisors in this field [Co-operative & Mutual Solutions Ltd.] that as we are a small society there is no requirement to have a full audit, which is much more expensive, as long as we pass this correct resolution. Subject to a vote of the Membership, the Committee proposes that we produce unaudited but inspected accounts to the FCA. Joan then read out the first resolution and asked for proposer and someone to second with a show of hands for in favour and against

* + 1. **To adopt the first year’s accounts ending 28th February 2019 and to dispense with the need for full audited accounts, as per Deregulation [Industrial & Provident Societies] Order 1996, and to substitute an inspected report in place of a full audit as permitted by the Rules and applicable legislation.**

Proposed by- Neill Murray

Seconded by- Susan Stodart

Show of hands to pass resolution,

* all in favour- a clear majority of the room
* against 6

The resolution was therefore passed

* + 1. **To dispense with the need for full audited accounts, as per Deregulation [Industrial & Provident Societies] Order 1996, for the financial year ending 28th February 2020**

Proposed by- Ian Cox

Seconded by- Andrew Barton

Show of hands to pass resolution,

* all in favour - a clear majority of the room
* against - 6

The resolution was therefore passed

Joan explained that the committee wishes to propose Meg Cowap as Independent Examiner to the members to examine the Annual Accounts, therefore the committee proposes a further resolution, before we do this she asked if there are any other suitably qualified nominations from the members, no others were proposed

* + 1. **To appoint Meg Cowap to inspect accounts for the current financial year ending February 2020**

Proposed by- Roy Wale

Seconded by- David Stodart

Show of hands to pass resolution,

* all in favour - a clear majority of the room
* against - 3

The resolution was therefore passed

* 1. *Membership Report –*

Frances read out the Membership report that has been circulated to all shareholders prior to AGM [see appendix 3]

1. *Questions in regard to the above reports*

Joan announced that we will now take questions from members in regard to these reports and pointed out that as we are recording this AGM for the purpose of minute taking could members clearly state their name before asking your question. As Pierre had already asked to read out the statement from Phil and Sylvia Joan asked Pierre to start the question time with reading this statement out and was asked to come to the front of the room so all could hear him.

* Pierre Davidson- Pierre stated that as a shareholder he wanted to be able to read out this reply from Phil and Sylvia and that they had given him permission to read it and to share the content of the statement and that it was written by them alone. He then read out the statement which was about how they felt differently about some of the statements in the Chair’s report such as; - about the starting process, probation period, they felt the reasons were not substantial for not being awarded the lease and they had not received appropriate compensation. As these points had been already covered in the Chair’s report, as fully as the constraints of the legal advice we had received allowed, the committee felt that is was not appropriate or of benefit to the meeting for them to comment on any of the issues raised in this statement

Other questions and comments from the floor were then taken.

* Jill Brookes- Jill made the point that she felt that not to give Phil and Sylvia the tenancy was a committee decision, but we had asked shareholders for feedback on what they would like to see in the future.

Dave agreed that the feedback was useful but added that we had already decided that Phil and Sylvia were not meeting the vision.

* Neill Murray – Neill said that there were obvious disparities between what the committee said and what Phil and Sylvia said about the Utility Bills and surely the facts can be easily demonstrated

Dave agreed that we could demonstrate from the accounts that we had paid the £2,000 electricity bill for December 2018 and Phil and Sylvia did not pay for any utility bills until March 2019 so they did not pay for utilities in January

* Stuart Collishaw- Stuart commenting that certain doors had not been painted with gloss paint which made them difficult to keep clean

Dave agreed that there needs to be a programme of refurbishment both in and outside and this is being planned

* Peter White- Peter asked if the resolution to dispense with a full audit was connected to any payments to or from Phil and Sylvia.

Meg Cowap explained that this was standard practice and her inspection was a thorough check on the accounts and she is totally independent, so she was clear there was no connection

* Nigel Hallam- Nigel stated that its all happened its all in the past, mistakes were made and we need to learn from these vital lessons. He felt now is the time to look to the future and leave the past behind. He felt that Phil and Sylvia had been treated appallingly however we now need to move on.

Joan asked if there were any further questions regarding these three reports. No further questions were raised.

1. Joan announced that there will now be a break to allow those who have not voted to do so ASAP however it was clear all votes had been cast. She explained that the present committee will remain to answer any questions in regard to AOB items and will stand down at the end of the meeting.

Sue Stoddard – Sue thanked the committee for all their hard work

1. *Break*

The meeting was re-convened after a short time to allow Jonathan Franks to complete the count and collate results in terms of order of votes cast.

1. *The results*

Jonathan was introduced to the meeting and announced the results of the election to the Management Committee –

Jonathon announced the results in alphabetical order and votes gained

|  |  |
| --- | --- |
| Name  | Number of votes  |
| CARTER, MARK  | 213 |
| DAVIDSON, PIERRE  | 48 |
| ELPHICK, OLIVER  | 114 |
| FRANKLIN FRANCES  | 206 |
| HALLAM, NIGEL  | 49 |
| LAWTON, JOAN | 218 |
| MAJER, VANESSA  | 101 |
| RICHARDSON, ROY | 210 |
| WARNER, DAVE | 240 |
| WARNER, KAREN  | 228 |

Jonathon then announced that this means that according to the Rules;-

Joan Lawton, Dave Warner and Karen Warner will serve until the 4th AGM

Mark Carter, Frances Franklin and Roy Richardson will serve until the 3rd AGM

Oliver Elphick will serve until the 2nd AGM

1. *Any other business*
	1. *Future Management model of the Duke of Wellington [ LCBS Management Committee]*

Dave told the members that we felt that the future looks good and will be even better if we can find the correct person/s and management model to run The Duke of Wellington as envisioned by the villagers. This may require us finding the right person rather than advertising a particular model or position.

The two basic models;- A tenant landlord who is someone who would totally run the Duke as their business, they would control prices, opening hours etc they would hire staff, be responsible for all the bills and wages deal with HMRC for vat and inland revenue. They would also work out pension schemes etc. A manager would be in total charge of running the Duke on a day today basis; they would be involved in hiring and firing staff and in looking after the profitability of the business. It would be the LCBS responsibility for all the bills, wages, pensions, VAT etc. as we are doing at present.

As with any business it is always the people who run the business, that is the important factor, they are the driving force, in making the business thrive. In the pub industry this is even more important. On the whole pubs are local business with local competition. Over the last few months we have learnt a lot about the pub industry and realise that getting the right person who knows the area and what the Duke is about is crucial to its success. So, we would like to advertise for the person rather than a position/model. Finding the right person or people is always going to be difficult, but amazingly we already have 5/6 people / couples who are keen to take on the Duke of Wellington. All of them live within a 15 to 20-mile radius of the village. So, with advertising we hope to have an even bigger pool of candidates for this important role. As before, we want to include the shareholders in this process. Not just on the interview panel but in selecting the candidates to go forward to the interview stage. With this in mind we will be contacting all shareholders asking for volunteers to help decide who will be running the Duke for its next chapter.

Questions from the floor in regard to this item

* Liz Edwards – Liz asked if there would be flexibility if a manager was appointed to be allowed to become a landlord at a later date

Dave said that as we believe the thinking needs to be about the right person, not the model then there is certainly this flexibility

* Caroline Moore- Caroline asked if there was enough income to support a tenant or manager

Dave said yes there certainly was, from the present income which was from wet sales alone there is a clear indication that the income is there

* John Turnbull– John commented that any landlord worth his salt would put food on regularly including in the day and not just at weekends. He thinks this will take a while to build up

Dave totally agreed with him and many people have asked if we do food at lunch times, so there is every indication that there would be enough customers to make this profitable. This will be something that we will be expecting candidates to put in their plan.

* Stuart Collishaw- Stuart commented that anyone has to have time to build a business and need time to have a chance to do it. Also, weekdays need building rather than weekends

Dave agreed that this is a factor to be considered

* Tim Blakey- Tim commented that we already have a very popular bar manager in Katie but we need a manager for food as well. As food is essential and she could not do both

All agreed that Katie is doing a good job

* Bery White- Bery said that previous landlords have had great ideas for a restaurant, she hopes there are no plans to make it into a restaurant as we want a pub with good pub food not a restaurant.

All agreed that this is what everyone said they wanted from the start

* Steve Flanagan- Steve commented that 3 months was not long enough for a trial period

Dave agreed that it is not very long, but the legal position is after 6 months there is an automatic change in contract law.

* Pat Ford- Pat commented that she did not think Tenant Landlord was the way

Dave added that we felt that it is getting the right person that is most important and flexibility of model is needed

* Pierre Davidson- Pierre said that he took up the share offer to be a landowner rather than an employer and did not want the risks involved

Oliver explained that, since we are a limited liability company there can be no liability on the shareholders beyond the amount already paid on their shares, so there was no risk to them. He had no recollection of such a restriction in the share offer, and in any case the committee had to respond to circumstances.

* Neill Murray- Neill commented that he brought shares to invest in the land so that it would enable a community pub to happen. This investment is still safe as we still have an available asset, and he was not expecting any profit, just a pub he could feel comfortable in.
* Pierre Davidson- Pierre commented that a manager could litigate
* Caroline Moore – Caroline said that she wanted to say something, she fully understood why the committee could not give details as to why Phil and Sylvia did not get the lease, but she could, her husband has done a lot of work in the kitchen, including just after they moved out and he was shocked at the state it was left in and she was clear that if they had stayed we would not have had a business by Christmas.
* John Turnbull– John commented that the committee was elected to make these decisions on their behalf.
* Stuart Collishaw – Stuart asked if we are taking a vote today on the way forward

Dave said we just need flexibility to find the right person and will involve shareholders in the process, so no vote is needed.

* Mary Guy- Mary asked if the trial period could be increased to 5 months

Dave said the committee would look into this

* Susan Stodart- Susan asked if the manager or landlord has to live on the premises

Dave said there is no stipulation for insurance purposes but that we would all prefer if a member of staff lived above the pub.

* 1. *Request for the Registered Office of LCBS to be changed from 51, St John’s Close, to The Duke of Wellington [ Margaret Davidson]*

Joan replied to this request and said that before she does, she needs to give all some background information. To be able to sell shares by law we were required to form a Benefit Society and to register this Society with the Financial Conduct Authority [FCA] . To do this we had to meet certain conditions, these were to register the society’s name, we agreed on, Leasingham Community Benefit Society Ltd [LCBS], we were required to submit the society’s Rules which had to be approved by the FCA, therefore we used the Plunkett Foundation’s Model Rules for Community Ownership Version 4, and we had to have a registered office.

At this time we did not own the Duke of Wellington, but we agreed that the registered office needed to be manned for a good part of the day by a committee member to receive calls and post, it needed to be secure so that any post could only be received by a member of the committee and all details kept were securely stored to meet Data Protection Regulations. 51, St John’s met these criteria. Obviously it was not possible to register the Duke as the registered office initially, because we did not own it, in any case we do not believe it meets the criteria of being manned by a committee member to receive telephone calls, post would not be secure as the only place for receiving post is in a public area and there is no secure area to store confidential papers, including shareholder’s details. We therefore do not feel that the Duke of Wellington would be an appropriate registered Office for LCBS, However it should be a decision for the new Management Committee as it is about what is the best place for them to carry out the business of LCBS which is not necessarily the same as the day to day business of the Duke of Wellington.

Joan added that unfortunately Margaret Davidson, who made this request, is unable to be at today’s meeting, we believe she has appointed a spokesperson.

Pierre Davidson as spokesperson replied “not really, you have answered the question”

* 1. *An explanation by the Directors and the reasons why the Tenancy of the DOW was not awarded to Phil Roe and Sylvia Hodgkiss [ Margaret Davidson]*

Dave answered this and said that hefelt this has been addressed earlier in the meeting. As he said in his report due to legal constraints there is simply nothing more, we, as a committee, can add to what has already been said. Dave added that he admits that he had originally said that he would give the reasons once Phil and Sylvia had left, but after saying that he had ‘legs slapped’ by the solicitor saying he would advise that we do not give details due to possible legal consequence . The mood of the meeting was clearly expressed, that we needed to move on.

Joan asked Pierre as spokesperson, if he had any further response to add on his wife’s behalf, to the explanation for why the Tenancy of the DOW was not awarded to Phil and Sylvia

Pierre replied “no”

* 1. Appointment of tenants- why did the process fail? What steps will be taken to ensure that the process does not fail again. [ Margaret Davidson]

Joan stated that she would like to answer this on behalf of the committee and said that we believe that we had a robust selection process which involved both the management committee and a number of shareholders who volunteered to be part of this decision and in designing and preparing the questions to be asked at interview. We had 2 panels, one shareholder and one management committee, and a joint decision-making process at the end of the interviews where the decision was unanimous from both committees. On the day both panels agreed that the best candidates on the day were appointed. We do not believe that the process itself failed, both committees were impressed with the answers given. Looking to the future we feel the involvement of shareholders will be vital in the decision process for the future management of the Duke. Like most things nothing can be 100% certain but I am sure the new committee will add to the former process using the knowledge and experience gained over the past few months

 Joan asked Pierre as spokesperson, if he had any further response to add on his wife’s behalf, to her explanation for why this process failed and what steps will be taken in the future.

Pierre replied “no”

The committee nominally stepped down and Oliver Elphick joined them as the new committee

1. Close