

SUBJECT:	<i>Creation of a Community Interest Company for Chesham</i>
REPORT OF:	<i>Portfolio Holder for Sustainable Development – Cllr Peter Martin</i>
RESPONSIBLE OFFICER	<i>Steve Bambrick - Director of Services</i>
REPORT AUTHOR	<i>Steve Bambrick – 01494 732235 – Sbambrick@chiltern.gov.uk</i>
WARD/S AFFECTED	<i>All Chesham wards</i>

1. Purpose of Report

To consider an invitation to become a Member Organisation of a new Community Interest Company (CIC) being established by the Chesham Society, Chiltern Chamber of Commerce and others.

RECOMMENDATIONS

1. That, subject to the Director of Services being satisfied that membership of the CIC would not expose the Council to conflicts of interests with its own policies and wider partnership working, the Council is recommended to accept the invitation to become a Member Organisation of the Chesham Renaissance Community Interest Company (CIC).
2. That an authorised representative is appointed to represent the Council on the CIC.

2. Reasons for Recommendations

The caveat suggested in the recommendation is intended to reduce as far as possible the risk of potential conflicts of interest between the overall aims of the Council and those of the CIC.

3. Content of Report

- 3.1.** A CIC in Chesham has been formed by members of the Chesham Society supported by the Chiltern Chamber of Commerce and others, with the intention of progressing the Society's Vision for Chesham.
- 3.2.** A letter has been received from the Chairman of the Board of Directors inviting the Council to become a Member Organisation of the CIC and appoint an Authorised Representative.
- 3.3.** A CIC is a legal structure designed specifically for social enterprises which exist to benefit a defined community. It is based on the standard company structure and can therefore be limited by shares or by guarantee. The majority of community interest companies are private companies limited by guarantee and this is the model that has been adopted by the CIC.
- 3.4.** A CIC is required by law to have provisions in its articles of association to enshrine its social purpose. A CIC must serve a community interest and be able to report on how it is serving this interest each year. It has a statutory asset lock which restricts the transfer of assets out of the CIC, ultimately to ensure that they continue to be used for the benefit of the community. In most respects a CIC operates in the same way as any other company. It has all the well understood characteristics of a limited company such as a separate legal identity; the ability to enter into contracts and own assets in its own name and flexibility in borrowing and fund raising. The directors can be paid or unpaid and have the same rights and duties as any other directors. The members of a CIC have the same governance and

decision-making role as in any other company, but they (and the directors) are under a stronger obligation to have regard to the wider community which the company serves and involve stakeholders in its activities than might otherwise be the case. A CIC structure provides a clear signal to investors that the enterprise operates for the benefit of the community, and that this social purpose is protected by proportionate regulation.

3.5. An extract from the CIC's Articles of Association is included as **Appendix A**.

3.6. The board has identified two phases of work. The establishment phase includes preparation of the Master Plan, assessment for a core group of development sites and associated infrastructure and setup costs (legal, accommodation, website etc.) A second phase of work, which includes assessment of other currently identified development sites with associated costs, will incur additional costs. It is intended that the second phase will follow soon after the initial one. Concerning sources of funds, the society submitted an Expression of Interest for the Buckinghamshire Local Growth Fund in mid-2016 and indicated that they will be pursuing this further. They also intend speaking to potential local investors in the business community, together with exploring other sources of funding. This has been held back until they have an entity established that can hold investors funds.

3.7. The Council will clearly wish to be:

3.7.1.satisfied with the proposed governance arrangements;

3.7.2.clear about any risks and potential liabilities/conflicts of interest either as a land/asset owner or as Local Planning Authority that may arise for CDC;

3.7.3.clear about the source of funds available to the company on set up and the intended way forward in terms of future funding;

3.7.4.clear on what financial (or other resource) commitment arising from Council membership of the CIC would entail;

3.7.5.content that the Master Plan, as and when developed, is broadly aligned with the strategic priorities of the Council especially with regard to planning, including Green Belt, economic development and housing;

3.7.6.satisfied that with regard to Council assets and their future potential development, the CIC would be a potential vehicle, but not one the Council would be obligated to use; and

3.7.7.satisfied as to the added value a CIC would bring in ensuring delivery of Master Plan objectives.

3.8. The expected 'status' of the CIC and Master Plan and its relationship with the Local Plan has been clarified with the CIC. It will not be possible to incorporate the Master Plan into the Local Plan or adopt it as a supplementary planning document, although progressing its aims within the Neighbourhood Plan framework by the Town Council may be an appropriate process to achieve the formal status sought. Depending on timing, the Masterplan will be a useful part of the evidence base for the Local Plan

3.9. Any development proposed by the CIC would be expected to comply with all of the Council's adopted policies, particularly with regard to parking provision, to ensure that current and future demand is met.

4. Options

4.1. Subject to the proviso set out in the recommendations, accept the invitation to become a Member Organisation of the CIC and appoint a Member to be the Council's authorised representative;

4.2. Defer a response to the invitation and review the position once there is more clarity, particularly with regard to the Master Plan.

5. Corporate Implications

- 5.1.** Financial – as a member of the CIC the Council’s liability is limited to £1 in the event of the CIC being wound up. Decisions as to any transfer of assets or funding that may, in future, be provided to the CIC would be the subject of a separate report and considered on a case by case basis.
- 5.2.** Legal – the Council has the legal power to become a member of the CIC by virtue of the general power of competence. As a member, there would normally be no risk of a conflict of interest arising in relation to that member’s role as a member of the Council. Members of the CIC would only have a vote at a General Meeting or in the unlikely circumstance of a special resolution being proposed in respect of requiring the directors to take or refrain from particular action. A potential conflict may arise where the Council is considering a planning application from the CIC or a funding application, but the interest of the Council’s representative will normally only be a personal interest. The risk of potential conflicts of interests is increased should the CIC adopt and promote policies that are inconsistent with the adopted plans and policies of the Council and there could be a reputational risk if the Council was considered to be associated with and/or supporting such policies through its membership of the CIC.

6. Links to Council Policy Objectives

The proposal to become a Member Organisation of and support the activities of the Chesham CIC will contribute towards the achievement of the following Corporate Objectives:

2. Working towards safe and healthier local communities
3. Striving to conserve the environment and promote sustainability.

8. Next Step

Subject to the approval of full Council and the satisfaction of the caveat in Recommendation 1, the CIC’s invitation to become a member of the CIC will be formally accepted and a representative will be appointed.

Background Papers:	Letter from Chesham Community Interest Company dated 17 March 2017 and other documents referred to in the report.
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