

The Connaught Club Legal Structure Review and Incorporation Proposal – Overview for Members

WHAT ARE THE RECOMMENDATIONS AND PROPOSALS OF THE CONNAUGHT MANAGEMENT COMMITTEE?

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A. INTRODUCTION

1. This document is a summary prepared to support discussions at member consultation meetings in Autumn 2022. Member questions and feedback will be taken into account when preparing for the Club AGM to be held in January 2023, when a vote will be taken.
2. The Management Committee appointed Brabners LLP Solicitors to provide legal advice to the Club and appointed LB Group Limited ICAEW Chartered Accountants to provide accounting and tax advice to the Club. Copies of their advice are enclosed with this information pack.
3. The Management Committee's proposals take into account member feedback received in prior discussions, including at the Club AGM held in January 2022. For example, in relation to who can be a Trustee of the Connaught Trust.
4. The Management Committee has voted unanimously to recommend incorporation to the members. The key features of the new structure based on the legal and accounting and tax advice received are set out below. A PowerPoint containing a diagrammatic overview of the current Club structure and the future proposed structure are also enclosed with this information pack.

B. LEGAL STRUCTURE

5. Incorporation will protect the members from the personal risks and financial liabilities of the Club existing as an unincorporated association. The Club will still be known as "The Connaught Club" and will be run as it is now with mirrored and improved governance arrangements and protections to ensure the longer-term security, stability and viability of the Club.
6. Key features of the proposed structure and steps involved, most of which will be seamless to members, are set out below:
7. Transfer the Club's business, operations and memberships to a company limited by guarantee named The Connaught Club Limited which will apply to HMRC for Community Amateur Sports

Club (CASC) status.¹ The company name has been reserved at Companies House to ensure no one else can claim it. The company remains dormant pending a member vote and decision.

8. The transfer of memberships, staff and supplier contracts and operations to The Connaught Club Limited will take place at the Club's financial year end 30 September 2023. For tax reasons, the transfer should only take place after HMRC approval of CASC status has been received.
9. Set up a trading subsidiary for non-member income. This is part of the recommended structure for Clubs operating as a HMRC approved CASC. Without a trading subsidiary the Club is limited to total trading turnover with non-members of £50,000 per year² to benefit from the Corporation Tax Exemption. The trading subsidiary will be a limited liability company.
10. Put in place a lease agreement between the Club and Barn Hoppett Limited for the use of the land and building at a peppercorn rent. This serves to manage the legal risks associated with buildings maintenance, insurance and so forth.
11. Update the Barn Hoppett Limited Articles of Association (written in 1926) to comply with modern Company Law. The updated Articles will specify that the Directors must be a full Adult member or Life member of the Club and not hold any other Officer, Director or Trustee role for the Club.
12. Update the Connaught Trust Deed (written in 1946) to comply with modern Trust Law. Legal advice is that the legacy to the Playing Fields Association (now known as Fields in Trust) contained in the Trust Deed 1946 is expired. The revived and modernised Trust Deed will mirror the main provisions of the current Trust Deed so that if the Club is ever wound up, the assets available after paying off any debts will be distributed to Fields in Trust, and if not, another charity established for similar sports purposes³. The updated Trust Deed will provide that the Trustees must be a full Adult member or Life member of the Club and not hold any other Officer or Director role for the Club.
13. The Connaught Club Limited Articles of Association will replace and mirror the constitutional aspects of the current Club Rules including with respect to:
 - a. The appointment and election of the Club's Officers, Management Committee and Sports Committees
 - b. The obligation to hold a member AGM and procedures for holding a Special General Meeting (SGM)
 - c. The rights of members to attend the AGM and any SGM and voting procedures.

¹ HMRC will require a new application. The Club's existing CASC status cannot be transferred.

² The £50,000 limit relates to total trading turnover with non-members, not profits.

³ This provision is simply to deal with the possibility that in the future Fields in Trust may be replaced by another organisation or charity

14. The Club will maintain its Bye-Laws, Code of Conduct, Complaints and Disciplinary Procedure and all safeguarding and health and safety policies, updated as needed to reflect the new legal structure and governance arrangements.

C. GOVERNANCE STRUCTURE

15. As set out in the Legal advice The Connaught Club Limited will need a Board of Directors to have collective overall responsibility for the company and ensure that the company meets its statutory obligations, including submitting filings and financial returns to Companies House.

16. The Club will continue to have Officers, a Management Committee and Sports Section Committees who will run the Club on a day to day basis as they do now.

17. The members of each Sports Section will elect their respective Committees at the relevant Sports AGM.

18. Each Sports Section Committee will continue to appoint three representatives to the Connaught Management Committee, and the Management Committee will appoint from amongst its members the Chair of the Management Committee.

19. The Management Committee will in turn appoint the Directors of The Connaught Club Limited, the trading subsidiary, Barn Hoppett Limited and the Connaught Trust, and in so doing will invite all full Adult members and Life members to put themselves forward for appointment.

20. The Club Officers will be appointed by the members at the Club AGM. The Club Officer positions will stay the same i.e.: President, Honorary Treasurer, Deputy Honorary Treasurer, Honorary Secretary and Honorary Deputy Secretary.

21. The Club will implement modern governance standards for volunteer appointment terms to provide continuity and to encourage members to stand for election bringing fresh energy and ideas:

- a. Officers, Directors and Trustees will be elected for and serve for a three year term, unless they decide to retire or are removed because they no longer fill the requirements for the role.
- b. The maximum number of terms that an individual may serve in an Officer, Director or Trustee capacity is three (total 9 years).
- c. The three elected terms do not need to be consecutive e.g., a member could serve as a Director for 3 years then take a break and stand for election when a position becomes available in the future.

22. The Club will implement modern governance standards by defining Board composition⁴ and creating role descriptions for key positions within the Club's governance and management structure, to be agreed by the Management Committee. To achieve this the Club will also refer to Sport England and National Sporting Body guidance and templates for key roles as applicable.
23. A member putting themselves forward for election as an Officer, Director or Trustee must:
 - a. Be a fully paid up Adult member or Life member; and
 - b. Complete a short declaration in relation to the requirements for holding a position of trust and confirm that they satisfy the legal "fit and proper" requirements for acting as a Director or Trustee as applicable e.g., that they have not been disqualified from acting as a Director or Trustee or declared bankrupt.
24. The governance structure relies on a sufficient number of members putting themselves forward. Provisions will be made for the Management Committee to make decisions in case there are insufficient candidates. For example, a member may be re-elected and serve further terms as an Officer, Director or Trustee if the individual's expertise is needed to finish a particular project, or if no other member is willing to stand for the role.
25. As usual the Club Officers for year 2023 will be elected at the AGM to be held in January 2023 and the Management Committee for 2023 will have been formed by the Sports Committees nominating their 3 chosen representatives, following elections at the relevant Sports AGM.
26. Transitional arrangements will need to be worked out. For example, whereas the proposal is to appoint three new Trustees to the Connaught Trust at the outset, the wish is to recognise the existing Barn Hoppett Limited Directors who may continue in office.

D. IMPLEMENTATION PROCEDURE AND CALL FOR MEMBER INPUT

27. The Management Committee has established an Incorporation Working Group that reports to it and that has conducted the work to-date. The Working Group includes Georgina Robbins (Management Committee member), Nancy Lycett (Club Treasurer), Steve Francis (Club Secretary) and Sangita Unadkat (Tennis Honorary Secretary). The Directors of Barn Hoppett Limited have also been kept informed.
28. The future Management Committee will be responsible for making all necessary arrangements for the implementation of the recommendations agreed at the AGM, and for procuring the necessary legal, accounting and tax documentation and advice, as may be necessary to implement and support the decisions.

⁴ For example, it is necessary to appoint a Director with appropriate knowledge of finance and Companies Act requirements to fulfil the Finance and Company Secretary roles. The Board also has a legal duty to ensure that responsibilities within the Board are clearly defined and allocated amongst the Directors.

29. The Management Committee will be pleased to hear from any member with relevant legal, accounting and tax and / or governance expertise who has time available and may be willing to join the Incorporation Working Group reporting to the Management Committee, or potentially represent the membership in the future by being appointed as future Director, Trustee or Officer of the Club. If you are interested, please contact Steve Francis or Georgina Robbins.

Georgina Robbins

For and on behalf of the Connaught Management Committee