

**To consider the Form of incorporation**

Notes of meeting between Diana Moore of Wessex Community Assets (WCA) and Swanage Community Housing Steering Group (SCHSG) to clarify the options for incorporation.  
Held on Tuesday 31<sup>st</sup> March at 17.30pm

Present:

Diana Moore, Cllr Debby Monkhouse, Cllr Tina Foster, Cllr Nicola Rogers, David Smith, Matt Suttle James Sinclair Taylor, Martin Ayres, Robin Sutcliffe (Chair)

1.0	<p><b>Introductions.</b> DM began by inviting us all to introduce ourselves.</p>
2.0	<p><b>Community Land Trust (CLT) and Community Benefit Trust (CBS)</b> DM then went on to explain that a CLT is an unincorporated body that can hold land on behalf of the community for the benefit of the community. These are normally incorporated through a CBS, which is regulated by the Financial Conduct Authority (FCA), not by the Charity Commission (CC). They are governed by rules and each member has one vote regardless of the size of stake that they hold in the CBS. A CBS has the advantages of being able to raise money through equity stakes rather than only by loans and grants. It pays no dividend on equity held. However, on dissolution, any assets of the CBS, after paying off creditors, is Asset locked and its assets can only be transferred to another CBS with similar objectives.  This vehicle is very frequently used for providing affordable and social housing and is the model recommended by Wessex Community Assets.</p>
3.0	<p><b>CBS and Charitable status</b> A CBS can only be an exempt charity if it has charitable objects already established, which in the case of Housing would require it to be a registered housing provider, which is a very onerous and slow process and considered unnecessary for us in the short term.  JST argued that omitting charitable status would both reduce the charitable credibility of the CBS and reduce the opportunities and benefits of receiving donations. He felt that the Council might be less willing to donate land as the Asset Lock had, in rare instances, not been an effective protection of land. He also questioned the need for being a registered housing provider in order to become and an exempt charity. In fact he was of the opinion that it was highly probable that a set of model rules already existed to enable this.  It was agreed that ideally going down the Charitably exempt CLT CBS route was the way that we should go, but this choice depended on the need to become a registered housing provider. If that was necessary, then we needed to think very long and hard about the exempt status.</p>

4.0	<p><b>The way forward</b></p> <p>JST agreed to research the need for registration and get back to us with a definitive view and the availability of model rules. DM asked to be kept informed of progress.</p>
5.0	<p><b>Council controlled Body</b></p> <p>DM expressed concern at the number of STC Councillors on the SCHSG and reminded us that HMRC will only allow 19.9% of Trustees to be Councillors before the organisation becomes considered a Council body. She was therefore concerned at the number of Councillors currently participating in the SCHSG. JST confirmed and also expressed his concern. It was not felt that there was an immediate solution to this problem, but it was one that both the Council and SCHSG would have to consider.</p>
6.0	<p>DM subsequently has suggested that the process that we should go through should be as follows:</p> <ol style="list-style-type: none"> <li>1. review if we plan to and process to be an RP or social landlord - and see if the financial modelling works. Look at potential for local RP partners.</li> <li>2. clarify all the business activities (over the short and long term - ie 10-20 years time) of the proposed organisation and how it'll will earn income/acquire assets - the range of options.</li> <li>3. Seek legal advice on exempt charitable CBS - whether schedule 3 of the Charities Act 2011 prohibits non RPs/ Social landlord CBS from seeking exempt status.</li> </ol> <p>Once we have the answers to above then we should know which rules to use.</p>

Robin Sutcliffe  
Chair  
Swanage Community Housing Steering Group

March 2021