Minutes of the Eleventh Annual Members' Meeting of the Chalke Valley Community Hub Ltd held on 4 March 2025 at 7.30pm

27 shareholding members and 1 guest attended.

Derek Brown, the Chairman welcomed everyone to the 11th Annual Members' Meeting.

1. **Apologies** were received from: K Mills, R Sykes, S Kidby, R Wilkins, R Musselwhite, L Hitchings, M Scott, J Dutson, R & P Abbott, C Long, V Rowe, J & D Gilbert, S Leaver, P & S Lee, J Fowler, K Jones, F & S Sheldon, A & D Jeans, and J & S Lace.

2. A quorum was declared.

3. The Minutes of the Tenth Annual Members' Meeting held on 7 March 2024 were accepted as being correct after a proposal by George Todd, seconded by Miranda Dodd and carried unanimously.

4. The Society Accounts for the year ending 30 September 2024 had been tabled and were presented by the Treasurer, Julian Thomas.

For the full trading year 2023/2024, sales had increased by 6.4% with both the shop and the café growing similarly, and slightly ahead of inflation for the same period. So, before tax, a net loss of £17.3k has been posted which is a marginal improvement on 2023 which posted a loss of £18.1k. After tax, the loss ‘improved’ to £13.3k due to a tax credit of £4k. Julian expressed his thanks to Linda Walton for identifying the opportunity to claim this, albeit several years ago, and in her doggedness in pursuing HMR&C to ensure that we get the benefit of it. For the current trading year, to date, September and October were relatively weak in both the shop and café, due to the absence of a chef, but following appointment of the replacement, November to February saw very strong performances; against the same time last year, the café was up 16% and the shop up by 5%.

Performance for 2024 was then considered in more depth and compared to the previous trading year. Total sales of £378.4k were 6.4% better than 2023 which was encouraging with inflation running at 2%. The gross margin was down slightly by 1% at 27.7%. Before tax, the net loss ‘improved’ at £17.3k compared to the net loss of £18.1k in 2023.

Expenses management was examined with, overall, only minor changes seen. We have tried to keep a lid on staff costs. Over the preceding 3 years, living wage increases have gone up 28%. Excess hours/overtime costs have come down, with total staff costs being up just by 1.7% on 2023. Apart from energy costs (up by 1.9%) other overheads have seen nominal increases.

The loss has again seen our reserves eroded to £70.7k, down from £84.8k in 2023. The balance sheet remains strong, but the downward trend must be arrested.

What is causing the continual financial losses? It is in 3 main areas: wages, energy costs and rent. To illustrate this, Julian showed comparative profit and loss accounts for 2 other community shops viz. Semley and Broughton. These have similar sales levels and GP margins to the Hub, but it can be seen that they are able to perform better than we can in the 3 admin cost areas. Some of this is because they have advantageous terms e.g. peppercorn rent or nominal rent, or more efficient equipment ensuring less energy costs. Tony Patel came in at this point to advise that new freezers and chillers are being investigated which could achieve c.45% saving on energy bills. Derek Brown confirmed that funding has been pledged to allow for this upgrade, cost c.£15k.

To conclude, the prospects for 2024/25 were considered. Based on the improved operations seen from the November/December period following the introduction of Jay Baker, our new chef, gross profit margins are forecast to increase through greater growth in the café and the knock-on effect in the shop.

Staff costs are likely to increase through the living wage statutory increases. A loss is still forecast but it is hoped it will be less than 2024's loss. The increased sales performance in the café has helped to feed the shop increases and Julian illustrated this through a number of slides illustrating activity and results compared to the same periods in previous years. He extended his thanks to Jay for being behind this, and to Tony for recruiting him.

Concluding his presentation, Julian sought questions from the floor.

Tom Hitchings asked if National Insurance is likely to impact and Andrea Walker asked if pensions would be affected. Julian did not feel either would be detrimental.

Miranda Dodd enquired if some sales lines are more profitable. Tony summarised by saying that there is a need for some balance. The 100 best selling lines will generally have a GP margin of c.35% but there is a need for budget lines, with lower margins, to ensure the shop appeals to all members of the Valley community. The 'Chalke Valley' range of products is acknowledged as being at the premium end and is selling well and achieving good margins. Derek Brown stressed that we try and ensure community pricing which will be compensated by the higher margin, premium products.

Tom Hitchings asked if we are maximising off peak power tariffs and if we adopt an 'Aldi price check' comparison. Tony covered both points. The Hub is subject to commercial tariffs so there is no off-peak allowance. While we need to be mindful of price levels to ensure that we can offer community pricing, we cannot reduce by too much.

Andrea Walker asked how the rent is calculated which Julian confirmed as 1.5% of total turnover per annum. The busier we trade, the higher the rent. Tom asked if there was scope to be bullish and not pay. Katie Whitmore acknowledged that we could adopt such a stance but would likely lead to legal action which would invariably result in legal costs which currently we would not wish to incur. Derek expressed the view that if we did withhold rental payments the URC would move to shutting down the Hub.

Mirand Dodd asked if the URC is aware of the Hub's financial position, with both Derek and Julian confirming that they have been made aware. Liz Jolly asked if there is scope to cap the rent. As we are working to the 'old' lease Derek advised we are duty bound to respect the tariff. Katie added that if the URC actually did address the issue of a new lease, it would be something we would look to renegotiate albeit Derek did not think they would consider a reduction, if anything, it would increase.

Liz Jolly posed the question of whether or not to remain in the URC premises. A robust general discussion followed revolving around location, accessibility, need and so on. Tom Hitchings suggested for consideration a consolidation of village premises using, say, the village hall. Linda Walton raised the need for a 3, 4 or 5 year plan. When tending her apologies for absence to the Society Secretary, Sandra Kidby also asked that a 5 year plan be established. Terry Jolly confirmed this will be an agenda item for the next Management Committee meeting. Linda also proposed that due to the wide-ranging nature of this that the MC look at utilising skills of others too.

Miranda enquired if the property is listed. Katie advised it is not, but it is registered with Wiltshire Council as an Asset of Community Value. This gives us first option on buying should the URC wish to sell and that they must give 6 months prior notice of disposal. Derek mentioned that a survey was undertaken some years back which voiced the opinion that it is a high maintenance and costly property.

With there being no further questions from the floor, to conclude this section, Terry Jolly explained that the report in the accounts needs to be approved by the management committee and signed on its behalf by the Society Secretary, himself. Similarly, the financial statements require approval by the management committee and be authorised for issue. Those members of the Committee present, approved accordingly and he had obtained approval from the absent MC members too.

5. The Management Committee Report

As much of what was in the report was presented and discussed during the previous section, Derek Brown did not want to go over this again and referred to the accounts for fuller details. Terry Jolly advised that he will be circulating a copy of the accounts with the minutes of this meeting to shareholders.

Next, Derek updated on where matters stand with the URC. While the lease situation remains unresolved, a new Moderator is now in place and with whom we now have some dialogue. A new drainage replacement is likely to happen during this Summer. The URC is favouring a cesspit, which will require periodic emptying, and we have suggested that a sewage treatment centre may be better. A reaction is awaited.

6. Appointment of Independent Accountants

Being satisfied with their overall service and the pricing, Julian Thomas recommended the re-appointment of Clifford Fry & Co LLP. This was proposed by Tom Hitchings, seconded by Ray Collins, and passed unanimously.

7. To disapply Section 83 of the Co-operative and Community Benefit Societies Act 2014 (duty to appoint auditors) for the Chalke Valley Community Hub Limited

For the benefit of new members present, Terry Jolly advised that when we started, it was felt prudent for the Hub's year end accounts to be formally audited. Due to the competency of our record keeping, and in particular, by Liz Brown our bookkeeper, in 2021 it was proposed that we seek to disapply Section 83 of the aforementioned Act. Under the requirements of the Financial Conduct Authority, if an audit is not sought, a suitably qualified firm of accountants is required to provide a report on the accounts and balance sheet and must include this in the final accounts document. Terry Jolly advised that we are satisfied that the accounts produced show the accurate financial position of the organisation without the need for the accounts to be audited and that Clifford Fry & Co are suitably qualified to report as required by the FCA. Also, he pointed out that by not auditing there is a good cost saving.

He reminded the members present that the authority 'not to audit' is only in place for a year and will need to be considered and voted upon again at our next Annual Members' Meeting.

Tom Hitchings asked if there is a limit to the size of a business to require a mandatory audit be undertaken and how close to it are we. Julian Thomas confirmed the business needs to be turning over more than £10.2m per annum. We have a little way to go just yet.

The motion to disapply Section 83 of the Act was proposed by Julian Thomas, seconded by Linda Walton, and was carried unanimously.

8.Elections to the Management Committee

Sandra Kidby retired by rotation and is willing to stand for re-election. Following proposals from Ros Kimber and seconded by Hilary Brown, and there being no other proposals, she was voted in unanimously.

Andrea Walker had indicated a willingness to stand as an MC member to fill a vacancy on the Committee. Andrea moved to the Chalke Valley 8 years ago and volunteers in the Hub. Previously, she had worked in and managed a Town Centre church catering and café facility in Woking. Following a proposal from Julian Thomas and seconded by Tom Hitchings and there being no other previous or additional nominations, she was voted in unanimously.

9. Any other business and points raised by members from the floor

Hilary Brown asked for an update on the sale of newspapers now that the existing provider is due to retire. Tony Patel reported that we do not meet the criteria for dealing directly with Smith's newspaper division. He had considered the possibility of a 'piggy-back' scenario with another retailer but it is very difficult to work with challenges such as agreeing a workable sale or return policy, who picks up or delivers, how are vouchers handled. Nevertheless, he is looking into alternative sources.

Linda Walton asked about the building survey which had been done previously and what Health and Safety issues had been flagged up which could be put to the URC as part of their premises responsibilities. Derek Brown could not recall any specific areas but will look into for the next Management Committee meeting. Liz Jolly pointed out that Wiltshire Council maintain good H&S resources online which may help in this matter if there is nothing specific within the earlier survey.

Michael Roe expressed a vote of thanks to the Management Committee for all they undertake.

Terry Jolly asked that all members be reminded that it is still his intention to stand down as Society Secretary as soon as possible due to his other commitments and in particular with the Chalke Valley Link. He advised that having declared this shortly after last year's AMM, and circulated members accordingly, no one has declared any interest whatsoever. He reiterated that the Secretary does not need to be either a member or a Valley resident.

With there being no further questions either from the floor or having been submitted beforehand to the Society Secretary, Derek thanked everyone for attending. The meeting closed at 8.50pm after which many attendees helped put the tables and chairs back into their normal position in readiness for the next day's business, for which the Management Committee is grateful.