

Dear Resident,

Attached are the notes from the meeting held on 25th March 2014 between Handforth Parish Council and county representatives of the Royal British Legion. Also attached is a copy of a section from the RBL's County/District Rules dated 2013.

Based upon the information clarified by the RBL, we await the outcome of a meeting between the RBL and the Handforth Club's Committee and further information pending from the Club's accountant, before Handforth PC determine the next course of action regarding Handforth RBL Club's grant application.

John Brooks

Parish Clerk.

2nd April 2014

HPC Meeting with RBL : 25th March 2014

Legion Representatives: Laurence Herring, Jackie Daly

HPC Councillors: Fox, Harrison, Martin, Small, Thompson, Tolver & Clerk, John Brooks

Notes from Meeting:

The grant application is from the Club, not the Charity.

There are three bodies. The Royal British Legion (RBL), the Handforth branch of the Royal British Legion and the Club (HRBL Ltd).

The branch completes local fundraising, welfare and remembrance works for the Royal British Legion Charity and is the charitable element. It has a separate committee from the Club and the RBL rules require two committees, one for each, to be run completely separately so as to avoid a conflict of interest.

The Club is affiliated to the RBL and therefore has a licence to use the RBL name "Handforth Royal British Legion Club Ltd" and branding. The affiliation agreement with the Club is subject to annual renewal and continued monitoring.

The Club is not a charity as it does not do charitable work, it is a non-profit club. Through its non-profit status the Club is exempt from corporation tax and can reclaim VAT.

It is possible to be a member of the branch without being a member of the Club however it is not possible to be a member of the Club without being a member of the branch. (The Club cannot therefore claim that RBL members across the country are members of this Club). According to records checked that morning current membership of the Club, and branch, is 78. In 2009 there were 229 members.

Of the £20 paid in membership fees for men £14 goes to the RBL and the balance (currently £6) is kept by the Club.

The Club is a private members club and as such anyone wishing to enter the premises must be a fully paid up member unless attending a private function that is being run by a member. The Club should not be open to the general public.

If the Club did not exist the branch could continue unaffected.

The RBL would continue to support the branch and do all it could to help find alternative premises (if required) and an alternative meeting venue (if required) through their affiliations. RBL could also offer alternatives such as merging with another local branch or expanding the area of a nearby branch to include Handforth. 62 branches in Cheshire do not have a club. There is a huge variance in the amount raised by these branches that does not equate to the size, or area covered, by the branch. (Culcheth raised £300,000 last year). If a branch continues after the closure of the Club the money raised for the RBL continues at the same level or improves.

The RBL has never closed a Club down. Clubs however have closed down, 250 over the last 5 year period.

A meeting was held with the new Committee in December. A new lease has been proposed by the RBL pending maintenance work however in the meantime an extension has been granted on the old lease that expires in June 2014.

The RBL is very sympathetic and understanding and a further extension (Dec 2014) to the lease would seem highly likely if the Club offered a forecast/timeline for repair. This would be conditional on the Surveyor confirming the repairs could wait. The RBL would consider the repairs being done in stages if necessary and the Surveyor approves

A new lease will be offered on completion of the work the period of which will be determined by an appraisal of the building and a soundness of the accounts.

The RBL is happy to offer any Club, all of which are run as businesses, help and expertise in the running and management of their business. They are very aware that the recession has had a huge impact on the turnover of Clubs and stated they will do all they can to help as they do not actively try to close clubs.

A club with 100k turnover has difficult choices. One of these is to consider staff costs, but the ultimate decision as what costs to strip-out and how to improve income rests with the club committee.

Liquidity is the term used to describe how easy it is to convert assets to cash. The most liquid asset, and what everything else is compared to, is cash. This is because it can always be used easily and immediately. According to the RBL, and excluding fixed assets, the HRBL Club Ltd is in a state of negative liquidity. Currently the HRBL Club Ltd. is showing a 5 year trend towards a cumulative loss of £7.5k. According to RBL, 80% of RBL clubs made an annual trading loss in the financial year ending 2012 in the north region. (approx. one third of the total).

£1,500 to £2,000 a month should be put to one side for maintenance to the Clubs buildings. A sum should also be set aside each month for the cost of going into liquidation. Failure to do so could render officers of the club personally liable for the costs. RBL figures showed the trail of debt following the closure of a club could amount to £100,000. (Based on a reflection of debt within those Clubs that have closed).

The rent currently paid by the Club is £5,900 per annum. This will increase by +5% yearly.

Any money made from the sale of RBL properties is held in Trust. Monies held in trust are for beneficiaries of the trust – in this case RBL are generally looking at the service and ex-service beneficiaries of the legion and resident in Handforth and surrounds.

RBL spend £1.5 million pounds a week on welfare.

The function of the Portakabin at the rear of the club premises is unknown. It is presumed to belong to the HRBL Club Ltd.

Various parties (e.g. CEC, Network Rail and several developers) are keeping a watching brief on the site of the HRBL Club Ltd.

The Club's surveyor Alan Murdoch has informed the RBL that the funds are in place to repair the roof and the work will be carried out by June 2014.

The RBL representatives at the meeting on 25th March with HPC, said that they would be expecting to hold a meeting with the Club quite soon to discuss the way forward. They are open to constructive talks and would be willing to consider rescheduling any deadline for repairs and to renegotiating renewing the lease, provided they could see a reasonable degree of progress (whether in repairs being actually carried out, or in evidence of funds being raised towards that purpose).

Ends.

1. General

- 1.1. Each Legion club is an independent society owned by its members, run by a Committee elected by its members and registered with the Financial Conduct Authority under the Industrial and Provident Societies Act 1965. Clubs are not part of The Royal British Legion charity but registration is effected through the Head Office of the Legion. The Legion grants a club an annual licence to use the name of the RBL subject to compliance with the necessary conditions of the Legion Licence.
- 1.2. Counties/Districts are responsible for ensuring that clubs in their area are run in accordance with to the Terms and Conditions of the Legion Licence. In this they are supported by the County/District Secretary / Membership Administrator, the Regional Club Relationship Manager and the Clubs Administration Department in Head Office.
- 1.3. Clubs are independent trading societies and therefore Counties/Districts can only advise clubs and cannot interfere with the internal running of a club. The primary concern of the Counties/Districts should be that a club is not in breach of its Legion Licence, especially that it is not bringing the name of the Legion into disrepute.
- 1.4. County/District administrative responsibilities towards clubs are to:
 - 1.4.1. Monitor the activities of clubs to ensure that they are properly run and to identify problems in advance.
 - 1.4.2. Liaise with the Regional Club Relationship Manager to provide advice and guidance to clubs.
 - 1.4.3. Assist with the licensing process by making recommendations on the annual licence application, particularly with regard to whether a full licence, conditional licence or no licence at all should be issued to a club.

2. Monitoring Club Activities

- 2.1. Clubs should be aware of their current trading situation and be receptive to a liaison visit from the County/District on a regular basis. Such a liaison visit allows a club to air its problems and also demonstrates the County/District interest in it.
- 2.2. As a result of such visits the County/District Committee should endeavour to:
 - 2.2.1. Form its own broad judgement as to the state of the club.
 - 2.2.2. Assess whether any additional support is needed based on that judgement and discussions with Club Officers.
 - 2.2.3. Make a recommendation on the Licence Application.

2.2.4. Identify clubs which are considering action on disaffiliation from the Legion or which should have their Legion Licence withdrawn.

2.3. The County/District may consider setting up a Club liaison team to conduct visits under a County/District Officer or Committee member (County/District Club Liaison Officer). The team itself may be group-based or have a separate organisation.

3. Providing Advice for Clubs

3.1. The Regional Club Relationship Manager is the first line of support and should always be consulted by the County/District when a club needs advice. Support is also given from the Clubs Administration Department in Head Office.

4. Assistance with the Licensing Process

4.1. The County/District is required to make a recommendation on Form C4/C5. Provided that the County/District has been able to carry out liaison visits to clubs it should have no difficulty in making a valid recommendation.

4.2. Form C4/C5 contains a summary of the club accounts. The County/District should, if possible, examine the account with the assistance of the Regional Club Relationship Manager and make observations.

4.3. When a club closes for whatever reason or disaffiliates from the Legion, the County/District Committee are required to make a recommendation to the Membership Council regarding the withdrawal of the Legion Licence. As soon as the County/District is aware there is an issue, the Membership Council member must be informed.

4.4. If a club is considered to be bringing the Legion into disrepute, the County/District Committee may consider applying to the Membership Council for the Legion Licence to be withdrawn from the club, providing evidence to support their recommendation.

5. Club Trophies

5.1. Counties/Districts should encourage their clubs to compete for awards. Trophies awarded to clubs are:

5.1.1. The Ian Hamilton Cup for the most progressive record during the year in comradeship and good management. Application forms for this award are issued by Head Office to County/District Offices in September and they should be passed on to clubs for submission through the County/District Office.

5.1.2. The Bucher Trophy for the greatest contribution per member to the Poppy Appeal over the period 1 April to 31 March. This award is made based on the statistics collected by the Poppy Appeal and therefore no application is required.

1. General

- 1.1. There is a common misconception that a Legion branch and club are one and the same entity. This is not the case. The branch, as a branch of the Charity, has no part to play in the supply of alcohol and cannot trade. The club is a mutually trading, financial entity established under the Industrial and Provident Societies Act 1965. A club operates under the control of a Committee elected by its members within its own rules approved by the Legion and the Financial Conduct Authority (FCA) with whom it is registered, and it is licensed by the Legion to use the Legion's name and logo. As a result the Legion has no control over the internal management of a club and any advice which it may give through the Regional Club Relationship Manager (RCRM) or otherwise can be taken or ignored as the Club Committee thinks fit.
- 1.2. The licence to use the Legion's name (the Legion Licence) is issued by the County/District Committee following application by the club using form C4/5 and it is open to the County/District Committee to refuse, to issue or to issue a licence with conditions. When deciding which course of action to take the County/District Committee should bear in mind that the purpose of the licence is to protect the Legion's good name and brand. It must not be withdrawn or renewal refused without good reason and such reason must be related only to the purpose of the licence.
- 1.3. Since the consequences of loss of the licence may include the forfeiture of the lease to the property occupied by the club (if leased from the Legion) and the closure of the club with consequent staff redundancies and financial loss to the club, members and trade suppliers, the County/District Committee's decision should not be taken lightly and could be open to legal challenge.

2. Management

- 2.1. Since the club and Legion branch are separate entities it is best practice to keep their Committees completely separate; to do otherwise risks a conflict of interest but it is not disallowed to do so, however, Branch Officers must not also serve as Club Officers and vice versa. It may be the case that a branch and club community has severe difficulty in finding sufficient people who are prepared to stand for election to each Committee. Only in exceptional cases should a member sit on both Branch and Club Committees and then only with the knowledge and formal consent of the County/District Committee. It would be proper and necessary for such members who have dual roles to declare their interest and withdraw from that part of a meeting of the Branch Committee when decisions affecting the commercial relationship between the branch and club are to be made and for their absence from the Branch Committee for a specific Agenda item to be minuted.

3. Conflict of Interest

- 3.1. A common example of conflict between branch and club occurs when the branch owns a property that is leased to the club. The branch has a duty to ensure that a proper rent is charged in accordance with charity law and that rent is received when due. This may result in a breakdown of relations between branch and club, especially if the club is experiencing financial difficulty. A branch is not permitted to give credit to a club by deferring payment of rent, by carrying any charge which is properly the liability of the club

or by making any loan to a club without the express consent of the Board of Trustees. Such consent will not be given without a persuasive business case.

3.2. Since branches are part of a charitable organisation and the operation of a members' club is not a charitable activity the use of branch funds to subsidise clubs is unlawful and could result in the members of the Branch Committee becoming personally liable for restitution of the money involved to the Charity. It follows that the mixing of branch and club funds is strictly prohibited.

4. Mutual Support

4.1. There is immense scope for mutual support between both branch and club. Wherever possible, and in keeping with the rules, each Committee should endeavour to assist the other towards closer relations.

4.2. The branch may assist the club by:

4.2.1. Providing the property, for which it must charge a proper rent based on valuation in accordance with charity law.

4.2.2. Encouraging branch members to join the club.

4.2.3. Encouraging recruitment drives to increase membership.

4.2.4. Producing occasional branch reports to the club.

4.2.5. Maintaining the two-way flow of communication between branch and club. The Ian Hamilton Cup is awarded annually to the club showing progress in comradeship and management (application required).

4.3. The club can assist the branch by:

4.3.1. Providing access to storage areas and other facilities for the purpose of Legion activities or the Poppy Appeal. The Bucher Trophy is awarded annually to the club with the highest contribution per member to the Poppy Appeal (application required).

4.3.2. Allowing the branch to utilise a room for branch administration.

4.3.3. Providing space for a branch notice board.

4.3.4. Maintaining the two-way flow of communication between the club and the branch.

4.3.5. Promoting the Legion. In order to join a Legion club, an individual must first join a Legion branch. However, more often than not the prospective club member is unaware of this requirement. It is therefore imperative that clubs endeavour to promote the Legion at every opportunity and provide regular updates on branch, County/District and National activities.