

Writhlington Sports Trust (WST)

Pension Committee Submission (prepared by B&NES Council)

Organisation details and relationship with Writhlington School

Writhlington Trust is a company limited by guarantee with charitable status, incorporated in 2003. The principal activity of the company is to operate Writhlington Sports Centre and to develop it as a community facility.

It has no legal connection to Writhlington School (other than shared Trustees). It is not a linked or group company. The relationship with the school is that the school leases the sports buildings (peppercorn rent) to the Trust. As an academy, Writhlington Trustees own all land and buildings. The Sports Trust is self-funding and relies on income from community use.

The Memorandum and Articles define the Board structure as: Headteacher of Writhlington School and nominated Governor, 4 members from “partner” organisations and 3 independent members, by invitation of the Board.

Relationship with B&NES

B&NES is proposing a Community Asset Transfer of South Wansdyke Sports Centre (SWSC), the adventure and play park, skate park, toilet block and Car Park to Writhlington Sports Trust to deliver Sport, Leisure and Health provision for 99 years from 1st July 2015. The asset transfer from B&NES leases the land and buildings for 99 years at peppercorn rent, with full operating, repairing and maintenance responsibility with the Trust.

It is proposed that there will be representation from B&NES on the board of trustees should the proposal progress. The Council will have the option to continue to influence the development of sport and leisure in the area through representation on the Writhlington Trust Board and to identify early if there are financial issues arising and seek appropriate corrective management actions.

Business Case for WST taking over the Sports Centre (and associated land and assets)

WST has an extensive proposal for refurbishing and redeveloping the sports centre and grounds including:

- Refurb of public conveniences
- Installation of a 3G pitch

- Installation of a high rope facility
- Upgrade the reception area to include a café
- Upgrade changing rooms
- Provision of new multipurpose activities room
- Suite of classrooms for higher education and apprenticeship learning

The Trust proposes to invest c£800k within 5 years, some of which will be funded by a loan already approved in principle by Nat West Bank. The bank has previously supported the Trust with a loan for a soft play facility which, due to the success of income streams is being repaid ahead of schedule.

Following completion of initial refurbishment works they anticipate a surplus of circa £39,000 for SWSC in year one with surpluses of circa £50,000 - £100,000 from year 3 onwards. Based on this and estimated refurbishment costs their expected return on investment would take approximately 8 – 10 years. All surpluses would be used to further improve and develop the site.

The pension costs of TUPE staff and the requirement for the bond have been factored into the projections.

Project management will be in partnership with Alliance Leisure, who are leisure specialists with a strong track record in building and refurbishing leisure centres which are attractive to visitors and bring refreshed income streams which provide a good return on investment.

Max Associates, Leisure Specialists and advisors to the Council on the main Leisure procurement have also carried out due diligence on the WST business case.

The trust feels savings could be made on expenditure in the region of £40,000 - £50,000 through economies of scale in relation to staffing, marketing and IT.

In the event of insolvency or inability to deliver the service the lease would be terminated and the asset and staff would transfer back to B&NES.

Financial Review

WST appears to be in a sound financial position. For year ended March 2014 the Trust achieved a surplus of circa £70,000 on a turnover of £1.3m. Year end March 2015 (unaudited) management accounts report a surplus of £116k on a turnover of £1.5m. Reserves at the end of March 2015 are £444k, with net assets of £559k.

Reserves: The Trust operates a reserve policy of a minimum of £300,000 ensuring that they are able to react to any adverse trading conditions or unplanned building dilapidation. They would work towards increasing this to £500,000 with the inclusion of South Wansdyke Sports Centre.

Historic and forecast financial summary for WST has been provided. The Council has reviewed the WST accounts for the last few years, in conjunction with the business case proposals and is satisfied that the Trust is a going concern, the business case is built on sound assumptions and has had external scrutiny from both Alliance Leisure and the Trust's Accountants/auditors.

Alliance Leisure has been trading since 1992 and has been involved in an exciting range of very successful projects. Last filed statutory accounts show the company has a net worth of £660,483.

2014	Turnover	(Audited)	£7,761,931
2014	Profit EBITDA	(Audited)	£345,604
2015	Turnover	(Budget)	£16,081,295
2015	Profit EBITDA	(Budget)	£904,556

Trust Board Resolution: taking on pension liabilities

This proposal has been discussed with the WST Trustee Board and has their full support including agreement to provide a bond to cover the pension deficit (see Annex 1). They have also held discussions with other advisors, including their bank manager and auditors/accountants, and the Writhlington Trust's Banking Relationship Manager, has written in support of the developments.

Annex 1

Extract from Meeting of Directors of Writhlington Trust Writhlington School – 11 May 2015

Present:

Clive Sampson
Jon Pike
Mark Everett
Matt Wise
Richard Akers (Chair)
Chris Hobbs
Clare Timbrell

Apologies:

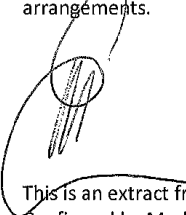
Jeremy Pilling
Ben Naunton
Andy Fairbairn

Pension Arrangements for South Wansdyke Sport Centre TUPE staff

Directors were advised by Chris Hobbs of the pension deficit which currently exists for those staff who are members of the Avon Pension Fund and who are due to transfer to Writhlington Trust on 1 July 2015.

The amount of the deficit (£119,000) was discussed along with the requirement from Bath and North East Somerset Council for a bond. Chris Hobbs indicated that a bond had already been offered through a broker at the rate of 4% of the deficit. It was agreed that the bank may offer more favourable terms and this should be explored. The Directors agreed unanimously to support the transfer of existing staff with the pension deficit and to take out a bond at the most favourable rate available.

It was agreed that Writhlington Trust would not be able to support new members to the scheme and has a NEST arrangement for other staff not currently members of the Avon Fund. One to One TUPE meetings will be held shortly to talk to staff about this and advise them on their future pension arrangements.



This is an extract from the minutes
Confirmed by Mark Everett, Director
26 May 2015