

SGM 5 February 2020

Robyn Connett took the Chair and explained the reason for the SGM, which followed immediately after the AGM, and was also attended by 49 Members.

The Board had been contacted by Wessex Community Assets (WCA) shortly after the last AGM to advise that an incompatibility had come to light between its Model Rules, on which the Trust Rules are based, and HMRC's criteria for charitable status. This relates only to the Asset Lock, a safeguard that would apply should the Trust fail in the future. The Rule ensures that all assets, including Queen's Crescent Garden, would be transferred to one of a tight range of similar community-focused organisations, including the option of a charity. Scrutiny of the Rules by HMRC at the Trust's inception, prior to its confirmation of the Trust's charitable status, had apparently, however, not picked up on this discrepancy with its own criteria that state that such a transfer must only be to a charity.

Once this non-compliance had been identified by WCA, the Board had been faced with finding the most appropriate resolution, with three potential options: to do nothing; to notify HMRC, point out the discrepancy and renounce our charitable status; or to set up as a new society based on Rules with a fully compliant Asset Lock, but virtually identical in all other significant matters including retention of the same all-important Objects.

The first option was dismissed immediately and the Board was unanimous that the Trust should remain a charity, not least as many major funding sources are available only to charities. Accepting full responsibility for the difficulty, WCA advised that we should turn to Coops UK, whose Rules are full compatible, agreeing to cover the costs incurred in transferring to the new society.

The Meeting was told that the Board had taken considerable time, with ongoing advice and careful and exhaustive questioning, to decide how to proceed, and was now confident that its proposal would ensure the best possible outcome for the Trust, and with the least possible disruption.

A flow diagram was presented at the SGM showing the stages involved, and there was unanimous support for the first step on the process. This enabled the Board to go ahead with seeking necessary approval of the Financial Conduct Authority. Assuming this is forthcoming, a further two Special General Meetings will be required, the first to agree the transfer of assets and liabilities to the newly set up ESJCT, and the final meeting, two weeks later, to confirm this transfer – essentially after a 14 day cooling-off period.

It was agreed at the Meeting that forms would be made available so that Members unable to attend the next SGMs in person will be able to appoint a proxy to represent them. The Board would urge all Members to take advantage of this, if they cannot attend. Members will be advised of the dates as soon as FCA approval has been received. Finally, the appreciation of the Board was expressed for the anticipated cooperation and support of the Membership as this frustrating distraction is dealt with.