

LAPFORD MILL CIC

Operating Licence Agreement

*An agreement governing the licence granted to Lapford Mill CIC
to operate activities across all five mission spheres at Lapford Mill, Lapford, Devon*

Version 2.0 · March 2026

Draft — for review and legal advice before signing

PARTIES TO THIS AGREEMENT

The Parties

This Operating Licence Agreement is made between the following three parties:

Party	Details
1. The Landowner	
2. The Railway Owner	
3. The CIC	Lapford Mill CIC A company limited by guarantee incorporated under the Companies Act 2006 (CIC registration pending — company number to be inserted on registration)

This Agreement replaces and supersedes any earlier version of the Operating Licence Agreement between these parties. It reflects the expanded scope of the CIC to encompass all five mission spheres: Heritage, Environment, Arts & Music, Community Wellbeing, and Enterprise.

BACKGROUND

Recitals

The parties enter into this Agreement on the following basis:

- A.** The Landowner owns the freehold of the land and buildings at Lapford Mill, Lapford, Devon ("the Land"), including the mill buildings, café premises, woodland, riverbanks, watercourses, meadows, and associated grounds.
- B.** The Railway Owner owns the miniature heritage railway, rolling stock, track, structures, and associated equipment installed on part of the Land ("the Railway") under a separate Lease Agreement with the Landowner.
- C.** The parties have agreed to establish Lapford Mill CIC as the community-facing body responsible for delivering public benefit activities across the Land, operating under licence from the Landowner and with the consent of the Railway Owner in respect of railway activities.
- D.** The CIC is constituted as a Community Interest Company under the Companies Act 2006 and the Community Interest Company Regulations 2005. Its objects include heritage and cultural education, environmental stewardship, arts and cultural participation, community wellbeing and social inclusion, and sustainable enterprise.
- E.** The parties wish to record the terms on which the CIC is permitted to operate on the Land and to deliver activities across all five mission spheres.
- F.** Nothing in this Agreement transfers ownership of the Land, the Railway, or any other assets to the CIC. The CIC holds a contractual licence only.

CLAUSE 1

1. Definitions

In this Agreement, the following terms have the meanings given:

Term	Meaning
"the Land"	All land, buildings, structures, woodland, riverbanks, watercourses, meadows, and grounds at Lapford Mill, Lapford, Devon, as owned by the Landowner
"the Railway"	The miniature heritage railway, track, rolling stock, signalling, structures, and associated equipment owned by the Railway Owner
"the Licensed Areas"	The specific areas of the Land identified in Schedule 1 within which the CIC is authorised to carry out the Licensed Activities
"the Licensed Activities"	The activities set out in Clause 3 and Schedule 2, being all activities within the CIC's five mission spheres
"the Five Spheres"	Heritage & Cultural Preservation; Environment & Landscape Stewardship; Arts, Music & Cultural Life; Community Wellbeing & Participation; Enterprise & Sustainable Trading
"the Licence Fee"	The annual fee payable by the CIC to the Landowner under Clause 6
"the Term"	The duration of this Agreement as set out in Clause 5
"Grant Income"	Any income received by the CIC from grant-making bodies in connection with Licensed Activities carried out on the Land
"the Asset Lock"	The provision in the CIC's Articles of Association preventing the transfer of assets other than for full market value or for community benefit purposes

CLAUSE 2

2. Grant of Licence

2.1 The Landowner hereby grants the CIC a non-exclusive licence to access and use the Licensed Areas for the purpose of carrying out the Licensed Activities during the Term, subject to the terms and conditions of this Agreement.

2.2 The Railway Owner consents to the CIC carrying out Licensed Activities involving the Railway, subject to the separate operational arrangements set out in Clause 4 and Schedule 3.

2.3 The licence granted by this Agreement is personal to the CIC and may not be assigned, sublet, or transferred to any other party without the prior written consent of both the Landowner and the Railway Owner.

2.4 This Agreement does not create a tenancy, lease, or any interest in land. The CIC acknowledges that it occupies the Licensed Areas as licensee only and that no security of tenure arises under the Landlord and Tenant Act 1954 or any other legislation.

2.5 Nothing in this Agreement transfers or purports to transfer any ownership of the Land, the Railway, or any other assets to the CIC. All ownership rights remain with the respective asset owners as identified in the Recitals.

For the avoidance of doubt: the CIC manages and operates within the Licensed Areas as steward and licensee. It does not own, and cannot acquire, any interest in the Land or the Railway by virtue of this Agreement.

CLAUSE 3

3. Licensed Activities — The Five Spheres

The CIC is authorised to carry out the following activities within the Licensed Areas. Activities are organised by mission sphere. Unless otherwise stated, all activities require no further consent from the Landowner beyond this Agreement, provided they are carried out within the Licensed Areas and in accordance with the terms herein.

Sphere 1 — Heritage & Cultural Preservation

- Operation of the heritage railway for public open days, educational visits, and heritage experiences
- Guided tours of the mill buildings, waterwheel, leat, and associated heritage assets
- Installation and maintenance of interpretation panels, trails, and educational displays
- Archive, documentation, and recording projects relating to the history of Lapford Mill
- Heritage open days, school visits, and community heritage events
- Any other heritage education and interpretation activities consistent with the CIC's objects

Sphere 2 — Environment & Landscape Stewardship

- Ecological surveys, habitat assessments, and biodiversity monitoring across the Licensed Areas

- Practical conservation work including invasive species removal, bankside management, woodland management, and wildflower meadow establishment
- River and water quality monitoring on and adjacent to the Land
- Volunteer conservation working days open to members of the public
- Development and maintenance of an environmental interpretation trail
- Environmental education programmes for schools and community groups
- Submission of ecological and water quality data to the Devon Biodiversity Records Centre and other relevant bodies
- Any other environmental stewardship and education activities consistent with the CIC's objects

Sphere 3 — Arts, Music & Cultural Life

- Open Music Nights, concerts, live performances, and ticketed cultural events
- Theatre, drama, and spoken word performances
- Visual arts exhibitions, installations, and artist showcases
- Creative workshops, artistic residencies, and skills sessions
- Seasonal festivals and cultural programming
- Any other arts, music, and cultural activities consistent with the CIC's objects

Sphere 4 — Community Wellbeing & Participation

- Café and hospitality services open to the public
- Volunteering programmes across all spheres, open to community members
- Social events, community gatherings, and intergenerational activities
- Wellbeing programmes, social prescribing activities, and supported participation initiatives
- Skills development workshops and lifelong learning activities
- Any other community wellbeing and participation activities consistent with the CIC's objects

Sphere 5 — Enterprise & Sustainable Trading

- Sale of tickets for railway rides, heritage events, arts performances, and festivals
- Café trading, including food and beverage service and related hospitality
- Retail of heritage, arts, and locally produced goods
- Hire of facilities on the Land for private or community events, subject to the Landowner's prior written consent for any individual hire agreement
- Any other trading activities the surplus from which is applied solely in furtherance of the CIC's objects

3.1 Any activities falling outside the Five Spheres as described above require the prior written consent of the Landowner before being undertaken.

3.2 The CIC shall not use the Licensed Areas for any commercial purpose that is not mission-aligned or that would, in the reasonable opinion of the Landowner, damage the reputation, character, or heritage of Lapford Mill.

CLAUSE 4

4. Railway Operations — Special Provisions

4.1 The heritage railway remains at all times the property of the Railway Owner. The CIC's authority to operate the Railway is subject to the Railway Owner's continued consent and to all safety, operational, and maintenance requirements set by the Railway Owner.

4.2 The Railway Owner is responsible for all matters relating to the safe operation of the Railway, including the maintenance of rolling stock and track, the competence of drivers and operators, and compliance with all applicable safety standards.

4.3 The CIC shall maintain a Register of Competent Drivers, as agreed with the Railway Owner, and shall not permit any person to operate rolling stock without the Railway Owner's written approval.

4.4 The Railway Owner shall carry, or procure the carrying of, appropriate public liability insurance in respect of Railway operations. The CIC shall carry separate public liability insurance in respect of all other Licensed Activities.

4.5 In the event that the Railway Owner withdraws consent for CIC railway operations, the CIC may continue to carry out all other Licensed Activities on the Licensed Areas. The termination of railway operations does not constitute a termination of this Agreement in respect of the other four spheres.

4.6 The detailed operational arrangements between the CIC and the Railway Owner, including scheduling, staffing, maintenance responsibilities, and safety protocols, are set out in Schedule 3.

CLAUSE 5

5. Term and Commencement

5.1 This Agreement commences on [INSERT DATE] ("the Commencement Date") and continues for an initial term of [INSERT TERM — recommended minimum 5 years] ("the Initial Term"), unless terminated earlier in accordance with Clause 12.

5.2 On expiry of the Initial Term, this Agreement shall automatically renew for successive periods of [INSERT RENEWAL PERIOD — e.g. 2 years] unless either party gives written notice of non-renewal not less than six months before the expiry of the then current term.

5.3 The parties acknowledge that grant funders may require evidence of security of tenure over the Licensed Areas for a period at least equal to the duration of any funded project. The Landowner agrees not to unreasonably withhold consent to extend the Term where such extension is required to satisfy grant funder requirements.

CLAUSE 6

6. Licence Fee

6.1 In consideration of the rights granted by this Agreement, the CIC shall pay the Landowner a Licence Fee of £1.00 (one pound) per year, payable on the anniversary of the Commencement Date.

6.2 The parties acknowledge that the nominal Licence Fee reflects the community benefit purpose of the CIC and the fact that the primary consideration for the Landowner is the delivery of public benefit activities on the Land rather than commercial return.

6.3 The Licence Fee may be reviewed by agreement between the parties at any time. Any variation must be recorded in a written amendment to this Agreement signed by all parties.

6.4 The CIC shall be responsible for all costs associated with carrying out the Licensed Activities, including insurance, utilities consumed in connection with Licensed Activities, and any equipment or materials required.

CLAUSE 7

7. Grant Applications and Funding

7.1 The CIC is hereby authorised by the Landowner to apply for and receive grants from public and charitable funding bodies in connection with any Licensed Activities carried out on the Licensed Areas.

7.2 The Landowner confirms that, to the best of their knowledge, no existing charge, restriction, or third-party interest over the Land prevents the CIC from applying for or receiving Grant Income in respect of activities carried out on the Licensed Areas.

7.3 Where a grant funder requires evidence of the Landowner's consent for the CIC to carry out funded activities on the Land, the Landowner agrees to provide a written letter of support or confirmation of this Agreement on reasonable request and within a reasonable timeframe.

7.4 Grant Income received by the CIC is the property of the CIC and shall be applied solely in furtherance of the CIC's objects. No Grant Income shall be payable to the Landowner or the Railway Owner by virtue of this Agreement.

7.5 Where a grant funder requires a lease or licence of not less than a specified term as a condition of funding, the parties agree to execute such documentation as is reasonably required to satisfy that condition, provided the terms are consistent with this Agreement.

CLAUSE 8

8. Land Management and Stewardship

8.1 The CIC shall carry out all Licensed Activities in a manner consistent with the conservation, heritage, and environmental values of Lapford Mill, and shall take reasonable steps to minimise any adverse impact on the Land, its ecology, and its historic character.

8.2 The CIC shall develop and maintain a Habitat Management Plan for the environmental stewardship activities carried out on the Licensed Areas, to be reviewed annually and shared with the Landowner.

8.3 The CIC shall not erect any permanent structure, carry out any works of a permanent nature, or make any material change to the Licensed Areas without the prior written consent of the Landowner.

8.4 Temporary structures, signage, interpretation panels, and event infrastructure may be erected by the CIC within the Licensed Areas without prior consent, provided they are removed promptly following any event or programme and no permanent alteration to the Land results.

8.5 The CIC shall keep the Licensed Areas in good order and shall promptly remedy any damage caused by CIC activities at its own cost.

8.6 The Landowner retains the right to continue using the Land for private residential and agricultural purposes, provided such use does not unreasonably interfere with the

Licensed Activities. The parties shall communicate in good faith to manage any scheduling or access conflicts.

CLAUSE 9

9. Insurance, Safety and Compliance

9.1 The CIC shall maintain, throughout the Term, adequate public liability insurance in respect of all Licensed Activities other than Railway operations, with a minimum indemnity limit of [INSERT AMOUNT — recommended £5,000,000] per occurrence.

9.2 The CIC shall provide evidence of insurance cover to the Landowner on request and shall notify the Landowner promptly of any material change to or lapse in cover.

9.3 The CIC shall comply with all applicable health and safety legislation in respect of the Licensed Activities, including the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999, and any relevant sector-specific regulations.

9.4 The CIC shall maintain appropriate safeguarding policies and procedures in respect of any activities involving children or vulnerable adults, and shall ensure that all volunteers and staff with relevant responsibilities hold appropriate DBS clearances.

9.5 The CIC shall maintain an Employer's Liability insurance policy if and when it employs any staff.

CLAUSE 10

10. Governance and Reporting

10.1 The CIC shall at all times operate in accordance with its Articles of Association, its CIC community interest statement, and the requirements of the CIC Regulator.

10.2 The CIC shall provide the Landowner with an Annual Report within three months of the end of each financial year, summarising activities carried out across all five spheres, financial performance, volunteer and beneficiary numbers, and progress against the CIC's Monitoring and Evaluation Framework.

10.3 The CIC shall invite the Landowner to attend, as an observer, at least one board meeting per year.

10.4 The Landowner and the Railway Owner, in their capacity as directors of the CIC, shall comply with their duties as directors under the Companies Act 2006 and shall act in the best interests of the CIC and its community beneficiaries.

10.5 The CIC shall maintain adequate financial records and shall make these available to the Landowner and the Railway Owner on reasonable request.

10.6 Where the CIC applies for or receives grants in connection with the Licensed Areas, it shall promptly notify the Landowner and provide copies of relevant grant agreements where requested.

CLAUSE 11

11. Indemnity and Liability

11.1 The CIC shall indemnify and keep indemnified the Landowner against all claims, liabilities, costs, damages, and expenses arising directly from the CIC's activities on the Licensed Areas, except to the extent caused by the negligence or default of the Landowner.

11.2 The Railway Owner shall indemnify and keep indemnified both the Landowner and the CIC against all claims, liabilities, costs, damages, and expenses arising directly from Railway operations, except to the extent caused by the negligence or default of either the Landowner or the CIC.

11.3 Neither party shall be liable to the other for any indirect, consequential, or special loss arising under or in connection with this Agreement.

11.4 Nothing in this Agreement limits or excludes liability for death or personal injury caused by negligence, or for fraudulent misrepresentation, or for any other liability which cannot be limited or excluded by law.

CLAUSE 12

12. Termination

12.1 Either party may terminate this Agreement by giving not less than six months' written notice to the other parties, such notice not to expire before the end of the Initial Term.

12.2 The Landowner may terminate this Agreement immediately on written notice if:

- the CIC enters insolvency, liquidation, or ceases to be a Community Interest Company;
- the CIC materially breaches this Agreement and fails to remedy the breach within 60 days of written notice requiring it to do so;
- the CIC Regulator takes enforcement action against the CIC which materially affects its ability to carry out the Licensed Activities.

12.3 The CIC may terminate this Agreement immediately on written notice if the Landowner materially breaches this Agreement and fails to remedy the breach within 60 days of written notice.

12.4 On termination, the CIC shall vacate the Licensed Areas, remove all temporary structures, equipment, and materials belonging to the CIC, and leave the Licensed Areas in good order, within 60 days of the termination date.

12.5 Termination of this Agreement shall not affect any rights or obligations that have accrued before the termination date, including any obligations in respect of ongoing grant-funded projects. The parties agree to cooperate in good faith to manage the orderly conclusion of any such projects.

12.6 Where termination would cause the CIC to be in breach of a grant agreement, the Landowner agrees to give reasonable consideration to extending the Term to allow the CIC to fulfil its grant obligations before vacating.

CLAUSE 13

13. General Provisions

13.1 Entire Agreement. This Agreement (together with the Schedules) constitutes the entire agreement between the parties in respect of the subject matter hereof and supersedes all previous agreements, representations, and understandings.

13.2 Variation. No variation of this Agreement shall be effective unless made in writing and signed by all parties.

13.3 Waiver. No failure or delay by any party in exercising any right under this Agreement shall operate as a waiver of that right.

13.4 Severance. If any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

13.5 Third Parties. This Agreement does not confer any rights on any third party under the Contracts (Rights of Third Parties) Act 1999.

13.6 Notices. Any notice under this Agreement shall be in writing and delivered by hand, first class post, or email with read receipt to the addresses of the parties as set out in this Agreement or as subsequently notified in writing.

13.7 Governing Law. This Agreement is governed by the law of England and Wales. Any dispute shall be subject to the exclusive jurisdiction of the courts of England and Wales.

13.8 Dispute Resolution. Before commencing legal proceedings, the parties agree to seek to resolve any dispute through good faith negotiation, and if that fails, through a mutually agreed mediator.

SCHEDULE 1

Schedule 1 — Licensed Areas

The Licensed Areas comprise the following areas of the Land at Lapford Mill, Lapford, Devon, within which the CIC is authorised to carry out the Licensed Activities:

Area Ref.	Description	Permitted Spheres
Area A	Heritage railway track, platform, rolling stock storage, and associated railway infrastructure	Heritage; Enterprise
Area B	Mill buildings, waterwheel, leat, and associated historic structures	Heritage; Arts; Community; Enterprise
Area C	Café premises and associated hospitality facilities	Community; Enterprise
Area D	Performance space and outdoor event areas	Arts; Community; Enterprise
Area E	River corridor, bankside, and riparian habitats	Environment; Heritage
Area F	Woodland and meadow areas	Environment; Community; Heritage
Area G	Public access paths, car park, and visitor arrival areas	All Spheres

Note: A site plan identifying each Licensed Area by reference to the Area Refs above should be attached to this Schedule and signed by the parties. The Area Refs above are indicative — the parties should agree precise boundaries before signing.

SCHEDULE 2

Schedule 2 — Additional Activity Permissions

The following activities require the Landowner's prior written consent on each occasion, in addition to the general authorisation in Clause 3:

- Facility hire to third parties for private events not organised or co-organised by the CIC
- Any activity involving amplified sound after 22:00
- Any activity involving more than 200 persons on the Land at any one time
- Any activity involving the use of pyrotechnics, open fire, or naked flame outside designated areas
- Any filming or photography for commercial broadcast purposes

- Any activity that would require a temporary event notice or premises licence amendment

SCHEDULE 3

Schedule 3 — Railway Operational Arrangements

The following operational arrangements apply to CIC railway activities and are agreed between the CIC and the Railway Owner:

Matter	Arrangement
Scheduling	Railway open days to be agreed between CIC and Railway Owner not less than 4 weeks in advance. Year 1: approximately 10 public running days from Easter 2026.
Competent Drivers	Only persons listed on the Register of Competent Drivers (maintained by the Railway Owner) may operate rolling stock. Register to be reviewed annually.
Safety Inspections	The Railway Owner is responsible for pre-season and pre-event safety inspections of track and rolling stock. Records to be maintained and made available to the CIC on request.
Maintenance	Day-to-day and routine maintenance of the Railway is the responsibility of the Railway Owner. The CIC may contribute volunteer labour for track-clearing and non-technical tasks with Railway Owner approval.
Incident Reporting	Any safety incident or near-miss involving the Railway must be reported by the CIC to the Railway Owner within 24 hours, and recorded in the CIC's incident log.
Ticketing	Ticket prices for railway rides are set by the CIC board, in consultation with the Railway Owner. Railway ticket income is received by the CIC and applied in accordance with the CIC's objects.

EXECUTION**Signatures**

This Agreement is entered into on the date last signed below by all three parties.

1. The Landowner	
Signature	
Date	

2. The Railway Owner	
Signature	
Date	

3. The CIC	Lapford Mill CIC — signed by a duly authorised director Lapford Mill, Lapford, Crediton, Devon
Signature	
Date	

This document is a draft for discussion and review purposes only. It does not constitute legal advice. The parties are strongly advised to obtain independent legal advice before signing.