



# BUSINESS PLAN

A New Community Shares Offer  
from Headingley Development Trust

**Spring 2025**



**HIF2025**

## **Section 1: Executive summary**

In 2025, we celebrate the 20<sup>th</sup> anniversary of the setting up of the Headingley Development Trust (HDT) a community-owned organisation now with around 1,200 members. It therefore feels very timely that we should also be launching another Community Shares Offer, the Headingley Investment Fund 2025 (HIF2025). This Business Plan has been developed to build on the achievements of our previous Investment Funds – and to help us work together to continue making Headingley a better place to live.

Headingley is a place where people make things happen for themselves. Since 2005, HDT has been at the centre of community collaboration, its members leading on a range of activities that have had practical impact. In 2008 HDT ran a pioneering community shares offer that enabled us to secure a wider range of investment to develop our flagship project, Headingley Enterprise and Arts Centre (HEART), which opened in 2011.

A decade later, in 2018, HDT created the Headingley Investment Fund (HIF) and raised over £480,000 through the generosity of local people, and those from further afield. The first £280,000 of the funding raised was used to refinance HEART on more favourable terms, putting it on a more stable financial footing and in doing so 'repatriating' the loan into the control of the local community. Since then further investments from HIF have allowed us to buy and renovate a house to rent to families looking to put down roots in the community, buy Headingley's long-standing high street greengrocer business and most recently to purchase the freehold of the building that houses our Headingley Greengrocer and the neighbouring Headingley Farm Butcher's businesses. HIF is now fully invested and working for the community just as was always intended.

Over this time we have built up a track record of delivering a multi-faceted local fund, and have sought to balance repaying the faith of our more-than-250 investors, by providing a reliable return on their investment every year while being mindful of the demands on the projects to which we have loaned HIF. Those demands have been incredibly challenging and include COVID lockdowns, the slow speed of the post-pandemic recovery, the cost-of-living crisis, and spiraling energy prices. Even so, the success of HIF has encouraged us to believe there is still very much an appetite for Community Shares where they are rooted in a local vision, are hopeful - and inspire.

We now hope to do it all over again. HIF2025 will build upon the knowledge that we have gained over the last seventeen years. Some aspects of HIF2025 will feel familiar to our current investors. Just as in 2018 we have a major project that needs re-financing at a more affordable rate to get it on a more solid footing – in 2018 it was HEART, in 2025 it is the freehold of the building that houses the Headingley Greengrocer. We again have a series of other projects that our members would like us to take forwards. And we again want to establish some reserves so that we can move quickly when other opportunities arise.

But in other ways things are very different. Interest rates are much higher for one thing. And thanks to our two previous share offers we also now have a significant portfolio

of assets including a 125 year old greengrocer building and a 143 year old building (on a 125 year lease) which is the home to HEART. Even our house in central Headingley is around 100 years old. We are very aware that if our enterprises are to remain viable and are to thrive in the long term we will have to invest in their fabric, make them more energy efficient, more environmentally sustainable, more fit for the needs of future generations. Some of this investment won't generate the sort of economic returns that match current commercial interest rates. To address this we plan to balance doing projects that we know will generate a reliable return on investment, with projects that require a more patient approach to investing.

This is the three-part portfolio we expect HIF 2025 to support.

**A more affordable, local line of credit for the Headingley Greengrocer** by paying down the mortgage that was used alongside our HIF funding to buy the freehold and replacing it with a new loan on better terms, thereby allowing the Greengrocer to keep more of its profits and use them to invest in the business and extend its reach and facilities

**Ensuring a viable future for the enterprises we already have**, helping HEART to thrive by encouraging more families to use HEART's facilities including our Tiny Boo facility; by using the former playground much more imaginatively and inclusively, as a way of improving community mental health and well-being and by raising the profile of Pulse as a go-to co-working space. Funds will also be available to maintain and upgrade the fabric of the Greengrocer building on North Lane

**Reserves in Readiness** to develop new project ideas and enterprises that respond to opportunities in the local area and meet the aspirations of the community, without having to rely solely on securing external funding

In order to achieve this we need to take a different approach to the interest rate we offer. We know from experience that our investors have been ready and willing to invest for the benefit of our local community. In 2008 they invested without any expectation of earning interest. In 2018 over 250 people invested when we offered a rate of 2%. A significant proportion of them subsequently chose to forgo their interest or donate it back to HDT. In meetings with members as we have developed the ideas for HIF2025 we have been given clear feedback that for many, what we are investing in is as important as what interest rate will be earned. This is why we are proposing

*An offer based on a range of interest rates at 0, 2 and 4%, from which members would select a preferred option*

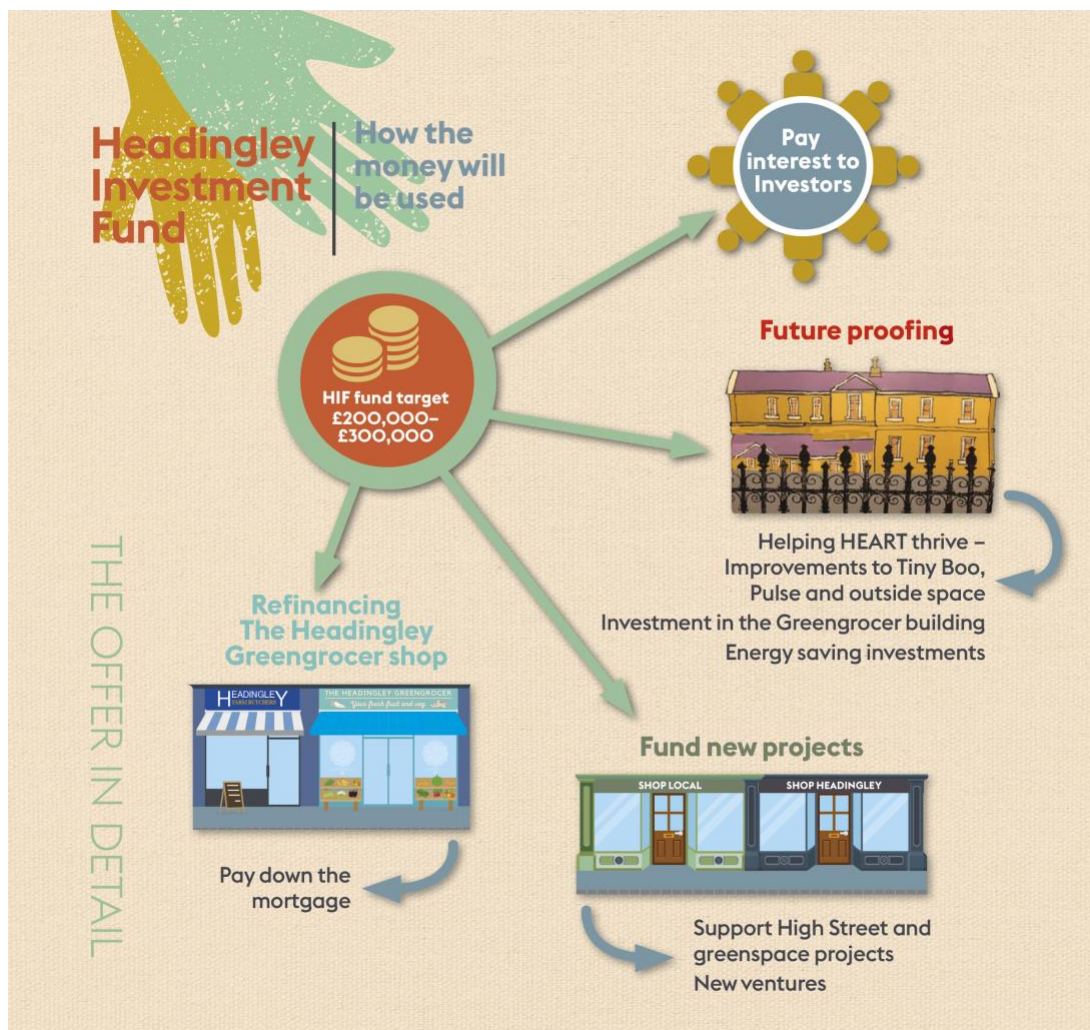
We hope to raise at least £200,000 and are aiming for £300,000. Our forecasts have been prepared on that basis. There is no maximum figure for this offer and we will accept all sums that we raise, as we are confident that we can deploy further funds effectively if we succeed in exceeding our target – as we did in 2018. Similarly, our

absolute minimum figure has been set considerably lower at £100,000. If the amount raised is below this, the funds pledged will be returned.

Shareholders investing in this offer will, subject to HIF2025 performing as projected, receive annual interest at the rate they have chosen from a “Go Live” date approximately 3 months after the closing date for the offer and will also be able to start withdrawing shares from 3 years after that; share withdrawals in any year will be limited to ensure the viability of the Fund and HDT reserves the right to vary interest payments and suspend withdrawals at any time if the financial situation requires it. (see *Withdrawal Policy in Section 10.1, page 50*)

Detailed financial forecasts have been prepared; these model HIF2025’s projected performance over 20 years and show that the HIF2025 proposal is viable at both the minimum and maximum target levels for the offer.

The Board of Directors of HDT believes that this is an important and exciting opportunity for HDT members and friends to help ensure the sustainability of Headingley. The venture is built on HDT’s successful track record and solid financial foundations, and the confidence that Headingley people - whether they live here or not - are prepared to use their collective endeavours and collective finance for the future of the Headingley community.



## Section 2. Introduction

On the 20<sup>th</sup> anniversary of the setting up of the Headingley Development Trust (HDT) we are very pleased to be offering our third Community Shares Offer, the Headingley Investment Fund 2025 (HIF2025). This Business Plan has been developed to build on the achievements of our previous Investment Funds – and to help us work together to continue making Headingley a better place to live and specifically to provide:

- **A more affordable, local line of credit for the Headingley Greengrocer**
- **Ensuring a viable future for the enterprises we already have**
- **A set-aside “pot” that would enable us to act quickly as opportunities arose – which we are calling *Reserves in Readiness***

### Structure of the document

This document is divided into the following sections:

1 – Executive Summary	A short summary of the Plan.
2 – Introduction	The purpose and structure of this document..
3 – Context for the Offer	The background to the local area, the history, development and financial performance of HDT, our previous community share offers and their performance
4 – Purpose of HIF2025	The overall vision for HIF2025. It explains the underlying aims and objectives and how these support local needs and aspirations. This section also sets out in more detail how the Fund will work.
5 – Fund Management and Governance	How HIF 2025 will be managed, its relationship to previous share offers and its accountability to Headingley Development Trust and investor-members.
6 – Community Engagement	Involvement of local people in developing and shaping HIF2025.
7 – Marketing and promotion	How we will promote and market the HIF2025 offer.
8 – Financial Forecasts	Summary narrative and financial forecasts for the operation of HIF 2025.
9 – Impacts	This summarises what we hope will be delivered by HIF 2025
10 – Risk Analysis	Key risks associated with the fund and its investment projects and how they will be mitigated.
11 – HDT Boards	Pen pictures of Board members.

## Section 3: Context for the Offer

This section gives more detail about the context for HIF 2025, including a pen-picture of Headingley, followed by a brief history of HDT and our share offers and their financial performance to date.

### 3.1 The place

Headingley has almost as much name recognition as the City of Leeds, of which it is a part. We would like to claim this is down to HDT – but Headingley also plays host to the famous Yorkshire County Cricket Club, and the Leeds Rhinos, as well as the rather more infamous Otley Run pub crawl.

For a thousand years or more, Headingley was a small village set in open country with a few outlying farms and cottages. Even by 1831, there were only forty or so dwellings in the village. However, in the later nineteenth century, the area changed fast, and by 1850 there were a thousand houses. The beginning of the twentieth century saw the rise and domination of Headingley's distinctive built-form: the back to-back and front-to-back terrace. In 1928, student accommodation opened at Devonshire Hall, followed by Lupton Residences and James Baillie Park, starting a tradition of students and university staff living in Headingley which continues to this day.

One of the most powerful drivers behind HDT's activities has been what researchers from Sheffield University have called "anomie" or "*the feeling of not belonging*". The researchers concluded that an increase in anomie weakens rootedness and the "social glue" of communities, disrupting connectivity and common purpose. In 2008, the locality with the shallowest roots was Holyrood in Edinburgh, which had an anomie index of 86%. Headingley ranked second, with an anomie index of 72% - up from 29.4% in 1971, 30.7% in 1981, and 48.2% in 1991. The calculations that comprise the anomie index were drawn from data including:

- Inequalities
- Segregation
- Polarisation
- Fragmentation
- Disengagement

Much of HDT's work – and the thinking behind successive Community Shares Offers – has been about tackling some of these challenges and building bridges between diverse groups. The challenges remain, of course. The area is tightly packed, with a population density of 80.5 people per hectare, compared to 13.6 per hectare in Leeds as a whole. 66% of the total population of the Headingley and Hyde Park Ward is in the age group 15-24. Nearly 54% are aged 20-24. 41% of Headingley dwellings are terraced houses, as compared with 27% for the rest of Leeds. 37% of the dwellings are flats, 13% more than Leeds and England as a whole. And it is still the case that 8.2% of the Headingley and Hyde Park households have more than five people in them compared with the Leeds average of 4.3%, and 4.7% with seven or eight – as opposed to the 0.9% across the rest of Leeds and England. Only 37% of the Headingley and Hyde Park population had the same address one year before the 2001 Census, compared with 85.8% for Leeds, and 89% for England.

The broad composition of the economy of Headingley Town Centre is still much affected by imbalance and churn. Headingley already has over 50 eating and drinking venues. There are 24 property agencies, most of which prioritise landlords. Shops “proper” comprise just a quarter of all premises - and of these just 8 are food shops (three of which HDT owns or has a stake in). As this makes clear, Headingley is in desperate need of alternative, independent, retail and service establishments like our Headingley Greengrocer, and safe, shared, vibrant, community-led and owned spaces like HEART. Both the Greengrocer and HEART have benefitted hugely from the support of earlier HIF initiatives, and we know we can do more.

### 3.2 Headingley Development Trust

HDT is a social enterprise with over 1,400 members and membership is open to any individual, group or business. HDT aims to make Headingley an attractive place to live, work and visit, with a sustainable, inclusive and balanced community that feels welcoming and neighbourly to people of all ages and diverse backgrounds. The Trust’s projects contribute to a vibrant local economy that creates work for local people, and meets the needs of all residents, offers a good mix of housing and thinks about the future, protecting the environment and making sure important community assets are not lost.

HDT seeks to fulfil its purpose on the basis of a **set of core values**. It:

facilitates community participation and acts in ways that promote community empowerment

demonstrates a commitment to creativity and innovation

delivers projects to the highest quality and environmental standards, and promotes good practice

develops its own and the community's sustainability and resilience in economic, social and environmental matters

celebrates and promotes diversity in the local community

adds value to, and avoids duplicating, existing services, provision and activities.

HDT achieves its purpose through running enterprises, managing services, and acting as a catalyst, broker and enabler. As a democratic organisation HDT’s members are its lifeblood; it works openly and transparently and keeps members informed and engaged, through members’ meetings, a monthly newsletter and its stall each month at Headingley Farmers’ Market.

### 3.3 HDT’s structure and governance

HDT is a Registered Society under the Co-operatives and Community Benefit Societies Act 2014, number 29983R. It is owned by and responsible to its membership

of around 1,200 people. It is governed by a Board composed of local people elected by and from the membership at the Annual General Meeting. The Board comprises up to 12 elected members (directors), with the potential for an additional 3 members co-opted by the Board until the next AGM. Board members are elected for 3-year terms, with one-third of the members retiring and being able to seek re-election each year. This can mean that members have to seek re-election before their 3-year term is completed. There is a 6-year limit on continuous Board membership as an elected member, although Board members can seek re-election after a break of at least 1 year. These arrangements provide for a balance between continuity and stability on the one hand, and fresh blood on the other.

### **3.4 HDT's projects and enterprises**

HDT's portfolio of initiatives is a testament both to community commitment and inventiveness, and to the fact that social enterprises work. Projects range from Table Tennis to Film, and from a Community Orchard to a "Town Hall" space for debate about society's thorniest issues. A description of all of our projects can be found at <https://hdtleeds.org.uk/>.

While it is a little invidious to focus on a smaller number of these, the following initiatives have been at the forefront of trading and/or previous investment.

#### Headingley Enterprise and Arts Centre Ltd (HEART)

From 1882 until 2005, Headingley Enterprise and Arts Centre Ltd (HEART) was Headingley Board School, and then Headingley Primary School. When Leeds City Council announced in 2005 that the school would be closed, local residents rallied round to explore how the building might be re-imagined – and rescued. The "pioneers" shared a powerful belief that Headingley could be made better, brighter and more neighbourly if the old school could be transformed into a community facility providing not just a business catalyst centre, but meeting and conference facilities, and a café and performance space.

The asset was acquired by the community in 2010 on a 125-year headlease from Leeds City Council. The lease acts as an asset lock, since HEART can only be used for the purposes agreed in the Lease, and for and to the benefit of the community. Since its opening in January 2011, HEART has been a symbol of great community pride and achievement, giving local people a profound sense that Headingley is a good place to live, work and play. HEART hosts services like AA, a weekly food bank, and a regular Tea Bar for our older residents, as well as being a go-to venue for events like weddings and wakes. We have a co-working space for start-ups (Pulse), a stay and play area for new carers (Tiny Boo), a community café, and a wide ranging and vibrant arts programme. We also employ 14 FTE staff, and have over 50 volunteers, including the Board of Directors.

#### The Headingley Greengrocer (THG)

There has been a family-run greengrocer's shop at 50 North Lane for 125 years. In April 2019, HDT, through a new offshoot called HDT(Commercial) Ltd trading as The Headingley Greengrocer, was able to buy the business from R.K. Harris. This kept an



iconic asset in the community, one that both enriches the High Street offer, but also provides good local produce, encourages seasonal and sustainable purchasing, and makes a major contribution to our wider mission of reduce, reuse and recycle.

### Headingley Homes: 50 Headingley Mount

One of HDT's earliest initiatives was Headingley Homes (HH). The aim of HH at the outset was to help re-balance the Headingley community by providing affordable homes to rent by people looking to put down roots in the neighbourhood and, where possible, to bring Homes in Multiple Occupancy (HMOs) back into family use. Our portfolio has varied over time, but currently consists of one house we own, and two we manage on behalf of public-spirited local owners. All properties charge fair rents and offer secure tenancies. Surpluses and fees generated are re-invested in HDT's social mission.

In 2018 we were able to purchase and completely renovate a semi-derelict property to greatly enhanced environmental standards. It was offered to us for a not-to-be-repeated £75,000 and the property, 50 Headingley Mount, embedded in the main student area of Headingley, has been tenanted since 2019 by families. We were able to improve 50 Headingley Mount using £100,000 funding from HIF with 20 years for repayment, alongside a variable rate mortgage with the Ecology Building Society.

### Headingley Farmers' Market

The Farmers' Market has been held every month since 2006. Excellent quality, locally produced food, sold by the people who make it, is the soul of the market. It supports local producers and serves the community. It is run by an organising group of HDT members and held monthly in the Rose Garden on North Lane.

## **3.5 HDT's financial history**

HDT was established in 2005, and its Annual Reports from 2016 onwards are available on the HDT website <https://hdtleeds.org.uk/about-hdt/annual-report/>.

The HDT Society and Consolidated Accounts (which include HEART's and THG's company accounts) are audited and the last three years' statutory accounts are available to view the HDT website at <https://hdtleeds.org.uk/hif-reports/>.

Accounts for every year that we have been operating are available on the Financial Conduct Authority's Mutuels Register at <https://mutuals.fca.org.uk/>.

Like many organisations our financial story can be summarised as having two distinct phases - pre-covid and post-covid. Pre-covid, HDT made a small surplus in ten out of thirteen years and had built up some reserves; this was an impressive performance from a Trust like ours which received no grants or subsidy and was reliant entirely on generating its own income. HEART too was a sound business with improving results; it generated operating profits for over 5 years, and in its last financial year prior to covid was celebrating its third year of being in profit, after all finance and accounting costs. This performance had been assisted by our first HIF which had reduced the

burden of repaying its existing SIB loan. Meanwhile, The Headingley Greengrocer had recently been established and had reported a small loss in its 2018/19 start-up year.

Covid changed everything. HEART was closed, earning nothing for much of the second half of the 2019/20 financial year and was then intermittently closed during 2020/21. Covid grants, loans and furloughs kept it going during this two-year period meaning that it was able to break-even (but like all similarly affected business was accumulating debt). The Farmers' Market was similarly impacted and for many months did not operate and unlike HEART had no recourse to support. THG on the other hand thrived during this period, operating deliveries and providing service from a counter at the front door to customers from our community who chose a small independent retailer in preference to the supermarket chains. It ended the 2019/20 financial year having made a healthy surplus and this continued at a slightly lower level into 2020/21 as the pandemic dragged on.

During the post-covid period however, the withdrawal of covid financial support and the need to repay the associated loans has coincided with changing customer behaviours and further external 'shocks'. Room hire at HEART, one of its major income sources, was significantly reduced as more people worked from home and businesses arranged fewer face-to-face gatherings. The subsequent energy crisis then increased HEART's annual energy bills by over £20,000 (the difference between breaking even or making a loss). Meanwhile as shopping patterns returned to normal and the cost-of-living crisis hit the high street, turnover at the Headingley Greengrocer fell and for the last three years it has operated at around breakeven, with a small loss recorded in 2023/2024.

Aside from its two commercial entities, HEART and THG, the Society meanwhile has continued to make small but steady surpluses since covid – this profitability being driven mainly from income from the Farmers' Market and the rents received from its Headingley Homes portfolio.

Tables 3.1 and 3.2 over the page show HDT's Consolidated Income and Expenditure account and Balance Sheet for its last four financial years.

To aid understanding of Table 3.1 in 2023/24 the Consolidated loss before tax of £46,394 was made up of a surplus of £18,525 by the Society, a loss of £64,468 at HEART, a loss of £13,389 at THG and a surplus of £15,828 by Tiny Boo (the stay and play business operating from HEART which was spun-out as a separate legal entity in 2022).

The overall loss for the year and for the preceding two years came almost entirely from the performance of HEART. While the figures worsened in 2023/4 there is a more complex story behind them. Losses at HEART of £34,000 in 2021/22 and £32,000 in 2022/23 were part of a gentle recovery from covid as room bookings began to slowly rise, albeit in an environment when the start of covid loan repayments and the energy crisis were taking hold and simultaneously HEART was operating without a manager after the previous manager resigned.

By the time, a new manager had been recruited and had begun to implement measures to grow revenues and control costs, the first half of 2023/24 had incurred

almost the entirety of its year-end losses. As the measures began to take effect the second half of 2023 operated at breakeven or above and this performance has been carried forward into the first quarter of the current financial year (2024/25) where HEART is on course to achieve its full year target of a breakeven budget (as part of a three year budget and forecast to return the business to profitability in 2025/26).

**Table 3.1 HDT Consolidated Income and Expenditure 2020/21 to 2023/24**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	£	£	£	£
Income	808,628	793,244	814,262	665,672
Cost of Sales	(315,875)	(306,607)	(323,949)	(304,114)
Gross Profit	492,753	486,637	490,313	361,558
Operating Expenditure	(519,078)	(509,241)	(513,594)	(418,230)
Surplus/(Loss) before Depreciation & Amortization	(26,235)	(22,604)	(23,281)	(56,672)
Amortisation of Goodwill	4,890	4,168	2,000	2,000
Depreciation	32,916	36,627	34,359	32,991
Grant amortisation	(18,074)	(18,074)	(18,973)	(20,027)
Total Depreciation and Amortisation	19,732	22,721	17,386	14,964
Other operating income				
Other grants	1,308	12,971	4,166	93,858
Donations	8,484	4,116	4,940	5,498
Total grants and donations	9,161	17,087	9,106	99,356
Operating surplus/(loss)	(36,896)	(28,238)	(31,561)	27,720
Interest receivable and similar income	3,086	958	175	-
Interest payable and similar charges	(12,584)	(5,691)	(3,184)	(2,443)
Surplus (loss) before taxation	(46,394)	(32,971)	(34,570)	25,277
Taxation	365	(1,041)	(417)	(3,031)
Surplus (loss) after taxation	(46,759)	(34,012)	(34,987)	22,246
Total Comprehensive Income	(46,759)	(34,012)	(34,987)	22,246

**Table 3.2 HDT Consolidated Balance Sheet 2020/21 to 2023/24**

<b>Y/E 30<sup>th</sup> September</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	£	£	£	£
Fixed assets				
Tangible assets	1,443,886	1,130,133	1,156,837	1,180,876
Intangible assets	9,393	14,284	4,000	6,000
Investments	1,000	1,000	1,000	1,000
	1,454,279	1,145,417	1,161,837	1,187,876
Current assets				
Stock	6,627	8,119	7,272	6,657
Debtors	28,729	57,719	39,901	33,737
Cash at bank and in hand	88,763	203,340	283,739	325,670
	124,119	269,178	330,912	366,064
Creditors: amounts falling due in less than one year	(161,406)	(90,786)	(92,336)	(73,628)
Net current assets/(liabilities)	(37,207)	178,392	238,576	292,436
Total assets less current liabilities	1,416,992	1,323,809	1,400,413	1,480,312
Creditors: amounts falling due in more than one year	(297,829)	(102,782)	(118,061)	(126,957)
Deferred capital grants	(637,787)	(673,935)	(692,009)	(710,082)
Net assets/(liabilities)	481,376	547,092	590,343	643,273
Reserves				
Share capital	550,139	559,917	560,550	569,430
Revenue account	(122,873)	(66,936)	(24,318)	19,732
Revaluation reserve	54,111	54,111	54,111	54,111
	<b>481,376</b>	<b>547,092</b>	<b>590,343</b>	<b>643,273</b>

### 3.6 Previous share issues: How it all began

We know Headingley is a place where local people working together can drive change because we have been here before, with enormous success. The proposed closure of Headingley Primary School – one of the most familiar sights in Headingley for over a century – unlocked a passionate commitment to repurpose the building for community use and led to the formation in 2005 of Headingley Development Trust (HDT). This was the start of Headingley Enterprise and Arts Centre, known and greatly loved since then as HEART.

In 2008 more than 200 local people generously invested over £205,000 in two Community Share offers in Headingley. These raised £105,000 for the development of HEART, and £100,000 to buy the Natural Food Store in North Lane, now an independent co-operative. **People invested without the expectation of any financial return on that investment.** Instead, they were motivated by the deep satisfaction of knowing they were part of something enduring and significant: a better, brighter Headingley.

### 3.7 Building on these foundations – the Headingley Investment Fund (HIF) 2018

Ten years on from that first appeal, HDT asked the community again for its backing, through the creation of the Headingley Investment Fund (HIF). **In contrast to our 2008 initiative, HIF 2018 offered investors an annual interest rate of 2%.** In the Offer Document of 2018, and in all our conversations with prospective investors, we were clear that HIF was a radical and meaningful way of making a reality of HDT members' vision of Headingley - somewhere welcoming, diverse, with a lively and thriving local economy, and a housing offer for those wishing to put down roots.

We knew when we went out to the community in 2018 that our priority for any funding was the refinancing of HEART through the provision of a new loan on improved terms. We called this “repatriating” HEART’s debt - from the Social Investment Business (SIB) based in London, to HDT’s own members. It meant the costs of HEART could be met in a different, wholly local way: a new loan from Headingley Investment Fund would allow HEART to keep more of its profits – and use them to extend its reach, facilities, and become a beacon of environmental excellence.

Our target for HIF was £280,000, though we had an ambition to exceed that, and raise £480,000. The Headingley Community made that happen. The 2018 Community Shares offer raised £481,338, including £100,000 from the Co-Ops UK Booster Programme. The total number of investors was 257. Most – 203 - investors had Leeds postcodes, and 80% of them were from our own LS6/LS16 postcodes. The first project to be funded from HIF was as proposed: the swapping out of HEART’s SIB loan through the provision of a new loan from HIF on much more affordable terms: a switch from the 6% of SIB to 3% from HIF.

We were also convinced, though, that having access to resources like HIF would give the community the ability to be agile - and opportunistic - if and when the chance arose to acquire and invest in projects that mapped on to HDT’s ambitions. This is exactly

what HIF has allowed us to do. We **did** refinance HEART - with a loan of £260,000 over a 15-year term - but we were also able to move at pace on two of our other agendas: investing in the local economy and re-balancing the local housing market.

### ***Investing in the Local Economy***

#### The Headingley Greengrocer (THG) and 50 North Lane Freehold

In April 2019, HDT, through a new offshoot called HDT(Commercial) Ltd, was able to **buy the greengrocer business from RK Harris**. We were only able to do this because we had our HIF resources. A £50,000 HIF loan kept an iconic asset in the community, one that both enriches the High Street offer, selling good local produce, encouraging seasonal and sustainable purchasing, and that makes a major contribution to our wider mission of reduce, reuse and recycle and supporting local food charities.

Having bought the greengrocer business in 2019, our most recent HIF investment project began in mid 2023 with a call from the owners of the freehold of 50/50a North Lane (the building that houses both our greengrocer business and the neighbouring Headingley Farm Butchers business) offering HDT the first refusal to purchase the freehold.

The purchase was completed in May 2024 and funded by a combination of another Ecology Building Society mortgage, this time for £225,000, plus £105,000 from HIF. In order to raise the balance of £105,000 the greengrocer business has repaid £35,715 to HIF, which was the outstanding balance of their original £50,000 loan and been granted a new 'interest only' loan of £105,000 for ten years at the standard HIF rate of 3% interest. HDT has taken on the Ecology 10-year mortgage, owns the freehold property at 50/50a North Lane and charges both the greengrocer and butcher businesses a commercial rent in accordance with the terms of their original leases.

### ***Re-balancing the local housing market***

#### 50 Headingley Mount

One of HDT's earliest initiatives was Headingley Homes (HH). The aim of HH at the outset was to help anchor the Headingley community by providing affordable homes to rent by people looking to put down roots in the neighbourhood and, where possible, to bring Homes in Multiple Occupancy (HMOs) back into family use. Our portfolio has varied over time, but currently consists of one house we own, and two we manage on behalf of public-spirited local owners. All properties charge fair rents and offer secure tenancies. Surpluses and fees generated are re-invested in HDT's social mission.

**In 2018 we purchased and completely renovated a semi-derelict property to greatly enhanced environmental standards.** It was offered to us for a not-to-be-repeated £75,000 and the property, 50 Headingley Mount, embedded in the main student area of Headingley, has been tenanted since 2019 by families. We were able to improve 50 Headingley Mount using £100,000 funding from HIF with 20 years for repayment, alongside an Ecology Building Society mortgage.

### 3.8 Financial performance of HIF

By Spring 2024 with the acquisition of the freehold for 50 North Lane the fund was to all intents and purposes fully invested for the first time since its launch in 2018.

Table 3.3 shows the capital balances for each of the four investment projects at the end of the 2023/24 financial year and the trends over the preceding three years. All of our investments continued to make their monthly interest repayments again this year. The balance for HEART fell to £214,723 and for 50 Headingley Mount to £80,258. The Headingley Greengrocer repaid the balance of its original 2019 loan in full and the money received (£35,715) was then added to the remaining HIF funds available for investment to create a new interest-only loan of £105,000 to facilitate the purchase of the freehold for the 50 North Lane property.

**Table 3.3 Schedule of HIF Project Investments**

Position of HIF Investments	Approved Loans	Outstanding Capital Balances at Year End			
		2023-24	2022-23	2021-22	2020-21
	£	£	£	£	£
HEART	260,000	214,723	220,140	234,567	246,560
The Headingley Greengrocer	50,000	-	37,266	40,298	43,241
50 Headingley Mount	100,000	80,258	84,382	88,386	92,271
50 North Lane (Interest only loan)	105,000	105,000	n/a	n/a	n/a

The fund balance is shown in Table 3.4. At the close of the financial year the **balance in the fund was £54,576** (£107,080 at the end of 2022/23).

**Table 3.4 HIF Balance Statement**

<b>Bank and cash position</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening balance 1<sup>st</sup> October 2023</b>	<b>140,080</b>	<b>116,706</b>	<b>104,589</b>	<b>98,097</b>
Income	60,596	32,759	30,162	10,868
Outgoings	(41,100)	(9,385)	(18,045)	(4,376)
<b>Available balance in fund</b>	<b>159,576</b>	<b>140,080</b>	<b>116,706</b>	<b>104,589</b>
Purchase of 50/50a North Lane	(105,000)	(33,000)	-	-
<b>Closing balance 30<sup>th</sup> September 2024</b>	<b>54,576</b>	<b>107,080</b>	<b>116,706</b>	<b>104,589</b>
Sum required for potential withdrawals	30,392	31,320	30,968	38,321
<b>Funds available for investment</b>	<b>24,184</b>	<b>75,760</b>	<b>85,738</b>	<b>66,268</b>

### **3.9 Wider economic impact of HIF**

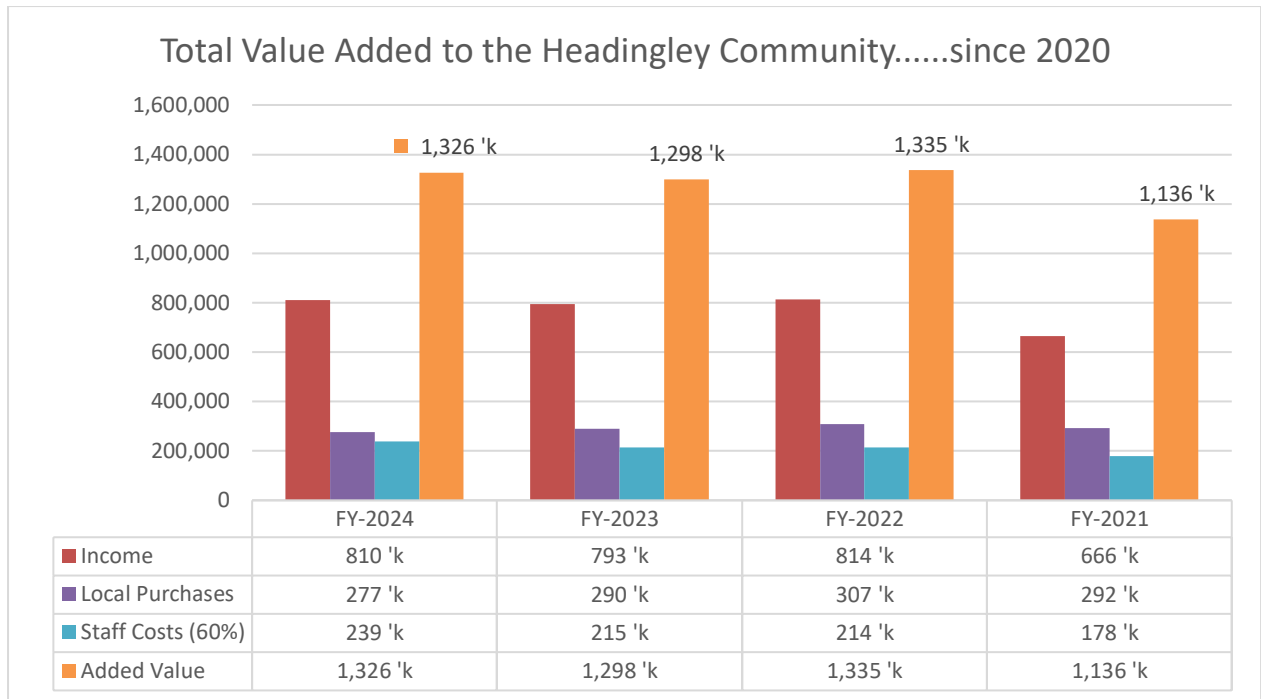
The economic climate has been undeniably challenging for all of our HIF-invested businesses, but as a Community Benefit Society our purpose is to invest in activities that can bring benefit to our local area. Every year we produce an estimate of the economic added value that our activities bring to the community.

We calculate that with turnover from HEART, The Headingley Greengrocer, the wages we pay to employees, and the sourcing from local businesses, **we give back to the Headingley community around £1.3 million** every year (Figure 3.1).

This is a tangible tribute to our projects, the staff and volunteers that make them happen, our members, customers and of course our HIF investors.



**Figure 3.1 Community Value Added generated by HDT/HIF**



## Section 4: Purpose of the Headingley Investment Fund 2025

### 4.1 Doing more together

In 2018 we talked about how intervening in the local area could only happen with our members' help, and by engaging everyone in creative solutions. HIF is now fully invested, and working for the community just as was always intended. We have a track record of delivering a multi-faceted local fund, and have sought to balance repaying, (literally and figuratively), the faith of our more-than-250 investors, with being mindful of the demands on the projects to which we have loaned HIF. Those demands over the six years of HIF's operation have been incredibly challenging and include COVID lockdowns, the slow speed of the post-pandemic recovery, the cost-of-living crisis, and spiraling energy prices. Even so, the success of our 2018 HIF has encouraged us to believe there is still an appetite for Community Shares where the projects supported are compelling, sit within a local vision, are hopeful - and inspire.

We have learnt a great deal from the last seven years:

- While investors' decisions are naturally influenced by the plausibility of the financial case, the power of story is as important. And the most compelling story is not necessarily the one that generates the biggest return – or any return at all. ***Our evidence for this comes from the fact that many of our 2018 investors, who between themselves own almost £50,000 worth of shares, decided to forgo any interest.***
- Flowing from this, what attracts people – what makes them want to invest time and money – is activities that make a tangible difference. ***Our evidence for this comes from feedback at our Annual Investor meetings, and responses to our newsletter. Investors are just as eager to hear about the practical outcomes their shares have had, as about the return on those shares.***
- It matters to people that their investment has kept our existing, but no less treasured, assets in great shape. There is as much pleasure to be got from cherishing the old, as developing the not-yet-thought-of. ***Our evidence for this comes from HDT's regular survey work.***
- That said, people are passionate about what could be, as well as what is – and they seem up for taking a risk. ***Our surveys show strong support for initiatives that are serious about environmental sustainability, that champion greenspaces for children and young people, enhance the Headingley arts and cultural offer, and develop more independent businesses.***
- Above all, focusing on a vision of a good place to live, on a welcoming Headingley, with a thriving local economy, and one mindful of the future, still has profound appeal.

This gives us a strong set of guiding principles, and our Community Shares Offer 2025 builds on these foundations.

## 4.2 The 2025 Offer in detail

HDT was an early adopter of Community Shares. Our work in 2007/08 to help buy the Natural Food Store and to refurbish HEART, was pioneering. We were pretty radical in 2018 when we invited local people to invest in a vision of a better Headingley, rather than a defined project. This less “nailed on” offer was and is still quite unusual for a Community Shares launch. Our HIF2025 will, of course, build on this strong platform of knowledge and experience – but it will also have its own personality, and be distinctive. It will be embedded in, and responsive to, the views and concerns picked up in HDT’s regular surveys, which signal, with increasing volume and urgency, that people want:

- A Headingley that encourages the putting down of roots
- A High Steet that that appeals to a wide demographic, but especially families (of all shapes and sizes)
- Safe spaces where difference can be celebrated and bridges built
- Support for local start-ups and social enterprises.

When asked specifically about HIF and Community Shares, people tell us they would like to see:

- Further investment in **the energy efficiency/greening and resilience** of HDT’s current assets, including HEART and THG
- The kind of investment in these assets that **increases their long-term viability**
- Projects that focus on making **residents of all ages feel safe**, particularly when they are out and about in the centre of Headingley
- Support for **independent, values-led businesses**, and whether HIF could “back” new ventures such as “pop-up” shops, cycle-repair, and spaces for artists and makers
- Reimagining our **housing ambitions to reflect net zero and energy costs challenges**
- Seeking out and **supporting smaller projects** – which can often have just as powerful an impact especially when they are replicable and scalable.

## 4.3 What this means for HIF 2025

One of the cornerstones of our approach to Community Shares has been that the initiatives supported should be able to generate a return. Despite a very tough trading environment, HEART and THG have kept to their payment reschedules. We have also managed to hold 50 Headingley Mount at an affordable rent and still ensure the

property repays its loan to HIF, and to share-holders. HDT has provided investors the 2% interest on shares set out in the 2018 Offer Document and Business Plan every year, with the exception of the first year of Covid when we reduced the rate to 1.3% as a cautious response to the huge uncertainty facing us at the time.

However, the economic backdrop against which this Community Shares Offer will operate is wholly different from the landscape of our 2018 adventure – and almost unrecognizable in respect of the 2008 offer. Interest rates for savers – and for borrowers – are significantly higher; personal budgets are much more squeezed; there remains a sense of abiding uncertainty and caution post-Covid. It is, in particular, getting much harder to identify projects that fulfil all the community desires from a flourishing, lively, inclusive Headingley – but that also deliver a surplus.

We are not alone as a member of the Community Shares family in finding this tough: many of the initiatives people want to see supported and sustained are those which may not produce a return at pace. This is not because they are poor prospects, or badly run. It is much more about the fact that the fabric of our current assets, HEART and THG, needs constant, costly, upkeep – and that the truly transformational projects that excite people the most around Headingley’s arts and cultural offer and its (lack of) green and play space are propositions of a quite different kind to, say, the production and sale of renewable energy. HDT is therefore copying quite shamelessly a number of other current Shares Offers, see the example below, **and giving investors a choice of a range of interest rates.**

Organisation	Location	Purpose	Interest Rates	Terms
Siophavards.cymru	Wales	Traditional ironmongers	0%, 2%, 4%	Investors can opt for a choice of interest rates
Emergerecycling.co.uk	Manchester	Wood recycling organization	0%, 4%	Members can change rate by 1 April, default 0%
Bramleybaths.co.uk	Leeds	Repair and restore baths' roof	0%, 2%, 4%, 5%	Interest rate fixed after selection

Some of this necessary investment won’t generate the sort of economic returns that match current commercial interest rates. To address this we plan to balance doing projects that we know will generate a reliable return on investment, with projects that require a more patient approach to investing. This is why we are proposing:

- An offer based on a range of interest rates – 0%, 2% or 4% - from which members would select a preferred option
- A portfolio or “bundle” of projects, some capable of generating reliable returns immediately, others that are essential to ensuring the long term viability and attractiveness of our enterprises and others that are more speculative but would

have the potential to influence and perhaps transform Headingley's retail offer and streetscapes.

We would still manage, and report on, the performance of HIF2025 as a whole "programme".

The investment areas that would make up this HIF 2025 programme would include:

- A more affordable, local line of credit for the Headingley Greengrocer
- Ensuring a viable future for the enterprises we already have
- A set-aside "pot" that would enable us to act quickly as opportunities arose – which we are calling Reserves in Readiness

#### **4.4 A more affordable, local line of credit for the Headingley Greengrocer.**

In the Spring of 2023, we were offered the chance **to purchase the freehold of 50 North Lane**, which houses both the Headingley Greengrocer (THG), and the Headingley Farm Butchers. Our ability to draw down what was unallocated in HIF 2018 was absolutely critical in ensuring a valued High Street "destination" could be purchased at pace, and could remain in community ownership. This gives HDT members and HIF investors a significant stake in our North Lane "High Street" and continues a long tradition of local place making and place shaping. **It is also key to our HIF2025 investment programme.** HIF has played a crucial part in enabling us to safeguard for Headingley a "proper" greengrocer's shop. The agreed purchase price was £330,000 which we covered by a new interest-only loan to THG of £105,000 from HIF, and a variable rate mortgage from Ecology Building Society of £225,000. The loan repayment and rent from THG and the rent from Headingley Farm Butcher's is being paid to HDT to cover mortgage and HIF repayments. The investment provides:

- Greater security and business certainty for our greengrocer business
- The preservation of an independent, values-led food offer - which in turn supports other local enterprises, showcasing the availability of a local shopping option
- A significant asset for the HDT membership and the HDT balance sheet
- A tangible, radical example of what local investment and local people can actually do.

Ecology Building Society's support over a number of years has been very welcome, but the commercial loans world has been challenging, and is likely to remain pretty tough over at least the next 18 months or so. The mortgage on 50 and 50a North Lane is £225,000 over 10 years on a variable rate, currently 8.25%.

The business decision to buy the freehold was the right one in terms of the vision and ambition of members and the wider community. But the margins are tight. It goes without saying that local people can help make THG's trading position more sustainable by using the shop as their go-to destination for fresh fruit and vegetables,

and by recommending THG to new users and neighbours. But there is another way THG can be supported to do what it does best and that is through taking shares in HIF 2025.

**Following the example of HIF 2018, therefore, where the priority project was paying down HEART’s loan, the largest tranche of funds raised through HIF2025 will go to providing THG with a new loan on improved terms,** so that its existing variable rate mortgage from Ecology Building Society can be progressively swapped out – and repatriated to the community at a more affordable rate.

The precise rate for the new loan will be determined by the mix of interest rates that HIF2025 investors opt to receive but to assess our maximum exposure we have assumed that all investors could opt to receive the 4% rate of return. If this were the case the cost of the new THG loan would be set at 5%.

In Table 4.1 below we show what the savings on interest and total repayments would be compared to the current 8.25% mortgage. For illustrative purposes we have also shown the further savings if investors on average selected to receive a 2% interest rate (meaning a 3% rate for the new THG loan).

**Table 4.1 Implications of lower interest rates**

<b>Interest Rate %</b>	<b>Total Repayment £</b>	<b>Total Interest £</b>	<b>Annual Repayment £</b>
<b>8.25</b>	331,162	106,162	33,116
<b>5.00</b>	286,377	61,377	28,638
<b>3.00</b>	260,714	35,714	26,071

At the highest HIF2025 rate of interest we could save up to £44,785 in interest costs and reduce annual loan repayments by £4,478 (£373/month). At a 3% rate to the business these savings would be £70,418 in interest costs and £7,045 in annual loan repayments (£587/month). These are significant sums for a business with a turnover of less than £250,000 and operating on extremely tight margins.

Of course we don’t know what will happen to mortgage rates over the next ten years. The savings could turn out to be greater or smaller than shown here but the element of certainty that we would be able to provide for the greengrocer, and indeed the butcher business next door, is of great value when so many other facets of operating on the high street remain so uncertain.

#### **4.5 Ensuring a viable future for the enterprises we already have**

##### Helping HEART thrive

HEART has been buffeted by inflationary pressures, the day-to-day demands of a precious but ageing building and, especially, spiraling energy costs which have increased by 250% over the last two years. We really need to carry out a full programme of modernisation, not just so that we can get in front of repairs and maintenance, but so we can step up our ambitions to serve local needs. This matters: as well as future-proofing HEART as a *physical venue*, we have to re-imagine HEART

for the Headingley of the future, to ask what we need to be, to look like, and to offer, to the community to come. We can do this:

*By encouraging more families to use HEART's facilities.* HEART as a site has always been a breast-feeding friendly destination, and a haven for parents and carers, but our Tiny Boo soft play area has been transformational in terms of the appeal we can now interaction, connection, and a bright and welcoming space for their young ones to make friends and learn new skills. With HIF support we could brighten and refresh the space – and perhaps develop an offer around Healthy Holidays for the most vulnerable children in the area; play schemes to offer respite and breaks for carers in the holidays; and drama clubs and other activities that boost self-confidence among those young people most affected by anxiety and low self-esteem.

*By using the former playground much more imaginatively and inclusively, as a way of improving community mental health and well-being.* We know from our consultations that the great majority of HEART users, customers and visitors and especially those discovering HEART for the first time, see HEART's outdoor space as an oasis of safety and civility, one they hope can be preserved as an asset available to the broadest possible demographic. We would therefore propose to use HIF to respond to that hope by greening up; improving facilities for cyclists; developing a kitchen garden for all-comers and offering HEART as a venue to which social prescribing might apply; and increasing accessibility and inclusivity.

*Raising the profile of Pulse as a go-to co-working space.* Renovations to Pulse, our co-working space, would enable us to reach out to younger would-be entrepreneurs, particularly those from under-served groups. Our consultation with Pulse users tells us that what small businesses and start-ups most need from a hub like Pulse is collaborative spaces for problem-solving; 100% reliable broadband and excellent acoustic attenuation; touch-down space that offers privacy, quiet, and the opportunity – put at its simplest – to make phone calls in peace.

#### Investing in the fabric of THG:

In 2025 there will have been a greengrocer on this site for 125 years. But with a 125 year old building there are inevitably plenty of challenges. We know that the flat roof at the front of the shop will need replacing within the next 10 years for example. There are also great opportunities. Now that we are the freeholder of the building we can look to take forward a project designed to reduce our energy costs by installing solar panels. And if we are doing that we would take the opportunity to make better use of the loft space by boarding it out, fitting Velux windows and providing a new staircase to access the space. If we do all of this we will increase the usable floorspace of the building which can be used to improve staff facilities or provide space for a new business-line to be developed.

All of these things will help the Greengrocer to reduce operating costs and increase revenue. But none of them are affordable when the business is operating at breakeven and has no profits to invest. HIF2025 provides this opportunity

## 4.6 Reserves in Readiness

In 2018 we invited local people to **invest in a vision of a better Headingley**, rather than a defined project, which was and is still quite unusual for a Community Shares Offer.

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### What we said in our 2018 Offer Document

*“HDT will use the funds raised through this offer for two of three initial purposes:*

*The first £280,000 raised will go to refinancing Headingley Enterprise and Arts Centre (HEART) through the provision of a new loan on improved terms to replace its existing loan from the Social Investment Business*

*Funds raised above that figure will be used to:*

- pursue a new project, such as one of those described in this Offer Document that we have previously been unable to take forward, or further investment in HEART; or*
- expand our Headingley Homes portfolio through the acquisition of further properties.”*

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The fact that we raised over £480,000 signals that prospective investors are broadly comfortable with a mix of the specific and concrete, and the more speculative and provisional. This would be the basis for the **Reserves in Readiness** strand of the HIF 2025 Investment Programme. By holding back a small sum of around £30,000, we could move quickly to take advantage of opportunities as they came up. This is precisely what happened with HIF2018 when we found ourselves perfectly placed to acquire our other two investment prospects: the Headingley Greengrocer and 50 Headingley Mount.

A small pot of “rainy day” money would enable us to be agile and creative, seizing opportunities as they arose – but also prospecting for new ideas from the community. HDT’s surveys suggest local people are most excited by:

- Further investment in **the energy efficiency/greening and resilience** of HDT’s current assets, including HEART and THG
- Projects that focus on making **residents of all ages feel safe, particularly when they are out and about in the centre of Headingley**
- **Making every corner count.** Headingley suffers from a much-degraded streetscene, and we lack “uncontested spaces” where people can socialize and re-charge. More importantly for Headingley’s future citizens, there are no safe, green, attractive spaces for children and young people to grow, explore and thrive. With HIF we could hold **Planning for Real** and “Grand Design” competitions with children and local students to test where we could create work, play and stay areas.



- Taking back the High Street, through support for **independent, values-led businesses**. HIF could “back” new ventures such as “pop-up” shops, cycle-repair, and spaces for artists and makers
- Reimagining our **housing ambitions to reflect net zero and energy costs challenges**. This could include supporting a Low Carbon Homes club.
- Seeking out and **supporting smaller projects** – which can often have just as powerful an impact especially when they are replicable and scalable.

#### 4.7 The 2025 Offer to Investors

This is an issue of Community Shares in Headingley Development Trust Limited (HDT) to create the *Headingley Investment Fund 2025 (HIF 2025)*. The offer opens 31 March 2025.

This offer closes on 30 June 2025, but HDT reserves the right to extend the offer past that date but until no later than 31 July 2025.

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#### Key Features

The minimum target to be raised is £100,000. As in 2018, we have applied to Power to Change’s Booster Programme which matches shares raised by the community. Our application to the Booster Programme is for £50,000.

The maximum target to be raised is £200,000-£300,000. If we achieve the latter we will be able to do more of the projects listed under ‘ensuring a viable future for the enterprises we already have’ and ‘reserves in readiness’.

The minimum share subscription per person is £100. For 2025 we are working with The Booster Fund to make shares more affordable to younger investors by enabling them to purchase shares by monthly subscription.

The maximum share subscription per person/organisation is £50,000.

At the Go Live date, provisionally set for 1<sup>st</sup> July 2025, subscribers will be invited to choose from 0%, a maximum of 2%, or a maximum of 4% interest.

Any interest will begin to be earned from the Go Live date but cannot be realised until three years afterwards (provisionally July 1<sup>st</sup> 2028). At this point investors will be offered the choice to have the interest paid into their nominated bank account, leave it invested to accumulate additional shares or donate it to HDT. Interest is not guaranteed, but is dependent on trading, profits and reserves.

Shareholders must be over 16, although shares may be bought on behalf of a minor, and held in trust by an adult.

Corporate membership is possible, with a single individual to be nominated as the representative. Voting and withdrawal terms for institutional investors are on an equal footing with individual investors.

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The shares you buy will make you a Member of the society, if you are not one already, with an equal vote regardless of your shareholding and whether or not you opt for interest bearing shares. If you are not already a member £10 of your investment will be deducted to pay for a membership that will last for the duration that you hold the shares.

No share withdrawals will be permitted for the first three years after the Go Live date, except in cases of death or bankruptcy. After three years, withdrawals will be permitted at 3 months' notice, up to a maximum amount in any year. This has initially been set at 6% of the Fund value at the start of the year, but the maximum amount and notice period required may be varied in future years depending on HDT's financial position and the performance of the Fund.

You will be asked to nominate one or more beneficiaries of your shares in the event of your death. These nomination rights only apply to the first £5,000 of your shareholding; any amount above this will be resolved with reference to the probate arrangements in place for your estate.

Investments will be accepted, subject to the limits on share withdrawals set out in this document. We reserve the right to require further identification before accepting an investment for the purposes of anti-money laundering legislation.

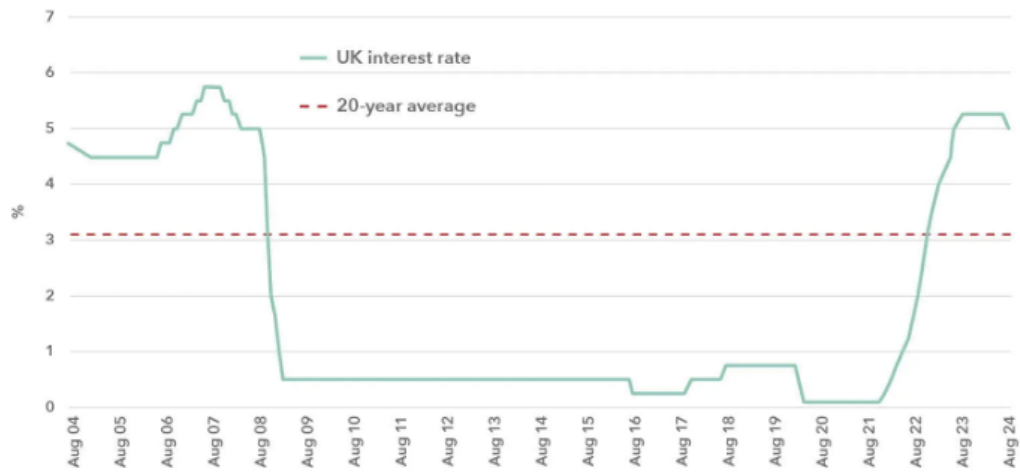
The rates of interest offered and the limit on withdrawals are subject to HDT's financial position and the performance of the Fund and may be varied annually.

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These terms have been developed through robust modelling – discussed in more detail in Section 8 and are informed by the financial performance to date of HIF and HDT (Section 3).

We believe that these interest rates are appropriate for the type of long term projects that we are proposing and offer a fair return to community-minded investors. In that regards we would draw potential investors attention to the chart below, prepared by the Bank of England, which shows that the average UK interest rate over the last 20 years has been 3%

**Chart 3: UK interest rates**



Source: Bank of England

**If you are considering buying shares it is important that you read the whole of this document and examine the accompanying Offer Document.**

## **Section 5: Fund management and governance**

### **5.1 How HIF2025 will be managed**

For investors to have confidence in this Community Shares issue, arrangements for HIF 2025 must be robust, secure, and transparent. HIF 2025 will be established as its own fund, separate from the HIF 2018 fund, with its own bank account, but managed within our existing governance framework.

Accountability for HIF 2025 will be to HDT as its parent body but also, crucially, to HIF 2025 investors. The additional governance arrangements that were developed for our original HIF in 2018 have worked well over the last seven years, and it is proposed the 2025 Fund will be managed by the existing HIF Development Committee (HIFDC). The current Terms of Reference for HIFDC can be viewed on our website <https://hdtleeds.org.uk/hif-reports/> and what follows is an abstract from those Terms of Reference.

### **5.2 Purpose and scope of the HIFDC**

HIFDC is and will continue to be an advisory body accountable to the Headingley Development Trust. It makes recommendations to the full HDT Board. The HDT Board is the final and only decision-making authority. The role of the HIF Development Committee is therefore to:

- Advise and make recommendations to the HDT Board about the operation of HIF 2018. In this regard it will monitor the Fund's cash flow and make recommendations on investments currently supported by HIF; any future investments from the 2018 offer; and returns to investors and other investor policy and practice (such as withdrawals);
- Design, develop, market, manage and monitor HIF 2025 in exactly the same way as it does for the HIF 2018 fund, with a particular emphasis on prospecting for opportunities for new projects that are consistent with HDT's values and vision, and that have the potential to generate a return on investment;
- Explore new lines of credit from suitable (social) investors, and follow-up on mortgaging and re-mortgaging where this is assessed to be the appropriate funding pathway.

### **5.3 Membership of the Committee**

The Committee will be appointed by the HDT Board. The Chair of the Committee will be elected by Committee members. There will be no maximum time for serving on the Committee, but as with all good governance, HDT and the Committee itself will be mindful of the need to balance fresh perspectives and inclusivity, with experience and "organisational memory". Similarly, there will be no fixed number of members. Of greater importance are the skills and knowledge people bring, and their willingness to do more than just attend meetings. The Committee may also wish to co-opt additional

expertise on occasion, or seek inputs and good practice from others in the social investment community.

HDT is accountable to its membership and discharges this accountability at, *inter alia*, the AGM. As HIFDC is accountable to HDT, and will make recommendations to HDT, there is a direct “line of sight” back to members.

#### **5.4 Interactions between funds, investors and returns**

As with other forms of savings and lending, HIF2018 and HIF2025 are different products. While many HIF 2018 investors will also wish to invest in HIF2025 (just as there was significant overlap between 2008 investors and those engaged with HIF 2018), we very much hope to attract new shareholders, not least as the demography of Headingley has changed quite significantly since 2018, with the return of families – in all shapes and sizes. The project portfolio of each of the two products, HIF 2018, and HIF 2025 is different, and the interest rates available to lenders, and on the loans made to projects are also different. They should therefore be seen as having distinctive “personalities”, while being members of the same close HDT family.

The project portfolio of HIF2018 now includes the following projects, all repaying at 3% interest:

- HEART with a loan of £260k over 15 years
- 50 Headingley Mount with a loan of £100k over 25 years
- THG with an interest-only loan of £105k.

HIF2018 investors, where finances allow, will continue to receive 2% on their HIF2018 shares.

The project portfolio of HIF2025 has three strands, as this Offer Document describes:

- A more affordable line of credit for THG
- Ensuring a viable future for the assets we already have
- Reserves in readiness.

Returns on investments made in HIF2025 will come therefore from opportunities arising from these three strands. Investors, where finances allow, will receive the interest rate they choose from the 0-4% range. Projects supported through HIF2025 resources will be charged an interest rate commensurate with their ability to repay, which on average will be 1% above the average rate received by investors. An example of a HIF loan agreement to a project is attached at Appendix B.

## **5.5 Managing relationships**

### **5.5.1 HDT and its subsidiary companies.**

HDT receives minutes and accounts from each of its subsidiaries at every board meeting. HDT also requires the Boards of HEART and THG to appear before HDT at least once each year. This allows HDT Directors to interrogate (and challenge) its subsidiary companies, and ensure their processes, governance, and budgetary controls are robust. HDT prepares Consolidated Accounts at a Group level, but individual subsidiaries are subjected to the same rigorous meetings with Auditors. Individual Boards receive, and are required to act on, any audit findings. As limited companies, HEART, THG and Tiny Boo all file their audited statutory accounts at Companies House.

### **5.5.2 HDT and HIFDC**

HDT has an Annual General Meeting in March and, until November 2023, a separate HIF investors meeting. These have now been combined into a single meeting with HIF as an agenda item at the AGM. HDT produces an Annual Report for members which contains a HIF section/update, and a section from THG and HEART. Since November 2024 HIF has also provided an annual newsletter to its investors. Copies of the newsletter and previous HIF Investor meeting minutes are on the HDT website at <https://hdtleeds.org.uk/hif-reports/>. Copies of the HDT annual report and the most recent AGM minutes are at <https://hdtleeds.org.uk/about-hdt/annual-report/>

## **5.6 Communication with and accountability to members**

HDT communicates with members through the following mechanisms and channels:

- A monthly newsletter
- Regular social media posts on Facebook, Instagram and BlueSky
- A HDT stall staffed by board members at every monthly Farmers' Market (also an HDT project)
- Its AGM
- Its Annual Report and HIF Investors Report
- The HDT members email inbox and HIF investors email inbox
- Its website (THG and HEART also have websites)
- The physical settings of HEART and THG

More details on our communications and engagement plans for HIF2025 are in Sections 6 and 7.

## **5.7 Competence and community credentials**

Between them, HDT and HIFDC members have:

- public, third sector, and private sector experience in strength and depth, (including financial expertise, skills in forecasting and profiling, marketing and

communications, and backgrounds in business start-up, people management, and partnership building)

- the credibility that goes with deep roots in community involvement and engagement, and long-term local residency and visibility
- a track record not just in previous shares issues, but in managing a suite of community businesses and social enterprises both as part of the HDT portfolio, and external to it.

Full pen pictures of all those involved in HDT and in HIFDC itself are at Section 11.

## Section 6: Community Engagement

### 6.1 Involving the Community

HDT is a Community Benefit Society and therefore a membership organisation governed by principles of social democracy. Members' feedback and involvement play a significant role in shaping HDT's direction and its offer; they are the "bearers" of the Trust's ethos and culture. Without volunteers - people from the community putting themselves on the line - there would never have been an HDT and they remain central to the Trust's culture, values, and ways of working.

HDT, HEART Ltd and HDT Commercial Ltd (HDTCL), which runs the Greengrocer business, have Boards of Directors, all volunteers, and all from the local community. HDT is the over-arching board with HEART Ltd and HDTCL operating as subsidiaries. All three boards operate to a Code of Conduct, have a Register of Interest, and Conflicts of Interest as standing agenda items. Boards typically meet monthly.

HDT holds an AGM which, among other issues, focuses on financial performance. HEART and HDTCL invariably present at these AGMs - and are subject to interrogation "from the floor". Both enterprises contribute to HDT's annual report and are a major feature on HDT's stand at the monthly Farmers' Market: this has often been a vehicle for consultation and community engagement.

HDT, HEART and HDTCL accounts are public documents, available, inter alia, from the FCA Mutuals Register (HDT) and Companies House website (HEART and HDTCL).

HDT and HEART both hold regular customer surveys, and fully understand that community involvement is neither static, nor something that happens just once. Table 6.1 below shows how customers and users have contributed to HEART's planning.

**Table 6.1: Customer Feedback taken from surveys 2022-2024**

<b>What customers and users have told us they want HEART to do more of</b>
More family-oriented activities and facilities.
Greater provision of independent retail offers.
A more flexible co-working space, with emphasis on younger entrepreneurs.
A step-up in approach to reaching Net Zero – with HEART as a possible best practice hub for retrofit knowledge transfer.
A greater awareness of Headingley's increasing cultural diversity – and a wider variety of events and activities celebrating this mix.

Meanwhile Table 6.2 sets out the results of the survey and consultation work with local people which have helped shape HIF 2025.



## Table 6.2: Responses to HIF2025 Survey

We have engaged in almost two years' worth of consultation with members about a potential new share offer. It has been an item for discussion at our AGM's in 2023 and 2024 and at our HIF Investors Meeting in November 2023

Following these meetings a Google-survey form was included in HDT Newsletter mailouts in December 2023 and January 2024. The survey was also available at the HDT stall at the Farmers' Markets until February 2024 and in the reception at HEART during this period.

We received 68 responses, 61 were from current HDT members. Over 90% indicated they would be prepared to invest in a new fund.

### Q1 What area would you like a future fund to focus on? (please select as many as you like)

- Environmental sustainability of HDT's current assets (e.g. HEART, Headingley Greengrocer, Headingley Mount residential property) 55 (28%)
- A further expansion of our homes / responsible landlord initiative 38 (19%)
- Supporting the long-term financial future of existing HDT assets 42 (21%)
- Supporting the development of local businesses (existing or new) 38 (19%)
- Invest in demonstrator projects for energy efficient homes in the local area 21 (11%)
- Other suggestions by respondents 5 (3%)

### Q2. Please indicate your preferred area from the ones listed in Q1

- Environmental sustainability of HDT's current assets (e.g. HEART, Headingley Greengrocer, Headingley Mount residential property) 16 (23%)
- A further expansion of our homes / responsible landlord initiative 17 (25%)
- Supporting the long-term financial future of existing HDT assets 16 (23%)
- Supporting the development of local businesses (existing or new) 11(16%)
- Invest in demonstrator projects for energy efficient homes in the local area 7 (10%)

### Q3 Might you consider investing in a future fund?

- Yes 62 (91%)
- No 6 (9%)

### Q4. Other than the type of projects, what would else would motivate you to invest in a community shares fund

- Other benefits (e.g. local discounts) 30 (44%)
- The interest rate offered 27 (40%)
- Frequent publicity of the work of the fund 23 (34%)
- Other reasons mentioned 15 (22%)

## **Section 7 Marketing and promoting HIF2025**

### **7.1 Identifying our audience and materials to reach them**

Following on from this consultation we have developed our thinking on who is likely to be interested in supporting and investing in HIF2025 and how best to reach these people.

#### ***Potential Investors***

Based on the profiles of our existing investors we concluded that there were 5 broad groups that we should be reaching out to:

- Current HIF investors
- Other HDT members, HEART and THG customers
- The wider 'Headingley Community'
- Leeds
  - Residents
  - Other Leeds 'community' groups
- 'Rest of the world' – mainly ethical investors and others with a Leeds or Headingley connection eg University of Leeds and Leeds Beckett University alumni.

#### ***Potential materials and channels***

The materials and channels that we will use are divided into print and digital formats and will be supported by face to face meetings and events:

##### *Print*

- HIF 2025 Offer Document and Business Plan
- Promotional flyers
- Press releases
- Posters – at HEART, at THG, elsewhere around Headingley
- Hard copies of presentation slide deck

##### *Digital*

- Website (HDT and subsidiaries) – new landing page for HIF2025
- Video prepared for launch
- Social media – Instagram /Facebook/Bluesky (HDT and subsidiary businesses) with dedicated content producer
- HDT members monthly newsletter
- Crowdfunder website/newsletters/social media
- Presentation slide deck (prepared for HDT AGM)
- QR code to link to landing page for posters / leaflets etc

### *Face to Face events*

- Monthly Farmers' Markets (February to June 2025)
- HDT AGM (March 2025)
- HIF investors meeting (November 2023)
- HIF 2025 public meetings (see below)

## **7.2 Programme of proposed events up to Go Live Date 1<sup>st</sup> July 2025**

### *Wednesday 26<sup>th</sup> March: HDT Members and current HIF Investors at HDT AGM*

- Powerpoint presentation and Q&A session, with printed copies of offer document, business plan and summary leaflets available. HDT website HIF2025 page with all documentation available
- Press release sent but embargoed until 31<sup>st</sup> March.

### *Monday 31<sup>st</sup> March: Share Offer opens*

- Crowdfunder page and promotional video goes live
- Social media and print media campaign kicks off. ***Social media will start in February with 'teaser' campaign and run until 30<sup>th</sup> June with a dedicated content producer posting throughout the offer period.***
- Flyers and other promotional material on display in Headingley Central shop window/ HEART/ THG/ Community Hub and elsewhere
- HDT April newsletter featuring HIF2025
- Press release issued

### *Saturday 11<sup>th</sup> April: Farmers Market*

- Promotional material and documentation at HDT stall. Hand out flyers, Board/ HIFDC member presence to answer questions

### *Date tbc: Zoom Q&A session*

- Open Q&A session for investors/ potential investors with HIFDC members

### *Saturday 10<sup>th</sup> May: Farmers Market*

- Promotional material and documentation at HDT stall. Hand out flyers, Board/ HIFDC member presence to answer questions
- *Potential to also piggyback on any HEART events over this period,*

### *Saturday 14<sup>th</sup> June: Farmers Market*

- Promotional material and documentation at HDT stall. Hand out flyers, Board/ HIFDC member presence to answer questions.
- *Potential to also piggyback on any HEART events over this period*

*30<sup>th</sup> June: Share offer closes and 1<sup>st</sup> July: Go Live date*

## Section 8: Financial Forecasts

This section contains financial forecasts for the HIF2025 Investment Fund over the next 20 years. The modelling demonstrates that HIF2025 can generate a small surplus, be able to make annual interest payments to members, support a modest level of withdrawals over time and will not be detrimental to HDT.

The forecasts have been prepared on a zero-inflation basis.

We have provided Fund Income and Expenditure and Fund Bank Balance forecasts for two alternative levels of initial investment, as described below.

### 8.1 Assumptions underlying the forecasts

The detailed modelling that we have undertaken is based on a number of assumptions, many of which have been described earlier in this Business Plan. In summary, the key ones are:

- The fund will operate from a Go Live date, currently assumed to be 1<sup>st</sup> July 2025
- HIF2025 will operate as a separate cost centre within HDT and will make its investments in the form of “loans” to support HDT projects. The loan projects are mortgage loan repayment types, with a fixed life, a fixed annual interest rate and monthly repayments. This type of loan will generate a monthly interest income, which reduces over time as the capital value of the loan is reduced by the monthly repayments. The received loan interest provides the Fund Income against which the Fund Expenditure is the annual interest due to the fund members.
- This mortgage loan structure and repayment process is exactly analogous to the HIF2018 Investment Fund (which will remain as another separate cost centre within HDT)
- An annual rate of interest of up to 4% will be offered to investors (they will also be given the option to choose to accept a lower rate, 2%, or to forgo their interest) As was the case for HIF2018 investors have the option to take an annual interest payment or accrue the interest due and compound their interest income over time. They can also choose to donate their interest back to HDT which will increase the fund balance available for further investment.
- No capital withdrawals will be allowed by members until after three fund years have been completed (i.e. three years after the Go Live date), other than in the event of death or bankruptcy. After the initial period, member withdrawals will then be allowed, up to a maximum amount in each year. This annual allowable amount will be calculated as a percentage of the total balance remaining in the Fund at the start of each year and is initially set at 6%. (*see Withdrawal Policy in Section 10.1, page 50*)
- Loans from the Fund to Investment Projects will be charged interest at 1% higher than the average rate paid to investors. In the examples that follow we have shown an average rate paid to investors of 2.5% (3.5% charged to projects) and 3% (4%

charged to projects). The actual average rate that the fund will pay to investors will of course depend upon the individual decisions made by the investors over whether to earn up to a maximum of 4%, 2% or to forgo interest by selecting the 0% option.

- For the purposes of modelling, we have assumed that there will be two or three initial loans (beginning in Year 1) from the fund to support HDT projects. Each loan can be up to a maximum of £120,000, with a repayment term of no more than 10 years (120 periods).
- Up to 6% of the fund total will remain uninvested (in the bank) to cover on-going fund repayment demand from members
- The initial loan project of £120,000 will be used to support the process of paying down the variable rate mortgage that HDT have undertaken with Ecology Building Society in accordance with the terms of this commercial mortgage.
- As the initial loans are repaid, the fund balance will rise over time and after five or six years there will be available funds for a further two or three loan projects from 2030 onwards. The exact timing of the second phase loan projects is controlled by their amount and the need to maintain a minimum bank balance over time.
- Uninvested funds will be able to earn bank interest at the relevant market rate.
- All investment loans will be fully repaid by 2045. The decision after 20 years may be to keep the HIF2025 fund open, but our forecasting shows that at that date HDT would be in a position if necessary to repay remaining members, either by refinancing the balance of the HIF2025 investment fund, or by liquidating selected HDT assets
- Fund running costs are assumed to be £250 per annum and we have assumed that the HIF2025 Fund will benefit from member investors donating their shares and/or interest earnings to the value of £1,000 per annum (both of these assumptions are based on our experience of operating the HIF2018 Fund)

## 8.2 The Financial Forecasts

The following charts summarise the extensive modelling that we have undertaken and show the detailed forecasts for HIF2025, for two levels of funding raised through this share offer – our lower target (£200,000) and our upper target (£300,000)<sup>1</sup>.

For each level of funding, we have shown the HIF2025 fund Income and Expenditure and cumulative balance plus a bank balance forecast. For clarity we have shown cumulative Income, Expenditure and Surplus values for each of the first five years of fund operations and subsequently at five-year intervals

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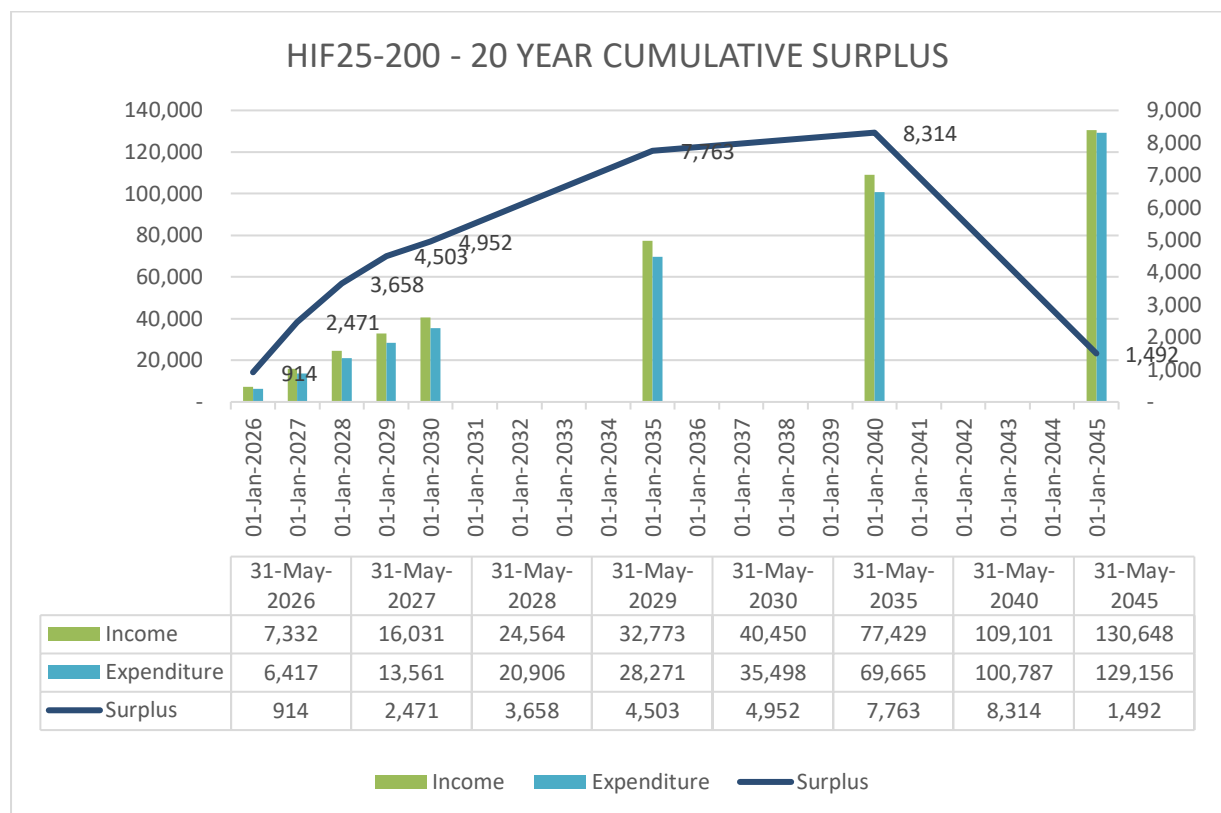
<sup>1</sup> We have not shown the modelling of our minimum fund target of £100,000 here. If we only raise this sum then 100% of the funds raised will be used to pay down the equivalent sum from the Ecology Building Society mortgage. At the £100,000 level the HIF2025 fund would generate a small surplus, be able to make annual interest payments to members, support a modest level of withdrawals over time and would not be detrimental to HDT

### 8.3 Fund Income and expenditure

Figure 8.1 below shows the forecasts over 20 years for a £200k fund which is offering investors on average 3% and hence is loaning to projects at 4%.

Income is calculated as the interest element of the periodic loan repayments received from the projects that the fund is invested in, plus interest earned from the uninvested funds held in the fund bank account. Expenditure includes the operational costs of running the fund, interest payments (including the interest being accumulated in the first three years before any payments are made)

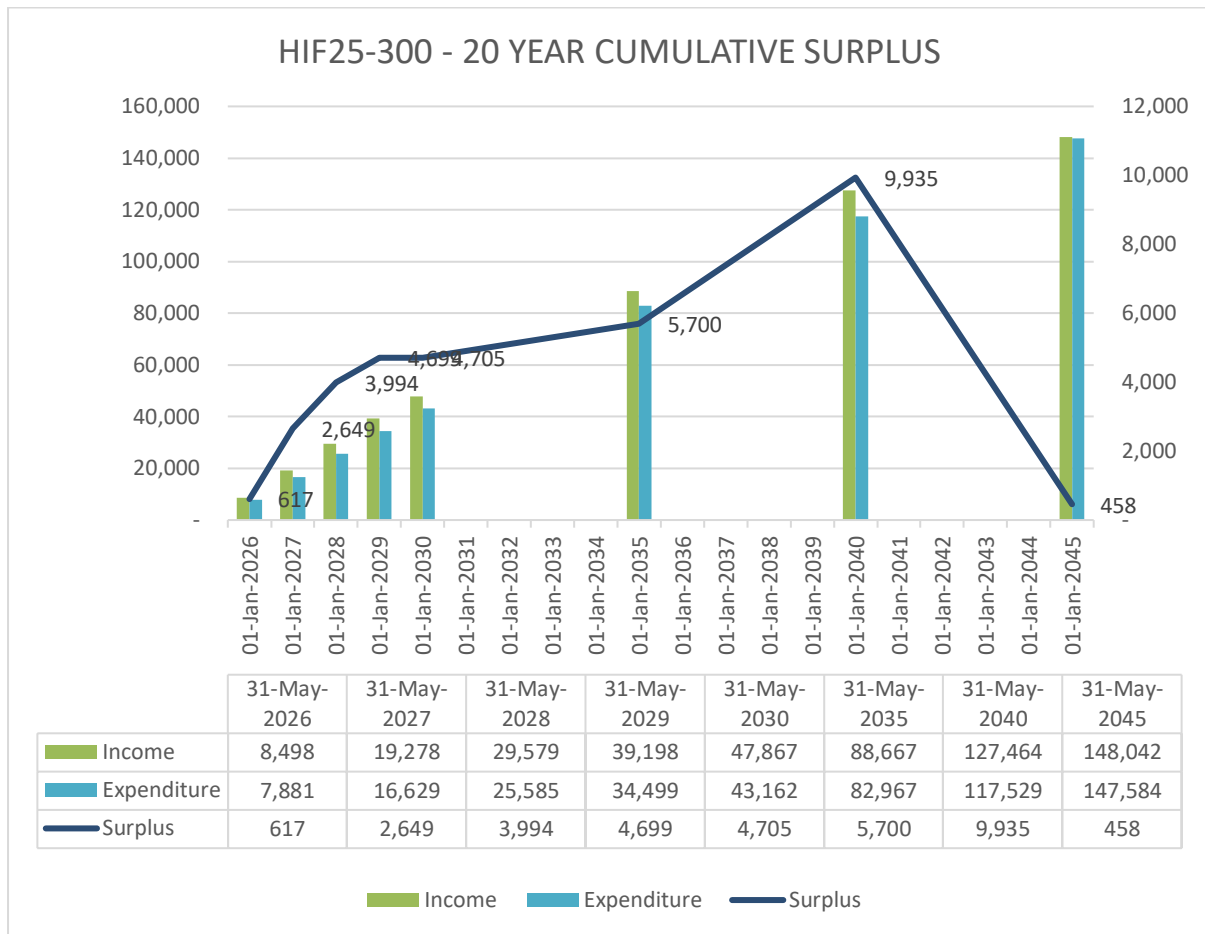
**Figure 8.1 Income, expenditure and fund surplus - £200k fund 3% average interest**



The fund is forecast to operate with a small surplus, peaking in 2040 at just over £8,000. As the loan projects become fully repaid over time the profitability of the overall fund falls as we have assumed that all projects will be completed within the twenty-year life of the investment fund. The fund bank balance increases in this final phase, but the interest earnings on this bank balance, using bank “market” rate are assumed to be lower than the interest return generated by the loan projects, while the average interest rate being paid to members is unchanged and higher than market rate.

In figure 8.2 we show the equivalent information but for our higher target of a £300,000 fund. In this example we show the situation assuming the average interest rate is 2.5%.

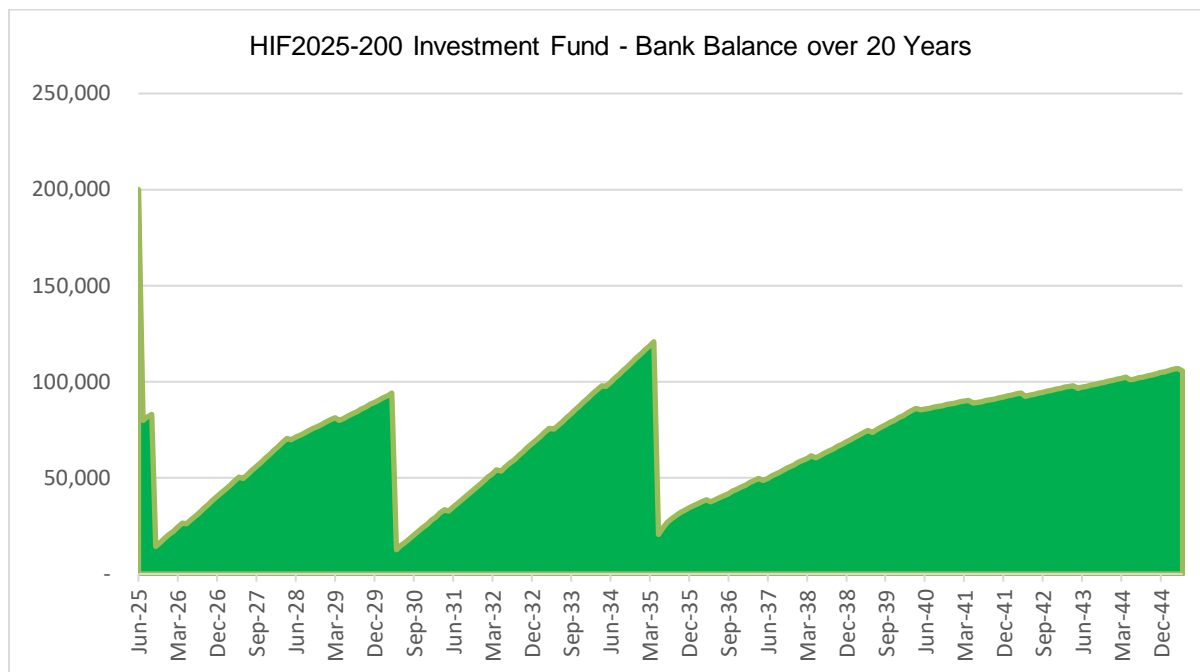
**Figure 8.2 Income, expenditure and fund surplus - £300k fund 2.5% average interest**



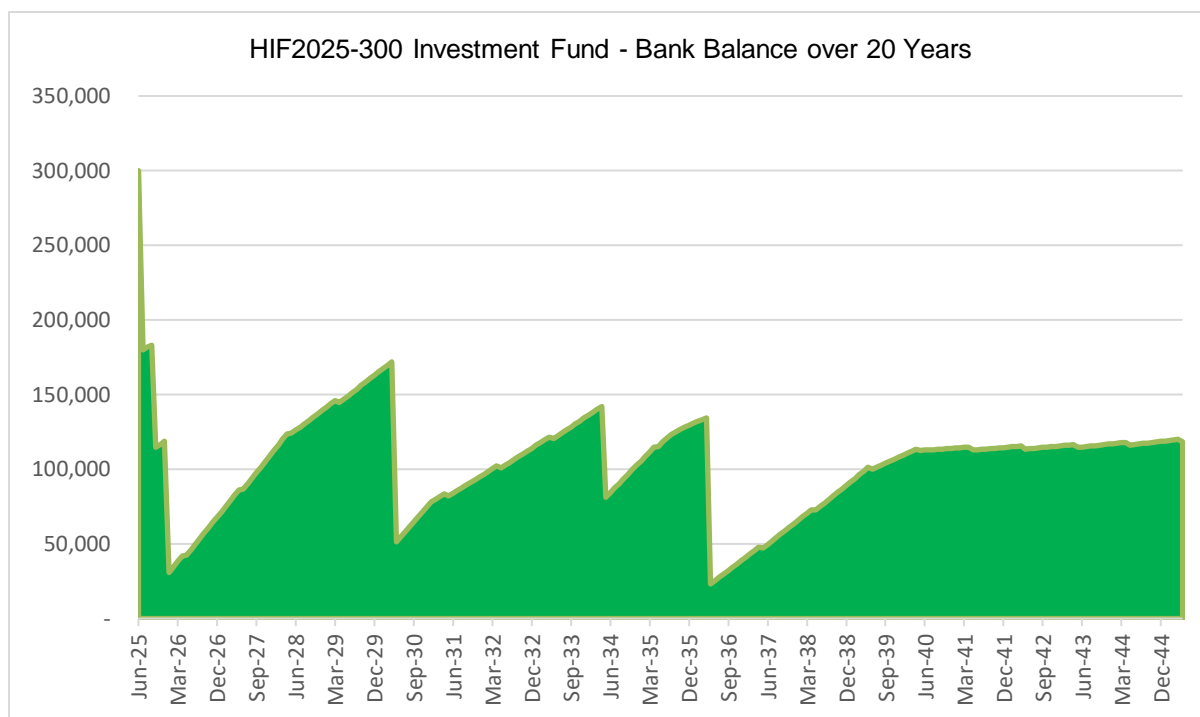
**8.4 Projected Fund Bank Balance**

The cumulative bank balance for the £200,000 fund is shown in Figure 8.3 and for the £300,000 fund in Figure 8.4

**Figure 8.3 Cumulative bank balance - £200k fund**



**Figure 8.4 Cumulative bank balance - £300k fund**



Withdrawals or repayments of member shares will reduce the fund bank balance and decrease the fund Capital Balance. Donations of member shares will increase the fund bank balance and also decrease the fund Capital Balance outstanding. The two graphics above reflect the difference between a £200'K fund with four investment loan projects and a £300'K fund with six such projects.



The £200'K fund model allows for two initial projects, followed by two subsequent projects, the timing of which is controlled by the minimum fund balance that we need to maintain. The £300'K fund model is controlled by the same minimum balance rules but allows for three initial loan projects, followed by a second phase of three further projects.

## **8.5 Other Modelling Assumptions**

These forecasts are based on a number of judgments and assumptions about choices over how the fund is managed and that which investors will make, as set out earlier in Section 8.1

We have assumed that for both the £200'K and £300'K models the annual running costs will be £250, which is a total cost over twenty years of £5,000. If the annual running costs were to double to £500 per annum, then the Fund surplus would reduce by £5,000. As a comparison, HIF2018 running costs to date have been less than £200 per annum.

We have assumed that the fund withdrawal rate (after the initial 3-year exclusion) will be at 6% per annum, which is the maximum allowed by the rules of the Investment Fund. At present we can see from the HIF2018 Fund that the annual withdrawals is much lower than the allowed maximum, which acts to increase funds available for re-investment into Loan Projects over time.

Fund Members have a choice to have their annual interest paid out or accrued into their capital balance. This individual choice will impact on the fund future bank balance and therefore available investment funds. The examples provided in this document have allowed for a 40% payout of the Annual Interest due to members in each year of the Fund's twenty-year life. Paying out annual interest to members reduces the fund bank balance, whereas the accrual of the annual interest increase the Capital Balance of the Fund itself

## **8.6 Headingley Development Trust Group Three-Year Forecasts**

In the following two tables we provide financial forecasts for HDT for the next three years (and showing the preceding three years for context). Table 8.1 provides a forecast statement of comprehensive income and expenditure and Table 8.2 on the following page provides a balance sheet forecast. Key assumptions and related information are:

- The Financial Year 2025 is based on a “break-even” budget
- With five months actuals recorded to February 2025 we are in line with this budget
- Forecast Revenues are based on existing activities and income streams
- Inflation Rates applied to relevant costs & revenues are between 0% to 5% p/a
- UK Interest rates will continue to fall slowly over the next three years
- Subsidiaries will continue to meet the UK “National Minimum Wage” requirements
- The Ecology mortgage for 50/50a North Lane will not be fully repaid until FY2026

**Table 8.1 HDT Forecast Statement of Comprehensive Income**

<b>FORECAST (and Actual) GROUP STATEMENT of COMPREHENSIVE INCOME</b>							
<b>FOR THE YEAR ENDED 30 SEPTEMBER</b>							
	<b>2027</b>	<b>2026</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>
<b>Income</b>	919	887	856	809	793	814	666
<b>Cost of Sales</b>	(354)	(341)	(328)	(316)	(307)	(324)	(304)
<b>Gross Profit</b>	<b>565</b>	<b>546</b>	<b>528</b>	<b>493</b>	<b>487</b>	<b>490</b>	<b>362</b>
<b>Operating Expenditure</b>	(550)	(538)	(526)	(519)	(509)	(514)	(418)
<b>Surplus/(Loss) before Depreciation &amp; Amortization</b>	<b>15</b>	<b>8</b>	<b>3</b>	<b>(26)</b>	<b>(23)</b>	<b>(23)</b>	<b>(57)</b>
<b>TOTAL Depreciation and Amortisation</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>20</b>	<b>23</b>	<b>17</b>	<b>15</b>
<b>Other operating income</b>	<b>1</b>	<b>7</b>	<b>35</b>	<b>10</b>	<b>17</b>	<b>9</b>	<b>99</b>
<b>Operating surplus/(loss)</b>	(5)	(6)	17	(36)	(28)	(32)	28
<b>Interest receivable and similar income</b>				3	1		-
<b>Interest payable and similar charges</b>	(7)	(7)	(11)	(13)	(6)	(3)	(2)
<b>Surplus (loss) before taxation</b>	<b>(12)</b>	<b>(13)</b>	<b>6</b>	<b>(46)</b>	<b>(33)</b>	<b>(35)</b>	<b>25</b>

Assumptions for the Balance Sheet in Table 8.2 are as follows:

- The 2025 Share Offer will be completed in the Current Financial Year
- HIF2025 will raise a net figure (after costs) of £250,000
- The balance on the 10-year Ecology mortgage will be fully repaid in FY2026
- The remaining funds from HIF2025 will be fully utilised in FY2027
- Subsidiaries of HDT will continue to meet their loan repayment commitments
- New loan projects will be used to finance Capital Investment Projects in the Group
- The average interest rate charged on HIF2025 Loan Projects will be 4.0% – 4.5% p/a

**Table 8.2 HDT Forecast Balance Sheet to 2027**

<b>FORECAST (and Actual) GROUP BALANCE SHEET AS AT 30 SEPTEMBER</b>							
	<b>2027</b>	<b>2026</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>	<b>£'K</b>
<b>Fixed assets</b>							
<b>Tangible assets</b>	1,411	1,413	1,415	1,444	1,130	1,157	1,181
<b>Intangible assets</b>	1	4	7	9	14	4	6
<b>Investments</b>	1	1	1	1	1	1	1
	<b>1,413</b>	<b>1,418</b>	<b>1,423</b>	<b>1,454</b>	<b>1,145</b>	<b>1,162</b>	<b>1,188</b>
<b>Current assets</b>							
<b>Stock</b>	7	7	7	7	8	7	7
<b>Debtors</b>	48	44	42	29	58	40	34
<b>Cash at bank and in hand</b>	59	129	305	89	203	284	326
	<b>113</b>	<b>179</b>	<b>353</b>	<b>125</b>	<b>269</b>	<b>331</b>	<b>366</b>
<b>Creditors: amounts falling due in less than one year</b>	(147)	(149)	(146)	(161)	(91)	(92)	(74)
<b>Net current assets/(liabilities)</b>	<b>(34)</b>	<b>31</b>	<b>207</b>	<b>(37)</b>	<b>178</b>	<b>239</b>	<b>292</b>
<b>Total assets less current liabilities</b>	<b>1,379</b>	<b>1,448</b>	<b>1,630</b>	<b>1,417</b>	<b>1,324</b>	<b>1,400</b>	<b>1,480</b>
<b>Creditors: amounts falling due in more than one year</b>	(69)	(109)	(260)	(298)	(103)	(118)	(127)
<b>Deferred capital grants</b>	(584)	(602)	(620)	(638)	(674)	(692)	(710)
<b>Net assets/(liabilities)</b>	<b>713</b>	<b>724</b>	<b>732</b>	<b>481</b>	<b>547</b>	<b>590</b>	<b>643</b>
<b>Reserves</b>							
<b>Share capital</b>	800	800	800	550	560	561	569
<b>Revenue account</b>	(141)	(130)	(117)	(123)	(67)	(24)	20
<b>Revaluation reserve</b>	54	54	54	54	54	54	54
	<b>713</b>	<b>724</b>	<b>732</b>	<b>481</b>	<b>547</b>	<b>590</b>	<b>643</b>

After the initial increase of £250'K in Share Capital resulting the HIF2025 Community Share Offer the share capital will remain unchanged over the subsequent two years. Interest accruing to members will increase share capital, but this will be offset by allowed share repayments from the HIF2018 Fund.

Depreciation on existing Fixed Assets will continue at £36'K and Annual Amortization of the Deferred Capital Grant will offset the depreciation cost at £18'K per annum. The remaining balance of the 10-year mortgage with Ecology Building Society can be repaid in full in June 2026 without incurring any early repayment penalties.

## 8.7 Headingley Development Trust Financial Summary

To complete this finance section we provide three further summary tables providing forecasts and historic information on HDT's share capital (Table 8.3), society funds (Table 8.4) and the use of those funds (Table 8.5).

**Table 8.3 Headingley Development Trust - Share Capital 2022-2027**

	Financial year ending					
Share capital £	30-Sep-2027	30-Sep-2026	30-Sep-2025	30-Sep-2024	30-Sep-2023	30-Sep-2022
<b>Opening balance</b>	800,139	800,139	550,139	559,917	560,550	569,430
<b>New share capital added during year</b>	12,000	10,000	250,000	5,248	5,440	5,870
<b>Share capital withdrawn during year</b>	(12,000)	(10,000)	-	(15,026)	(6,073)	(14,750)
<b>Closing balance</b>	800,139	800,139	800,139	550,139	559,917	560,550

Share Capital represents the investments made by our Members in the various Share Offers made by the Trust in the last twenty years, including the HIF2018 Scheme and (in future) the current HIF2025 Offer.

**Table 8.4 Headingley Development Trust – Balance Sheet Summary 2022-2027**

<b>Financial position on</b>						
<b>Society funds £</b>	<b>30-Sep- 2027</b>	<b>30-Sep- 2026</b>	<b>30-Sep- 2025</b>	<b>30-Sep- 2024</b>	<b>30-Sep- 2023</b>	<b>30-Sep- 2022</b>
<b>Fixed assets</b>	1,413,886	1,418,886	1,423,886	1,454,279	1,145,416	1,161,837
<b>Net current assets</b>	(48,267)	16,354	192,984	(37,287)	178,393	238,574
<b>Long term liabilities (debt)</b>	(653,116)	(711,116)	(879,616)	(935,616)	(776,717)	(810,068)
<b>Share capital</b>	800,139	800,139	800,139	550,139	559,917	560,550
<b>Retained profits or losses</b>	(87,636)	(76,015)	(62,855)	(68,763)	(12,825)	29,793

This balance sheet summary reflects our long-term approach to investing in the Headingley Community by purchasing or acquiring the “bricks and mortar” of older buildings in LS6. The cost or valuation of our various properties are reflected in the Balance Sheet and they provide the basic infrastructure used by our various community enterprises to carry out their daily activities and operations.

The financial result of these many operations and activities are reported in our Income Statements and the final summary table below which also shows the Community Value Added generated each Financial Year. This Community benefit is made possible by the long term investments in the various share offers that comprise the Share Capital supporting the Headingley Development Trust

**Table 8.5 Use of Headingley Development Trust Funds 2022-2027**

Use of society funds	Financial year ending					
	30-Sep-2027	30-Sep-2026	30-Sep-2025	30-Sep-2024	30-Sep-2023	30-Sep-2022
<b>Net profit (or loss) before share interest and community benefit £</b>	(4,621)	( 5,630)	16,640	( 35,588)	( 28,238)	( 31,561)
<b>HIF2018 - Interest rate on share capital</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>HIF2025 - Interest rate on share capital<sup>2</sup></b>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total share interest paid/credited to members £</b>	12,000	10,000	8,500	8,855	8,606	9,063
<b>Community Value Added £'000</b>	1,450	1,400	1,350	1,326	1,298	1,335

## 8.8 Looking Beyond HIF2025

HIF2025 will be our third community shares offer. With a growing membership and a seemingly ever increasing need for investment in our community there are no long term plans to wind up the Society. We remain open to the possibility of wishing to arrange a further community shares offer at some point in the future, or to convert HIF2025 to an open fund that will grow over time; but our aim for this time-limited offer is, as already stated, to raise at least £200,000 and up to £300,000. We will only move to consider either a new fund or a move to an open offer when all the funds raised through this time-limited offer have been invested, unless a new opportunity that requires additional funding emerges before then.

<sup>2</sup> Assumed average rate from BOE historic average since 2005

## Section 9 Impacts: the change we hope to make

### 9.1 A more affordable local line of credit for The Headingley Greengrocer

It is critical that the Headingley Greengrocer survives and flourishes. Its presence safeguards not just one local, independent food outlet – but also two others and contributes to a vibrant and attractive High Street, otherwise dominated by cafes and fast-food outlets. It contributes to the well-being of the community – both physical, and mental – and enables young and old to buy high quality fruit and veg in quantities that suit them.

In addition, it

- Supports local producers who supply locally grown vegetables, organic or with minimum intervention. This means a big reduction in carbon miles for much of the produce sold.
- Sells fruit and vegetables loose without plastic packaging and in accessible quantities. It also sells plants and flowers in season – the only outlet in Headingley.
- Employs local people, thus safeguarding six local jobs.
- Plays a major role in HDT's contribution of over £1.3m pa of local economic value.
- Supports local food charities and runs a customer donation scheme.

### 9.2 Ensuring a viable future for the enterprises we already have

#### Helping HEART thrive

With investment from HIF2025 we can future-proofing HEART as a *physical venue*, and also re-imagine it for the Headingley of the future. We can do this:

- *By getting in front of spiralling energy costs.* With support from HIF2025 we would radically overhaul and improve the fabric of the building, with the priority being a “deep”, whole system, energy efficiency retrofit. Any savings in outgoings would be used not just to repay HI investors, but so we could step up our ambitions to serve local needs.
- *By encouraging more families to use HEART's facilities.* With HIF2025 support we could brighten and refresh the Tiny Boo space – and perhaps develop an offer around Healthy Holidays for the most vulnerable children in the area; play schemes to offer respite and breaks for carers in the holidays; and drama clubs and other activities that boost self-confidence among those young people most affected by anxiety and low self-esteem.
- *By using the former playground much more imaginatively and inclusively, as a way of improving community mental health and well-being.* We know from our consultations that the great majority of HEART users, customers and visitors and especially those discovering HEART for the first time, see HEART's outdoor space as an oasis of safety and civility, one they hope can be preserved as an asset available to the broadest possible demographic. We would

therefore propose to use HIF to respond to that hope by greening up; improving facilities for cyclists; developing a kitchen garden for all-comers and offering HEART as a venue to which social prescribing might apply; and increasing accessibility and inclusivity.

- *Raising the profile of Pulse as a go-to co-working space.* Renovations to Pulse, our co-working space, would enable us to reach out to younger would-be entrepreneurs, particularly those from under-served groups. Our consultation with Pulse users tells us that what small businesses and start-ups most need from a hub like Pulse is collaborative spaces for problem-solving; 100% reliable broadband and excellent acoustic attenuation; touch-down space that offers privacy, quiet, and the opportunity – put at its simplest – to make phone calls in peace.

### Investing in the fabric of The Headingley Greengrocer

Our 125 year old building is a wonderful community asset but it is 125 years old! HIF 2025 will enable us to not just look after the existing fabric of the building – renewing the flat roof for example – but also enable us to maximise the value of the freehold of the building.

We will do this by installing solar panels, which will reduce our energy costs and allow us to sell cheaper electricity to our tenants the Headingley Farm Butchers who have an energy-hungry refrigeration room to operate. We will take the opportunity to insulate the building more effectively and create additional operational space in the loft which can be used to improve staff facilities and provide the space to establish a new business line for the Greengrocer. None of these activities are affordable out of day-to-day revenues but with access to HIF2025 funding they will help improve the long-term profitability of the business.

### **9.3 Reserves in Readiness**

A small pot of “rainy day” money would enable us to be agile and creative, seizing opportunities as they arose – but also prospecting for new ideas from the community. HDT’s surveys suggest local people are most excited by:

- Further investment in **the energy efficiency/greening and resilience** of HDT’s current assets, including HEART and THG
- Projects that focus on making **residents of all ages feel safe**, particularly when they are out and about in the centre of Headingley. **Making every corner count.** Headingley suffers from a much-degraded streetscene, and we lack “uncontested spaces” where people can socialize and re-charge. More importantly for Headingley’s future citizens, there are no safe, green, attractive spaces for children and young people to grow, explore and thrive. With HIF2025 money we could hold **Planning for Real** and “Grand Design” competitions with children and local students to test where we could create work, play and stay areas.



- Support for **independent, values-led businesses**, and whether HIF2025 could “back” new ventures such as “pop-up” shops, cycle-repair, and spaces for artists and makers
- Reimagining our **housing ambitions to reflect net zero and energy costs challenges**. This could include supporting a Low Carbon Homes club.
- Seeking out and **supporting smaller projects** – which can often have just as powerful an impact especially when they are replicable and scalable.

## Section 10: Risk Analysis

This section identifies the key risks associated with the project, with avoidance and mitigation strategies designed to prevent and minimise each risk assessed.

### 10.1 Risk for investors

HDT is confident that the proposal is a robust one, with well researched and verified financial projections. We are therefore confident that interest can be paid and shares can be withdrawn, subject to the conditions and limits set out in the Offer Document and this Business Plan.

However, HDT wishes to be explicit about the following points:

- An investment in community shares is an investment in a trading business, not a loan or a deposit, and the rates of return are not guaranteed. This investment should be considered as medium to long term. The shares may not be readily convertible to cash should you need to withdraw them.
- Like many investments, community shares are at risk and investors could lose some or all the money they invest. Unlike deposits with high street banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. Any dispute may be the subject of arbitration as set out in the Society's rules.
- As members and shareholders of Headingley Development Trust, investors will own the society and its ventures. If the Society is unable to meet its debts and other liabilities, investors could, in principle, lose some or all of the investment held in shares. However, liability is limited to the amount that has been paid for the shares.
- The investment in a share account may receive interest but does not enjoy any capital growth. It is primarily to support your community rather than make an investment. As a Society, the maximum return offered to investors by way of interest will always be limited.
- Investment in a share account is withdrawable without penalty at the discretion of the Board under the Society's rules and the terms of this offer.
- These state that the Board will specify a maximum total amount available for withdrawals in each year; this will be set as a percentage of the Fund value at the start of the year, and will be 6% initially. All withdrawals will be paid in the order in which the notices are received, up to the maximum total withdrawal amount set for that year, following which no further withdrawals may be made.
- Shares cannot be sold or transferred to another person but they can be withdrawn. As a general rule, no shares can be withdrawn for three years from the Go Live date for the Fund. After this time, the position depends on the society's overall profitability as a group. Under 2015 FCA Guidelines to Societies - which we are bound to follow - a society can only return share capital to members as long as it has positive retained earnings, which is the combined position after adding up all the financial year ends for the society and its trading subsidiaries.
- For HIF2018 Shares this is not the case at the time of writing due to significant trading losses incurred over the last three financial years (predominantly caused by the increased energy costs for the HEART Building). Once the retained deficit is recovered by future trading profits, investors will then be in position to make requests to withdraw funds, within the following policy:

- 3 months' notice must be given.
  - No more than 6% of the value of any Fund can be withdrawn in any given financial year.
  - No more than £10,000 can be withdrawn by any member in any given financial year.
- In line with the Society's rules and the terms of this offer, the Board has the discretion to suspend withdrawals if the Society has insufficient finance available to repay the shares.

## 10.2 Analysis of risk and mitigation

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
Low take up of share offer by target date	Medium	High	Regular updates and shout-outs through HDT newsletter, social media, and other marketing channels.
Challenging trading conditions impact on THG's ability to repay loan.	High	High	Continue to invest in promotion and profile of THG. If necessary, alter interest paid out as Shares Offer allows.
Challenging trading conditions impact on Headingley Farm Butcher's sustainability.	Medium	Medium	Work with Butcher's to agree payment plans and rent schedules.
Lack of suitable projects means that it is not possible fully to invest fund and therefore generate return.	Medium	Medium	Horizon scan for opportunities, and encourage members and wider partners to come forward with ideas. Use HDT AGMs to get possible projects to "pitch".
Wider economic conditions (such as changes to interest rates) mean HIF 2025 is uncompetitive.	Medium	Low	Keep track of economic trends and ensure through good marketing, investors are kept up to date with the social impact of the Fund.
Shareholders' preferences for taking interest vary from those modelled.	Low	Low	Impacts can be managed through changing the annual limits on withdrawals if necessary.
Lack of capacity means Fund governance is weakened leading to reputational risk.	Low	Medium	Ensure there are regular, transparent updates at investor meetings, and take full advantage of external support such as Co-Ops UK and Locality

## Section 11: HDT Board Membership

### 11.1 HDT Board

**Sam Schwab (Chair)** As a Headingley resident for almost 8 years bringing up a young family I enjoy playing an active role in improving the local area and contributing to its positive development. As a board member of HDT since 2022 and the current Chair I am particularly interested in finding ways that HDT can take action to benefit the full range of Headingley residents as inclusively as possible.

I have a wide range of experience that supports various aspects of its current and future work. I am an experienced public servant with particular expertise in health, social care and housing. From a finance perspective I have held budgetary responsibility for annual spend of over £40m and have experience of applying value for money tests on a range of projects.

**John Chandler (Treasurer)** I left London and came to live in Headingley in 1989 and have since had the pleasure of watching this community, as represented by the Development Trust, grow and develop under the careful guidance of previous directors. I was an early investor in HDT share offers and watched the results of their decisions over many years, have such a positive impact in and around Headingley

Given that I retired in March 2022 I now have the time available to take a more active role in the HDT decision-making processes, organisation and structures that help to ensure that Headingley remains such a good place to live.

My training and career as an accountant with financial applications and finance systems allows me to understand how good financial practice can be used to provide perspective to any organization. Numbers are important in the analysis of performance and can be used to provide historic results and also to support decision-making and forward predictions.

**John Hall** It is 50 years since I first arrived in Leeds from Bolton to go to university. Seven years ago I returned to live here and discovered the work of HDT and the evolving community in Headingley. I joined the board of HDT in 2019.

I have always made efforts to be directly involved in my local community. In 2005 I helped set up a wireless broadband network for Swaledale and Arkengarthdale, a not for profit organisation, run by volunteers. I was also a board member of the Swaledale Festival from 2002 – 14 and have since put my career as a film maker and web designer to good use on behalf of HDT.

**Archie Wright-Beattie.** A lifelong resident of Headingley now working in communications and strategy. I have always appreciated Headingley's multifaceted nature and vibrancy.

Serving on the board since summer 2023 has brought me great pleasure to give back to a community and place that I have enjoyed so much, both as an adult and whilst growing up here. Since joining the HDT board I have assisted on communications and am currently working to increase cross-group collaboration and grow the profile of HDT.

**Matthew Spence** I have a deep passion for Headingley – as a resident I want to make Headingley a better place for everyone and believe HDT strives to do this, I am committed to contributing my skills and experience to support HDT’s fantastic work. Having a background of managing and delivering various projects within the NHS I believe I can help HDT achieve its aims and goals. I am dedicated to fostering collaboration, supporting strategic planning, and applying effective governance to help achieve HDT’s goals. My previous volunteering with St Gemma’s and Sustrans to support events, fund raise and involvement with projects shows my commitment to contributing to society.

**Alex Barrie (Co-opted)** Originally from Lancashire, I moved to West Yorkshire with work in 1987, living initially in Headingley and for the last 26 years in neighbouring Weetwood. Both my children have grown up in the area and attended the local schools. Professionally I’m a chartered engineer, currently focused on the programme management of multi-million pound cyber security investment programmes for a major telecommunications business. Having lived in the area for so long, I am interested in seeing how I can contribute the skills I possess to help the Trust in its aims and continue to build upon the great work to date. I have previous volunteering experience as a school governor in both primary and secondary settings.

## **11.2 HIF Development Committee (HIFDC)**

**Isobel Mills (Chair)** I spent most of my career as a Civil Servant delivering economic regeneration programmes at European, national and local level, which included trying to convince Whitehall policies made in SW1 did not always (if ever) fit neatly with the needs of Yorkshire neighbourhoods. In retirement I have been, amongst other things, the Chair of the Leeds Credit Union, Chair of the Leeds Citizens Advice Bureau and a Director of the Key Fund. As a long term Headingley resident I enjoyed watching HDT and HEART blossom and am now playing an active part in developments. I am a former chair of HDT and am currently the chair of the HIFDC and chair of HEART.

**Alan Beswick (Secretary)** I am a former board member and Secretary of HDT and a resident of Headingley since 1980 and I have shared the delight of many other Headingley residents in the success of HDT, HEART and the many HDT initiatives. Having previously worked as a Director of an international transport planning consultancy I am a firm believer in the importance of working at the local level to develop sustainable communities that can help deliver attractive, liveable cities, designed for people not just vehicles. I have been a member of HIFDC since 2021 and secretary since 2022.

**Hazel Dimsdale (Treasurer)** I brought up my family in the Headingley area. Since taking early retirement from my career in HMRC I was a HEART volunteer before joining the HDT. I was Treasurer of the After-School club as well as the PTA when my son went to Headingley Primary school in the 1990s. I also attended the school in the 1960s (when it was known as Bennett Road school) and have fond memories of the building and is pleased that it has been put to good use within the community. I am a former HDT board member and was Treasurer of HDT until March 2024.

**Helen Seymour.** I have lived in Headingley for nearly twenty-five years. I was a founder director of HDT, am part of the Headingley Farmers’ Market organising group and was one of those who led on the community buy-out of the Natural Food Store

and still serves on its committee. I am a former chair of HDT and currently chair of the Greengrocer business. Prior to retirement I worked for Co-operativesUK, the trade association for co-operatives. I believe that collective enterprises of all kinds make a real difference to communities everywhere.

**John Chandler** (HDT Board)

**John Hall** (HDT Board)

**Alex Barrie** (HDT Board)

**Hugh Rollo** (External Advisor) is a social investment expert with the Social Investment Business. He is a Former Chair of Key Fund and has worked as Locality Development Adviser and for the Community Shares Unit. Hugh has brought expert, independent advice to the HIFDC since it was established in 2018.

### **11.3 Headingley Development Trust Commercial Ltd (trading as The Headingley Greengrocer)**

**Helen Seymour** (Chair) see also HIF Development Committee

**John Chandler** (Treasurer) see also HDT Board

**Jane Williams** I have lived in Headingley for 40 years and my two children went to local schools. I am a founding member of HDT and was instrumental in the development of HEART and was a Board member for its first 5 years, and a volunteer for a further 5. I was part of the Natural Food Store community buy out team, and have been on the Board of The Headingley Greengrocer since HDT took it over in 2019. My working life was spent in mental health services as both practitioner and then commissioner for the NHS and since retirement on the Board of Northpoint Wellbeing, a large mental health charity working in Leeds, North Yorkshire and Calderdale, the latter 3 years as Chair until July 2024. I am committed to community engagement as a tool for social cohesion and wellbeing.

**Jane Haworth** I have lived in Headingley for over 40 years, and have brought up my family here. Over the years I have been involved in various community initiatives that have aimed to make Headingley a well-resourced, diverse and sustainable neighbourhood. I was co-chair of North Leeds Community Nursery and one of a group of parents/carers who set up an after-school club at Headingley Primary School. In 2007 I was part of the community buy-out of the Natural Food Store and have been on its committee since 2015. More recently, I have been a director of the Headingley Greengrocer since it opened as an enterprise of HDT, and have been part of the Zero Carbon Headingley project.

# APPENDIX A

## Conflicts of Interest Policy and Directors Code of Conduct

### Conflict of Interest Policy

#### 1. **Definitions**

A conflict of interest exists where a Director of HDT has a financial interest in or stands to gain or lose financially from any contract, transaction or other agreement entered into by HDT. The terms “financial interest” and “gain” apply to anything with a monetary value. A potential gain may arise directly (for example, goods and services purchased from the director) or indirectly (for example, if purchased from a partnership or company in which the director has shares). A conflict of interest also exists if someone connected with a director (spouse/partner, child or stepchild under 18, business partner or business partner of spouse/child) stands to gain.

This policy refers to Directors throughout; however its provisions also apply to staff members, see section.

#### 2. **General Duties of Directors**

Directors of HDT have a general duty to act in the best interests of HDT as a whole. They should not do so in order to gain financial or other material benefit for themselves, their family, their friends, their business connections, or any other organisation with which they are connected. They should not place themselves under any financial or other obligation to external individuals or organisations which might seek to influence them in the performance of their role.

#### 3. **Declarations of Interest - general**

Directors of HDT have a duty to declare any interests relating to their role as director and to take steps to resolve any conflicts which may arise. Where private interests of a director conflict with their duties as a director, they must resolve the conflict in favour of the director role. On being appointed, directors must make relevant declarations of interest in the different circumstances and roles they play both within and outside HDT, using HDT’s standard form. Should any new potential conflicts arise during the director’s time in office, these should again be declared, and in any case directors will be asked to review their declarations on an annual basis at the start of the financial year. Responsibility for ensuring that these processes happen and that a register of declarations of interest is maintained will rest with the Company Secretary.

#### 4. **Declarations of Interest - specific**

Directors of HDT should not have any financial interests in conflict with those of HDT, either in person or through family or business connections, nor any financial interest in a matter under discussion. Where such interests exist or may exist, the director is required to declare a conflict of interest by specifically notifying any such interest at any meeting where directors are required to make a decision which affects or may affect their personal interest, and by absenting themselves from such decision-making/voting, by leaving the room, if required to do so by the Board, and always by taking no part in the discussion and/or vote.

Any HDT director who stands to gain, however innocently, from a decision of the Board, or who finds that there is or may be any conflict between her/his duty to HDT

and her/his personal interests, should disclose this and take no part in the decision. If the conflict is sufficiently serious or is likely to be prolonged, the director concerned may have to avoid attending Board meetings while the issue is resolved, or resign her/his directorship.

**5. Duality of Interest**

It is recognised that conflicts can also arise between a director's duty to HDT and some other public obligation or directorship of another organisation. This is defined as duality of interest: that is, the director may have divided loyalties, but does not stand to gain financially. Where such duality exists, the director should declare it, and is expected to act in the best interests of HDT. If the director is a member of another body, s/he must remember that her/his duty to HDT still overrides all other obligations; if irreconcilable conflict arises, again s/he may have to avoid taking any part in decisions of the Board, or may have to resign from one or other position.

**6. Situations Where Interest May Be Unclear**

If a director has an interest which does not, in the opinion of a clear majority of the rest of the directors present at a meeting, create a real danger of bias but which might cause others to think that it could influence their decision, the director should still declare the nature of the interest, but may remain in the room and take part in the discussion and vote if the Board feels this to be appropriate.

It is recognised that there may be occasions on which correct procedure is hard to identify, and then directors must remember their overriding duty to avoid conflict of interest and to act not in their own interests, but in the interests of HDT as a whole and all its present and future users.

If there is any doubt about any aspect of this Policy, directors should consult the Chair at the earliest opportunity. If the Chair is unclear advice should be sought.

**7. Recording of Interest**

All declarations of dual interest or conflict of interest - real or potential - must be recorded in the minutes of Board meetings.

**8. Application to Staff**

The provisions in this policy also apply to staff as follows:

- Staff with delegated authority for financial expenditure are required to complete and update Declaration of Interests forms in the same way as Directors, as set out in section 3, and to declare any specific interests in the same way as Directors when financial decisions are being considered, as set out in section 4
- Staff may not on their own authorise any expenditure where a conflict of interest arises, even within their delegated authority; in such situations any expenditure must be authorised by the Treasurer, Finance Committee or Board
- Staff without delegated authorities for expenditure are required to notify the relevant person when making any recommendations for expenditure.



## CODE OF CONDUCT FOR HDT DIRECTORS

*Headingley Development Trust (HDT) seeks to fulfil its purpose on the basis of a set of core values. It*

- *facilitates community participation and acts in ways that promote community empowerment*
- *demonstrates a commitment to creativity and innovation*
- *delivers projects to the highest quality and environmental standards, and promotes good practice*
- *develops its own and the community's sustainability and resilience in economic, social and environmental matters*
- *celebrates and promotes diversity in the local community*
- *adds value to, and avoids duplicating, existing services, provision and activities.*

*As a democratic organisation its members are its lifeblood; it works openly and transparently and keeps members informed and engaged.*

As a director of HDT I will:

1. **Respect and uphold the values of HDT.**
2. **Act within the Society Rules and the law.**
3. **Act in the best interests of HDT as a whole** – considering what is best for the organisation and avoiding bringing HDT into disrepute.
4. **Manage conflicts of interest effectively** – registering, declaring and resolving conflicts of interest. Not gaining materially or financially unless specifically authorised to do so.
5. **Respect confidentiality** – understanding what confidentiality means in practice for HDT while never using confidentiality as an excuse to avoid disclosing matters that should be transparent and open.
6. **Have a sound and up to date knowledge of HDT and its context** – understanding how HDT works and the environment in which it operates.
7. **Attend meetings regularly and prepare fully for them** – reading papers, querying anything I don't understand and thinking through issues in good time before meetings. Giving apologies if, on occasion, I am unable to attend.
8. **Actively engage in discussion, debate and voting in meetings** – contributing positively, listening carefully, challenging sensitively and avoiding conflict.
9. **Participate in collective decision making** - accepting majority decisions, standing by them and not acting individually unless specifically authorised to do so.
10. **Work considerately and respectfully with all** – respecting diversity, different roles and boundaries and avoiding giving offence, in informal and electronic communications as well as in formal meetings.

Signed.....

Name.....

Date.....

# APPENDIX B

## Example HIF Loan Agreement

To: Headingley Development Trust (Commercial) Limited  
Bennett Road  
Leeds  
West Yorkshire  
LS6 3HN

18<sup>th</sup> April 2019

Dear Directors

### LOAN OFFER

We are pleased to offer you a Loan as described below on the basis of the particulars set out and subject to the terms and conditions contained in this letter. If accepted, this letter constitutes the agreement between us as Lender and you, the Borrower.

### PARTICULARS

#### Borrower

Headingley Development Trust (Commercial) Limited (a company limited by shares registered in England and Wales under Company No: 11759025 whose registered office is Bennett Road, Leeds, West Yorkshire, LS6 3HN).

#### Lender

Headingley Development Trust Limited (a pre-commencement society registered under the Co-operative and Community Benefit Societies Act 2014), with registration number 29983R, whose registered office is Bennett Road, Headingley, Leeds, LS6 3HN).

#### The Loan

The sum of £50,000.00 (fifty thousand pounds sterling) initially, with further sums at the discretion of the Lender.

#### Purpose

The Purpose of the Loan is to assist the Borrower with working capital or revenue for the purposes of the acquisition and operation of a retail business to be known as The Headingley Greengrocer.

## Repayment Period

Subject as follows, the Loan is repayable in equal instalments of £350.00 on the 18th day of each month commencing on 18<sup>th</sup> May 2019, with any final payment to be adjusted so that the Loan shall have been repaid in full by 18<sup>th</sup> April 2034.

Early repayment in whole or part is permitted as set out in clause 2 below.

## Rate of Interest

Interest on the Loan shall accrue at a rate of 3% per annum. The Borrower shall pay accrued interest on the Loan on the 18<sup>th</sup> day of each month.

## PAYMENT

The Loan is repayable as provided in clause 1.5 above save that the Loan shall be repayable on demand in full and/or in part at the Lender's absolute discretion (on expiry of six (6) months' written notice (or such other written notice as the Lender shall determine) served by the Lender on the Borrower) on any breach by the Borrower of the terms of this letter. The parties may agree changes to this clause, including agreeing early repayment (in part and/or in full), variations to regular payments, one-off additional payments and/or payment holidays. Repayment (whether in whole and/or in part) may be made at anytime provided that the Borrower repays the corresponding balance of the Loan then outstanding together with all accrued but unpaid interest calculated from the date that interest started to accrue on the Loan (or part thereof) to the date of repayment of the Loan (or part thereof).

## CONDITIONS

No part of the Loan may be drawn until the Lender has received, in a form satisfactory to Lender:

A signed copy of this letter; and

Board resolution of the Borrower authorising the Borrower to enter into the loan agreement on the terms as set out in this letter.

## SECURITY

No security is required

## REPRESENTATIONS AND WARRANTIES

If you accept this offer then in doing so and on the date the Loan is drawn down and then released to you, you are deemed to represent and warrant to the Lender that:

the Borrower has power to execute deliver and perform its obligations set out in this facility letter and in all other documents entered into relating to these Loans;

there are no material disputes affecting or likely to affect the Borrower's activities;

all information concerning the Borrower supplied to the Lender or its professional advisers at any time is full and complete and is and remains true and accurate;

the entry into and performance of the terms and conditions of this facility letter and the use of all or any part of the Loan do not and will not contravene or conflict with any agreement (oral or written) to which the Borrower is a party or which is binding on the Borrower;

all insurance policies relating to the business of the Borrower are in force and all premiums due have been paid;

there are no legal or other proceedings of any kind pending or threatened involving the Borrower which might adversely affect (in any material respect) the Borrower's financial condition or activities or its ability to perform fully its obligations in this facility letter;

since the last date on which this warranty is deemed to have been given there has been no material adverse change in the financial condition of the Borrower;

no event of default as referred to in clause 7 below has occurred or is continuing.

The Lender is entitled to rely on these representations and warranties and will not be considered to be notified of any matter arising in relation to any of them unless they are disclosed in writing to and acknowledged by the Lender and if at any time any representation or warranty becomes untrue or incomplete then the Borrower must as soon as reasonably practicable after and in any event within two working days of becoming aware of the same and in writing disclose all of the relevant facts to the Lender.

#### BORROWER'S COVENANTS

For so long as any money is owing or liability incurred to the Lender as a result of this facility letter then the Borrower covenants with the Lender as follows:

to supply to the Lender within 6 months of the year end copies of the annual audited accounts and within one month after any request copies of such other balance sheets expenditure and income accounts and other financial information relating to the Borrower (including management accounts and operating statistics) as are reasonably required by the Lender;

to comply with all obligations contained in this facility letter;

to use the Loan for the purposes stated in the particulars; and

forthwith to notify the Lender of the occurrence of any event of default as referred to in clause 7 or of any event or circumstances which with the giving of notice or the passing of time could become such an event of default.

#### DEFAULT PROVISION

Notwithstanding anything to the contrary, the Lender is entitled to demand repayment of all monies then lent together with interest and accrued costs if at any time one or more of the following events ("events of default") occurs:

the Borrower fails within ten working days of the due date to pay any sum payable under this facility letter;

the Borrower commits any material breach of any of the provisions of this letter and either such breach is not capable of remedy or the Borrower fails to remedy the breach within fifteen working days of being required to by the Lender in writing;

any representation or warranty made or deemed to be made or repeated by the Borrower in or pursuant to this letter is or proves to be untrue or incorrect in any material respect when made or deemed to be repeated with reference to the facts and circumstances existing at such time;

an encumbrancer takes possession or a receiver or an administrative receiver or receiver and manager is appointed of the whole or any substantial part of the undertaking or assets of the Borrower or a distress or other process is levied or enforced upon any asset of the Borrower and any such action is not lifted or discharged within ten working days;

the Borrower has a winding-up petition or a petition for an administration order presented against it or passes a winding-up resolution (other than in connection with a members' voluntary winding-up for the purposes of amalgamation or reconstruction which has the prior written approval of the Lender) or calls a meeting of its creditors for the purposes of considering a resolution that it be wound up voluntarily or resolves to present its own winding-up petition or is wound up or the directors or shareholders of the Borrower resolve to present a petition for an administration order in respect of the Borrower;

the Borrower ceases or threatens to cease to carry on its trading activities or a substantial part thereof; or

if any event or series of events occurs or any circumstances arise whether related or not (including without prejudice to the generality of the foregoing any adverse change in the activities, assets or financial standing of the Borrower) which in the opinion of the Lender may have a material adverse effect on the Borrower or its ability or willingness to perform or comply with any of its obligations in this facility letter.

#### FEES EXPENSES AND INDEMNITIES

The Borrower agrees to pay (on demand and on a full indemnity basis) all costs charges and expenses properly incurred by the Lender with the enforcement or preservation of the Lender's rights under this facility letter.

The Borrower agrees to indemnify the Lender fully against any loss or expense (as certified by the Lender) including legal expenses which the Lender may incur or sustain as a consequence of the occurrence of any of the above events of default or of any failure by the Borrower to pay any sum demanded by the Lender under this facility letter.

#### CONSTITUTION OF AGREEMENT

If the Borrower accepts the offer contained in this facility letter then the agreement thereby constituted between the Lender and the Borrower incorporates all of the provisions of this letter and this agreement replaces any other offer and any other agreement or understanding made between the Lender and the Borrower.

Any variation made at any time to the contents of this letter binds the Lender only if made in writing and signed by an authorised signatory on behalf of the Lender.

If there is any change in any applicable law or regulation or in the interpretation or application by any authority or agency if it becomes or appears to be unlawful for the Borrower or the Lender to perform any of their respective rights or obligations under this facility letter by reason

of any change in the law or any relevant regulations then the Lender may by giving written notice to the Borrower:

declare that any obligations to be assumed by the Lender under this facility letter are forthwith terminated; and/or

require the payment or discharge (immediately or otherwise as required by the Lender) of the total amount then lent including all accrued interest together with any costs expenses or other amounts owed to the Lender under this facility letter.

This facility letter does not create a partnership between the Lender and the Borrower and neither party is to be deemed to be the agent of the other nor has any right or power to pledge the credit of or commit or bind the other.

No person who is not a party to this facility letter shall have any right to enforce this facility letter or any agreement or document entered into pursuant to this facility letter pursuant to the Contracts (Rights of Third Parties) Act 1999.

This facility letter is governed and construed in accordance with the laws of England

#### OTHER RIGHTS RELATING TO THE FACILITY LETTER

Neither the Lender nor the Borrower is entitled to assign or transfer any of its rights or obligations under this facility letter.

No delay on the part of the Lender in exercising any of its rights power or privileges operates as a waiver nor does the single or partial exercise of any such right power or privilege preclude any further exercise of it and the rights and remedies contained in this facility letter and are in addition to any rights and remedies provided by the general law.

The Borrower irrevocably authorises its bankers auditors accountants and other professional advisers to discuss at any time the Borrower's business and affairs with the Lender and to produce to the Lender such documents and information relating to such business and affairs as the Lender requires from time to time.

A certificate signed by an officer of the Lender as to the amount of the aggregate indebtedness of the Borrower to the Lender or as to the amount of the payment or the determination of the interest rate from time to time is conclusive evidence for all purposes against the Borrower.

Notwithstanding anything else in this letter the Lender reserves the right to withdraw this facility at any time and for any reason, whereupon the Borrower shall not be entitled to make any further drawdowns under this agreement.

#### NOTICES

Any notice or approval or other document to be given by or to the Lender under this facility letter is sufficiently given if hand delivered or if sent by first class pre-paid post to the address given for the party at the beginning of this letter (or such other or last known address given for the purpose of notices to the party for which it is intended) and shall be deemed to have been served on delivery if delivered by hand or 24 hours after posting if sent by such post.

ENTIRE AGREEMENT

If the offer in this letter is accepted this constitutes the entire agreement between the parties with respect to the matters contained herein and all prior agreements or understandings between them with respect to such matters are superseded.

Any oral or written representation warranty course of dealing or trade usage not contained or referred to herein shall not be binding upon the parties.

No amendment modification or change of any of the provisions of this facility letter shall be of any force or effect unless set forth in writing duly executed by the party against which its enforcement is sought.

Yours faithfully

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Signed by

for and on behalf of Headingley Development Trust Limited

(ON DUPLICATE)

