

BATH RECREATION GROUND TRUST

Annual General Meeting

Illustrious Suite, Recreation Ground  
Wednesday 13 August 2014 – 1700 hours

Agenda

1. Apologies
2. Emergency Evacuation Procedure
3. Declarations of Interest
4. Annual Report & Future Strategy
  - Annual Report attached
5. Financial Report
  - Operational Statements 2012/13 and 2013/14 attached
6. Future arrangements for discussions with Recreation Ground Users and Stakeholders
7. Questions and Comments from Public
  - Procedural Statement attached
8. Any Other Business

## Annual Report 2013/14

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### Introduction

The Recreation Ground has continued to provide a valued facility for a range of recreational activities and events.

A croquet club and two tennis clubs are based at the Rec, while lacrosse, community rugby and cricket teams use the ground regularly throughout their respective seasons. Events held at the Rec have included; the Bath half marathon, the Whitefield volleyball tournament, the Bath lacrosse tournament, Bike Bath and Bath Fringe performances in the Spiegel tent.

The number of bookings of the Recreation Ground over the last two years has been as follows:

Activity	Bookings - July 2012 to June 2013	Bookings - July 2013 to June 2014
Cricket matches	12	21
Bath Mini Rugby	24	24
Bath Mini Rugby Festival	1	1
Bath Lacrosse	14	13
Bath Lacrosse Tournament	1	1
Bath Rugby Community Foundation Coaching	4	8
School Sports events	1	3
Bath Sports Centre Exercise classes	27	-
Bath Rugby HITZ	-	41
Ultimate Frisbee	-	1

As in previous years, the work of the trustees has been dominated by the strategy for resolving the breaches of trust arising from the lease of land to Bath Rugby and the construction of the Leisure Centre.

### Background

In November 2013, the Charity Commission published its draft Scheme for the Recreation Ground. This marked the culmination of a period of review and consultation on how the Trust should address the issues arising from the presence of Bath Rugby and the Leisure Centre at the Rec.

The draft Scheme gave the Trust the power to grant a lease enabling Bath Rugby to redevelop its ground and receive in return replacement land or a capital sum to compensate for the existing breach of trust. It also created a separate Trust for the Leisure Centre, with objectives including indoor recreation.

To accompany the draft Scheme, the Trust published a booklet explaining the background to the issues, the proposed way forward and how to respond to the Charity Commission. The draft Scheme attracted over 1800 public responses, with 87% supporting its principles.

## **The independent Recreation Ground Trust**

### *New trustee body*

Following a Decision Review, the Charity Commission published its Scheme on 12 June 2013. This brought into effect a new and independent trustee body with the powers to implement the proposal to resolve the breaches of trust.

With its four first trustees, the new trustee body held its first meeting on 18 July. It adopted a governing document, a conflict of interests policy and interim arrangements for advisors and support services. It also agreed the process for appointing the further co-opted trustees required under the Scheme.

### *Temporary east stand for 13/14*

At this time, the Trust was facing the renewal of the lease for the temporary east stand for the 2013/14 rugby season. Although the Scheme was in place, the trustees were not able to exercise the powers made available by it because the required quorum of five trustees did not yet exist. It therefore requested the Charity Commission to make a specific Order authorising the grant of a lease for the stand for the 2013/14 season only. The Commission did so in an Order dated 20 August 2013.

The lease was granted under this Order and not the Scheme. The requirements relating to the powers contained in the Scheme did not therefore apply to the east stand erected for the 2013/14 season.

### *Appointment of co-opted trustees*

The process to appoint the co-opted trustees as required by the Scheme was commenced in August 2013. An audit of the experience of the first trustees indicated that skills in; law, property, sports development and finance and accounting would be desirable and these were included in the person specification drawn up for the trustee positions. Advertisements were placed in September in the Bath Chronicle, a leading charity sector magazine and on the Trust's website.

Applications were considered by all first trustees and a shortlist of applicants was invited for interview. The interviews were conducted by a panel of three trustees and their recommendations for appointment were made to a meeting of the trustees on 30 October 2013. The recommendation was agreed and the following co-opted trustees were appointed:

Stephen Baddeley  
Elizabeth Bloor  
Derwent Campbell  
Simon Emery  
Geoffrey Fairclough  
Michael Laughton

### *Progressing the Trust's proposal*

With the Scheme providing the powers for the Trust to implement its proposal, discussions proceeded with Bath Rugby over possible terms for a redeveloped arena. In parallel with this, the Club developed its proposed layout and design for a new arena.

The Lambridge sports ground had been envisaged as providing suitable recreational land to replace that occupied by Bath Rugby at the Rec. Trustees considered the potential of Lambridge in some detail and a condition survey was commissioned in late 2013.

Lambridge is currently occupied by Bath RFC – the amateur club. With many teams playing and training on its pitches, Lambridge is operating at full capacity. With this level of use already existing, trustees considered that there would be no recreational gain from the Trust taking over Lambridge. Moreover, the survey showed that the site was in a generally poor condition and would operate at a deficit under the Trust.

For these reasons, trustees concluded that taking over Lambridge would not be in the best interests of the Trust. Instead, a capital sum was sought, as provided for by the Scheme. This would be used to compensate for Bath Rugby's occupation through the provision of additional and improved recreational facilities at the Recreation Ground or elsewhere in the Bath area.

By early 2014, negotiations on terms for a redeveloped arena had reached an advanced stage. Bath Rugby had refined its proposed design in the light of public consultation and pre-application discussions with the planning authority.

### *The appeal to the First Tier Tribunal*

Three appeals against the Charity Commission's Scheme had been made in July 2013. The Trust submitted its response to the appeals in October and a witness statement in December. The appeals were heard over three days in January 2014, at the Magistrates' Court in Bath.

The Tribunal issued its decision in March. It amended the Scheme in a number of respects, including governance arrangements, the operational scope of the Trust and by removing the separate trust for the Leisure Centre. The Trust is content to operate within these amendments but one further change prevents the Trustees from properly resolving the issues created by the occupation of part of the Recreation Ground by Bath Rugby.

The Tribunal's decision limits the additional area over which the trustees could grant a lease to Bath Rugby to an area of 1136 sq m beyond the area of the existing main lease. This is the same area as specified in the Orders permitting the temporary east stand in recent years.

The Tribunal has therefore 'frozen' the Bath Rugby ground in its current form and prevented the redevelopment of the ground as part of a solution to resolve the existing breach of trust.

The fundamental principle on which the trustees' proposal for resolving the existing breach of trust was based was that they should be enabled to grant a lease which would permit the redevelopment of Bath Rugby's ground and receive in return replacement recreational land and/or a capital sum. This was, in turn, the key feature of the public consultations and underlay the Charity Commission's Scheme made in June 2013.

As well as providing a capital sum sufficient to resolve the existing breach, the terms developed for Bath Rugby would secure a significant, long term income stream for the Trust. Over the term of a lease permitted by the Scheme, this represents a cash inflow at current prices in excess of £8m. This substantial resource would be available to the Trust for dealing with outstanding repairs, investing in new facilities and developing and promoting recreational use.

The trustees now find themselves in the position where there is no mechanism available to them through which to resolve the existing breach of trust arising from Bath Rugby's occupation of part of the Recreation Ground. For this reason, the Trust is proceeding with an appeal against the decision of the First Tier Tribunal.

#### *The Sports and Leisure Centre*

Although a separate trust for the Leisure Centre was removed by the First Tier Tribunal, the Trust is still required to negotiate and enter in to a binding arrangement with the Council for its continued occupation and maintenance of the building. The Trust must also negotiate and settle any claims in respect of the past operation of the Leisure Centre and the car parks on the charity's land.

Those negotiations commenced in 2014 and are continuing to be progressed.

#### *Ensuring the independence of the Trust*

The Council was the sole trustee of the Recreation Ground for many years and inevitably therefore provided most of the advisory and operational services required by the Trust. Since their appointment, the trustees have been working to review the services they require and how they can best be provided.

The Trust already receives independent advice from charity law and property specialists. Independent financial advisors Monahans were appointed in April 2014. Their priorities have been to re-format and close the Trust's accounts for 2012/13 and 2013/14 and to undertake a VAT review.

Valuers Deloitte continue to advise the Trust in relation to the Bath Rugby lease and JLL have been appointed to advise on the lease for the Leisure Centre.

The other support services received from the Council are being reviewed in turn and will be subject to market testing.

### **Postscript – 2014/15**

The Order of the First-Tier Tribunal confirming its decision was made on 24 April 2014. The appeal against this decision is proceeding but trustees will monitor carefully developing legal advice as the process unfolds.

Bath Rugby has put forward interim proposals to enable the club to continue playing at the Rec while the appeal is being dealt with.

**REGISTERED CHARITY NUMBER: 1094519**

**Unaudited Operational Statement for the Year Ended**  
**31 March 2013**  
**for**  
**The Recreation Ground, Bath**

**The Recreation Ground, Bath**

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**for the Year Ended 31 March 2013**

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**The Recreation Ground, Bath**  
**Operational Statement**  
**for the Year Ended 31 March 2013**

	Notes	2013 £	2012 £
<b>INCOMING RESOURCES</b>			
<b>Activities for generating funds</b>			
Car parking income	1	89,576	20,139
<b>Incoming resources from charitable activities</b>			
Bath Rugby Club		137,552	138,002
Other leases		6,010	4,905
Other income		<u>22,172</u>	<u>20,933</u>
		<u>165,734</u>	<u>163,840</u>
<b>Total incoming resources</b>		255,310	183,979
<b>RESOURCES EXPENDED</b>			
<b>Fundraising trading: cost of goods sold and other costs</b>			
Parking permits	2	13,214	-
<b>Charitable activities</b>			
Grounds maintenance		53,076	53,075
Security of premises		1,150	2,300
Business rates		18,346	17,373
Repairs and maintenance		23,052	2,950
Site improvements		4,544	6,591
Electricity		353	180
Insurance		9,102	9,320
Water / sewerage charges		<u>1,788</u>	<u>1,907</u>
		111,411	93,696
<b>Governance costs</b>			
Independent examination costs		3,000	-
Servicing trust meetings		4,068	3,813
External consultancy	3	32,364	5,247
Legal	3	<u>17,229</u>	-
		56,661	9,060
<b>Support costs</b>			
<b>Management</b>			
Professional fees	4	12,581	11,075
Grounds management and administration		17,250	12,837
Property management and administration		15,330	5,214
Legal management and administration		8,906	5,578
Finance management and administration		<u>3,485</u>	<u>691</u>
		57,552	35,395

**The Recreation Ground, Bath**  
**Operational Statement**  
**for the Year Ended 31 March 2013**

	2013	2012
	£	£
<b>Other</b>		
Printing and design	1,467	-
Books and publications	5      4,000	-
Web hosting	<u>906</u>	<u>3,249</u>
	<u>6,373</u>	<u>3,249</u>
<b>Total resources expended</b>	245,211	141,400
	<u>          </u>	<u>          </u>
<b>Net income</b>	<u><u>10,099</u></u>	<u><u>42,579</u></u>

**The Recreation Ground, Bath**

**Notes to the Operational Statement  
for the Year Ended 31 March 2013**

- 1 The figure for 2013 includes amounts invoiced and received during the year relating to the period from October 2010.
- 2 The figure for 2013 includes amounts relating to the period from October 2010.
- 3 These costs are in relation to the June 2013 Scheme, preparation for and attendance at the January 2014 Hearing before the First Tier Tribunal and related professional advice.
- 4 The majority of professional fees arising from Leases with Bath Rugby are borne by Bath Rugby. Professional fees borne by the Trust relate to other matters and where the Trustees have formed the view that seeking payment might compromise the Trust's independence for example in connection with property valuations.
- 5 This cost relates to the cost of production of the explanatory booklet "The Future of the Rec" which set out the proposals prepared by the Trust and incorporated in the Draft Charity Commission Scheme. Publication was prior to the Charity Commission considering representations and publishing the June 2013 Scheme.

**The Recreation Ground, Bath**

**Matters to be Resolved**  
**for the Year Ended 31 March 2013**

The operational statement has been prepared pending resolution of the matters set out below. A full set of financial statements will be prepared once these matters have been resolved:

**Land**

Clarification is being sought about what values should be attributed to the Trust's property at the Recreation Ground in the Financial Statements.

**Amount payable to Bath and North East Somerset Council**

In past years the Financial Statements have included an amount due from the Trust to the council of £289,184. The Trustees are engaged in discussions with the Council as to whether this is in whole or part an appropriate liability to be carried forward.

**Rent in respect of the Bath Sports and Leisure Centre**

Negotiations are in progress with Bath and North East Somerset Council in relation to amounts payable to the Trust arising from the Council's occupation of the Leisure Centre.

**REGISTERED CHARITY NUMBER: 1094519**

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**31 March 2014**  
**for**  
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**The Recreation Ground, Bath**  
**Operational Statement**  
**for the Year Ended 31 March 2014**

	Notes	2014 £	2013 £
<b>INCOMING RESOURCES</b>			
<b>Activities for generating funds</b>			
Car parking income	1	66,740	89,576
<b>Incoming resources from charitable activities</b>			
Bath Rugby Club	2	319,432	137,552
Other leases		4,601	6,010
Other income		<u>21,878</u>	<u>22,172</u>
		<u>345,911</u>	<u>165,734</u>
<b>Total incoming resources</b>		412,651	255,310
<b>RESOURCES EXPENDED</b>			
<b>Fundraising trading: cost of goods sold and other costs</b>			
Parking permits	3	1,130	13,214
<b>Charitable activities</b>			
Grounds maintenance	4	61,629	53,076
Security of premises		2,483	1,150
Business rates		18,597	18,346
Repairs and maintenance		20,273	23,052
Site improvements		3,103	4,544
Electricity		463	353
Insurance	5	1,046	9,102
Water / sewerage charges	6	<u>4,099</u>	<u>1,788</u>
		111,693	111,411
<b>Governance costs</b>			
Independent examination costs		3,000	3,000
Servicing trust meetings		1,388	4,068
External consultancy	7	59,700	32,364
Legal	7	<u>63,256</u>	<u>17,299</u>
		127,344	56,661
<b>Support costs</b>			
<b>Management</b>			
Professional fees	8	17,470	12,581
Grounds management and administration		9,114	17,250
Property management and administration	9	22,297	15,330
Legal management and administration		2,710	8,906
Finance management and administration		<u>2,169</u>	<u>3,485</u>
		53,760	57,552



**The Recreation Ground, Bath**

**Notes to the Operational Statement  
for the Year Ended 31 March 2014**

- 1 The figure for 2013 includes amounts invoiced and received during the year relating to the period from October 2010.
- 2 This figure includes an amount of £185,000 relating to re-negotiated rents payable by Bath Rugby Club for the period since 2004. The final settlement including interest has been agreed at £193,132 of which £7,015 relates to 2014/15 and £186,117 relates to periods prior to 31 March 2014.
- 3 The figure for 2013 includes amounts relating to the period from October 2010.
- 4 When the June 2013 Scheme was published the Trust became fully independent of Bath and North East Somerset Council and a separate entity for VAT purposes. A consequence of this was that the Trust was charged VAT by the council. The largest element of cost to which VAT had to be added was Grounds Maintenance. The Trust is in the process of registering for VAT.
- 5 The 2014 figure is net of recoveries from tenants.
- 6 The 2014 figure includes an element of the charge relating to 2013.
- 7 These costs are in relation to the June 2013 Scheme, preparation for and attendance at the January 2014 Hearing before the First Tier Tribunal and related professional advice.
- 8 The majority of professional fees arising from Leases with Bath Rugby are borne by Bath Rugby. Professional fees borne by the Trust relate to other matters and where the Trustees have formed the view that seeking payment might compromise the Trust's independence for example in connection with property valuations.
- 9 The 2014 figure includes costs related to negotiations with Bath Rugby.
- 10 In 2013 this cost related to the cost of production of the explanatory booklet "The Future of the Rec" which set out the proposals prepared by the Trust and incorporated in the Draft Charity Commission Scheme. Publication was prior to the Charity Commission considering representations and publishing the June 2013 Scheme.

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## **Bath Recreation Ground Trust**

### **Annual General Meeting – 13 August 2014**

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#### **Questions and comments from members of the public**

The trustees welcome contributions and feedback from members of the public at the Annual General Meeting.

The procedure for questions and comments from members of the public will be as follows:

- Questions and comments may be made under item 7 of the agenda
- Up to 30 minutes has been allocated for this item
- Those wishing to speak must give their name and the subject of their question or comment to the administrator at least ten minutes before the start of the meeting.
- The management of the session will be at the discretion of the Chair.
- The Chair will allow up to one minute for a question or comment to be made.
- It would be helpful if comments making similar points were co-ordinated through one spokesperson.
- If trustees are not able to answer a question at the time, a reply will be given subsequently.