

REDGRAVE COMMUNITY SOCIETY LIMITED

Minutes of Special Members Meeting

Monday 23rd May 2022

At The Cross Keys, Redgrave, IP22 1RW

1. Welcome

The vice chairman welcomed everyone and introduced the current Committee Members. Before passing the Meeting to James Ramm, he mentioned the possibility of three new Committee Members volunteering and also that he will expect to stand down later in the year.

2. Apologies

From committee member Jemma.

3. Resolutions

James outlined the items to be voted on and first of all discussed the current situation and the various headwinds the pub has had to deal with over the last year and more. Fortunately, the Covid grants have enabled the business to continue despite restricted trade.

Like most similar businesses, The Cross Keys faces more tough times ahead but has healthy bank balances at present. After Easter the trade was about 15 – 20% below the break-even point. Costs are increasing. Wage increases and other costs will feed through and price increases will be coming from the breweries. This is typical for all pubs at present.

The detailed forecasts set out the Management Committee's expectations at present although the future is still difficult to predict. The Cross Keys will have Audit Fees approximately £6,000 in July and insurance premiums of about £4,000 which are included in the figures. Volunteers help to keep costs lower.

James elaborated on the Options set out in the presentation and noted in particular that:

1. **Drinks** only would reduce wet sales as drink served with food would no longer contribute but kitchen costs would, of course, be saved.
2. **Kitchen Tenant** would have certain cost advantages but splitting bills and staff functions would be cumbersome to say the least, including control of events (choice and offerings).

- 3. Pub Tenancy** much would depend on the detail to be agreed in the Tenancy Agreement as to control of events, community facilities and special care is needed in the selection of a suitable and competent tenant.

The Recommendations of the Management Committee are set out in the presentation but it is accepted that the task of finding a suitable tenant is a major challenge. The ideal will probably be an experienced couple.

If this can be achieved, the income for RCSL will be more predictable and the extensive burden on the Management Committee should also be more acceptable.

The recruitment costs of a new General Manager to replace Heidi (who leaves on the 27th May, has not been included in the forecasts.

The other options were also discussed.

It was pointed out that the coming weeks will be difficult, especially the Jubilee Weekend and dependent on Volunteers coming forward. Importantly, the more volunteers, the shorter the shifts could be.

There are some possible potential tenants but the situation is still evolving and it is too early to pre-empt the outcome of current discussions.

At this point the audience were invited to put questions:

Q. Is there more than one potential candidate at present?

A. Yes, but too early to provide more details, unfortunately.

Q. Bearing in mind a couple would be preferable and established track record essential, would the first candidate mentioned still be a possibility?

A. He does have front of house experience but not possible to go further at this stage as discussions are ongoing.

Q. Are we able to take time looking for candidate with adequate credentials and the necessary capital to establish and maintain the business?

A. Agreed this is essential and volunteers would still be seen as an important ingredient in that business model, helping the tenant succeed.

Q. Would the Management Committee still have control over the tenant to uphold the current aims of the pub?

A. This depends on the Lease Agreement and getting the suitable candidate>

Q. Has the possibility of establishing a co-operative arrangement with other local pubs, where we share the services of Chef and /or staff?

A. “this is a really good point” A shared chef or general manager, for example. We have to consider the probability someone in these positions with the Cross Keys and the *actual* number of hours they work, just for the one business. Not sure if running two businesses would be viable but possibility definitely taken on board.

Q. What do breweries charge their tenants?

A. It can be more than the figure used in the projections but where it is *less* the tenant will be tied to that brewery’s products and the resultant margin is usually reduced very considerably. It will depend on the type, size and success of the pub /tenancy involved.

Q. Could the Management Committee maintain a say in how the pub is run?

A. The right tenant probably wouldn’t tolerate bad behaviour/language, for example, but otherwise it would depend on the wording of the tenancy agreement.

Q. Could we have two bars back again, like a “public bar” and “lounge bar” to enable separation of the more boisterous from those seeking quiet?

A. Again, the tenancy agreement would determine what happens although the “snug” could be considered to help achieve this.

Q. Is the rental income inadequate to cover the loan repayments when due?

A. Julie has more figures and due dates so that will be factored into the eventual rent.

Q. Would the management Committee intend to look for a new General Manager at the same time as a Tenant to void delay in case the Tenant search fails and a new search then having to be started for a GM ?

A. It is expected this would be a simultaneous search to save time.

Q. Currently withdrawal of shares worth £40,000 has been requested – could new shares being issued replace these?

A. Yes, the RCSL “*withdrawal policy*” expressly provides for this and the current form of “open share offer” is largely designed for this purpose.

Q. Will the search for tenants/GM be local or nationwide to give access to a larger pool of potential candidates?

A. Cost is a major consideration in this and the possible lack of local knowledge and experience could be a significant risk to the business viability so the preference will be to lean toward a regional search rather than national.

Q. How does the Fox (Garboldisham) run without its own kitchen/chef?

A. Organisation is critical and remains an option although the Fox runs 100% with volunteers which seems to be progressively more difficult for them now. Limited opening hours is also a feature.

Q. Is the Pool Table viable?

A. Yes.

Q. Could a simpler/pub grub food save costs of chef etc and help to resolve the issue of rising prices?

A. Balance of type of offering is critical. Pub Grub may work but could also loose trade as perceived quality decline

Q. There is no volunteer list at present. Could a list of all shareholder be drawn up showing all people who could be called on to help when needed?

A. this could be done although a volunteer is required to do this, and maintain the list, and make calls to call in the volunteers when needed. A good response could enable shorter shifts. Need emails from everyone prepared to get involved, noting their preferences.

Q. Are the coming weekends' functions going ahead?

A. Yes, definitely.

Q. will the tenancy agreement cover the cost of ongoing maintenance?

A. Yes, but need to look at the figures to ensure contingency reserve available for this and loan repayments etc.

Q. Pros and cons of the need for an annual audit discussed. While it was suggested an audit would ensure a more detailed examination of the accounts and records and provide added protection for the members of the Management Committee, it was also pointed out that RCSL/Cross Keys is the only such business, the Plunkett Foundation is aware, which requires an audit. It had been pointed out that audits have so far cost approximately £12,000. The chartered accountants used by RCSL have drawn attention of the Management Committee to their belief a full statutory audit really is not required. They have full data access to every financial transaction RSCSL makes and also the supporting documentation including bank statements.

A. The Management Committee unanimously recommend not having a full statutory audit.

Q. Would it be possible to have an audit once every three years, for example, and vote on this now.

A. A vote for this amendment is not possible now but could be included at the next AGM but a vote would still be required every year.

Q. Could the first Resolution be amended to include reference to a “suitable and viable” tenant?

A. This would be an implicit part of the search process carried out by the Management Committee and may not be possible without adequate notice before this meeting.

Q. Were all shareholders given due notice of the meeting as the questioner had not received any notice?

A. The Secretary apologised as it appears a small number of shareholders who are unable or not willing to receive email communications may not have had written copies.

No further questions.

VOTING

Those present who had not already voted were issued with a voting card, the vote of those present have been amalgamated with the email/postal votes.

Resolution a.

To enable the Management Committee to appoint a TENANT for The Cross Keys, if it so decides.

PASSED

Resolution b.

To enable the Management Committee to tender for an accounting inspection by suitably qualified accounts instead of an audit, should a tenant be appointed.

PASSED

Any other Business:

Nothing submitted.