



Minutes of Ipswich Sports Club EGM held at the Club House, Henley Road, Ipswich on Thursday, 27 February 2020

Present: 200 members entitled to vote plus 10 persons unable to vote, (as per the signed schedules of attendance held in the Club Membership Manager's office).

Apologies for absence: Jeff Arnold, Danny Gaul, Linda and Howard Walker.

1. Welcome, introduction to the meeting and apologies for absence.

On behalf of the President and the Council, Vanessa Penn (VP)(Club Chairman) welcomed everybody to the meeting and said how delighted she was to see such a large attendance. She confirmed that she had been asked by the Club President to chair this meeting in accordance with the Club Constitution. She confirmed that four apologies for absence had been received.

VP informed the meeting that a point of order had been raised and invited Graham Fretwell (GF) to speak. He referred to a document headed 'Members Resolution' (members' resolutions are permitted under Rule 4.9 of the Club Constitution) which had been provided by him and Dave Howell (DH), which in their opinion should have been circulated to ISC members with a resolution forming part of the agenda for the EGM.

On behalf of the Council, Keith Palmer (KP) Club Secretary advised that when the two-page document had been received the Executive were uncertain as to whether it constituted a resolution within the meaning of Rule 4.9. The document itself was immediately displayed on the Club notice board and advice was sought of the Club's legal advisers. They advised that the document received from GF and DH did not constitute a resolution and the EGM should proceed as planned with the document treated as notice of objection with any such objections raised and considered at the EGM. The issue was referred to the Club Council as provided for under Rule 12.3 of the Club Constitution (whose decision on matters of interpretation of the Club Constitution is final) and the Council unanimously agreed to follow that advice. VP advised GF/DH would be invited to explain their objections after the ISC slide presentation (Item 2 on the Agenda).

VP introduced the Executive to members with the assurance, especially in relation to the proposed sale of land at Henley Road, that her company, Penn Commercial, will not be involved in any marketing or disposal of the Henley Road site should a vote go that way tonight so there was no conflict of interest. Independent agents would be appointed to act on behalf of the Club.

Input has been received from the Steering Group (looking at ISC facilities and projects) which included Ian Head, Geoff Sheldrake, Leslie Short (Planning Consultant), Hollins (architects), Gotelee Solicitors, Larking Gowen (accountants), Muckles LLP (Specialist Sports Lawyers) to ensure ISC was well informed concerning legal and tax implications.

Members will also be asked to vote on Item 3 on the Agenda, about becoming an Incorporated CASC which will be explained by KP.



VP reiterated that the Council understood there will be some strength of feeling regarding selling land and investing in a new pitch at Tuddenham Road but the purpose of the meeting was to give members details of the complex situation which will enable an informed decision to be made in the best interests of the Club.

At the AGM in June 2019, members voted in principle to support the sale of part of Henley Road but KP indicated at that time that this was not a definitive vote as a specific resolution would be needed before any sale could proceed.

VP explained that the Club had expended £50,000 in obtaining planning permission for the Henley Road Hockey pitch site at Henley Road as it was realised a sale may be considered in the future in order to finance improvements to the existing facilities. The national trend of a reduction in player participation over the last 3 years in Tennis (9%) and Squash (25%) indicated ISC may not be able to sustain itself on the present mix of activities.

Existing facilities will undoubtedly require substantial maintenance in the future and funding from the national bodies for Tennis, Squash and Hockey is now almost impossible to obtain. The decision taken by the Council a few years ago to expand the fitness opportunities at the Club has helped subsidise the other sections but this cannot be guaranteed forever.

VP highlighted other well-known member owned clubs which are struggling through lack of investment in facilities and ISC does not want to go down that road. The council recommended Resolution 2A to the membership as this would give the Club a one-off opportunity to crystallise our asset and give us time to cost new projects which may be viable.

Resolution 2B was not the Council's preferred route but Council would ask members to approve it only if members did not vote in favour of Resolution 2A. If Resolution 2B was adopted this would use most of the Club's cash reserves and much of our borrowing capacity. Without the sale of the Henley Road Hockey pitch area ISC would remain massively undercapitalised and as a result it was likely that there would be little or no improvement in facilities the short or longer term.

2. Proposals concerning the sale of land at Henley Road and works at Tuddenham Road.

Ali Livingstone (AL) took members through a comprehensive presentation (a copy of which forms Appendix 1 to these minutes). Because they include various comments made in his presentation his comments are not further summarised here. He invited Nick Banks (NB) (Club Treasurer) to explain the financial implications.

NB explained he became a Club member in 2016 and was almost immediately invited to join Council which limited his time in participating in any sport. In his capacity of Club Treasurer, his aim was to support Andy Yorke and fulfil the duties objectively and professionally in the best interests of the Club. NB has presented many accounts which have indicated reducing debt and increasing cash reserves which may give rise to the thoughts that selling part of Henley Road to fund various projects was unnecessary.



NB had reviewed financial statements since 2010 which show a membership income of £370,307. In 2019 it was £459,449. Whilst the head count may be healthy, many are junior or members not paying the full subscription so if the 2010 figures are adjusted for inflation, in real terms, membership has not grown. Since 2017 it has plateaued despite the best efforts to attract new members.

Consequently a higher surplus has not been achieved whilst running costs have increased eg. living wage increase, workplace pensions, and utilities, insurance. Membership income could be enhanced by increasing subscriptions but difficult to justify when promoting tired facilities.

The surplus is reported after depreciation so an important measure is EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). Annual depreciation is not insignificant. It is not cash flow but recognition in the accounts of the wear and tear of assets. Depreciation reported as an expense has the effect of retaining cash in a business such that cash accumulated over time to replace the asset.

The Club has utilised much of its retained cash to service a legacy of debt since before 2010, at that time in excess of £411K including £60,000 owed to certain members who were able to support the Club at that time. The debt prior to 2010 was higher and it is worth noting that since the financial crisis of 2008, bank lending policies have significantly changed and even though ISC is more financially robust today, it is unlikely borrowing to such an extent could be obtained now.

As Club Treasurer NB said he would be uncomfortable relying on the benevolence of members as a source of finance. Any member loan would be subordinate to bank or LTA debt and if the Club was only just servicing non-member debt, but if a member called in their loan, repayment of that loan could compromise working capital.

Since 2010 the bank has been servicing debt from a surplus which has not been increasing and therefore it is only since the debt has reduced that cash has accumulated. The bank balance fluctuated significantly until 2015.

We have liaised with Club bankers as to what level of loan they would advance based on the average of the last 3 years EBTIDA, mindful of the ongoing obligation to repay LTA funding for past Tennis projects eg. the Air Dome. Bearing in mind the bank assumes a higher base rate than the actual rate in assessing affordability, the rate could be 4% with the margin on top taking it to between 6% and 7% pa. The bank advised a loan of £300k could be made available to combine with a proportion of our cash reserves but as will be explained later, this would be insufficient funding to replace Tuddenham Road Hockey pitch and invest in Henley Road facilities.

NB concluded the best course of action to enable the Club to maximise future opportunities but place it in the most sustainable financial position would be to sell part of Henley Road. Following full consultation with members, proceeds can be re-invested for the benefit of all.

NB was thanked for his very detailed financial statement.

At the conclusion, of the presentation AL invited any questions from the members but there were none.



VP invited GF and DH to explain their objection to the Council's resolution. They raised the following points:

- GF was disappointed their document had not been circulated to every member and had formed a group (When It's Gone It's Gone) to support their thoughts.
- GF/DH were disappointed the Council's document did not include a Business Plan prior to the sale of the Henley Road pitch and questioned where money from the sale would be spent? To date, there had not been any consultation with members.

AL reiterated approval for the sale was needed before allocating any funds to various projects within the Club and added that if the sale of land was approved, members would be consulted as to their suggestions for improvements of ISC facilities.

- DH emphasised a business plan should come first.
- GF felt approval for the sale could be given but under 2B on the Agenda. He mentioned the Hockey Section had lagged behind in improvements over several years as other sections had benefitted from investment.
- DH believed Tuddenham Road pitch etc could be funded without the need to sell eg. obtaining a bank loan, utilise Club reserves and obtain members' loans. The replacement roof for the clubhouse (as indicated in the slide presentation) could be funded immediately from Club reserves. A vote on the proposal 2A should be postponed until a completed finance statement is submitted for members to digest.

AL responded saying the Business Plan for 2007 prepared by DH indicated Henley Road Hockey pitch should be sold to realise funds for developing other activities and facilities on the site.

The following questions were raised and answered:

Vic Clement (Hockey Chair): if Henley Road Hockey pitch is sold the proceeds from the sale would benefit the whole Club? GF agreed Tuddenham Road should benefit from refurbishment but not agreed under Resolution 2A. AL added that any delay now would necessitate another EGM.

John Quinton: questioned the investment in Hockey with regard to depreciation and management costs? AL indicated that these costs will be included.

Craig Clark: what are the prospects of a sale in the current climate, will it go out to tender and why wasn't a sale pursued after last AGM? VP responded that the situation was good for residential development and was confident a buyer will come forward. AL added that a sale will go out tender and the vote at the last AGM was only 'indicative' to proceed on the basis of a sale in the future. A definitive vote was needed to proceed with the sale, hence the EGM tonight.

Kate Wingar: questioned why Charles Lawrence seemed the preferred contractor for relaying Tuddenham Road pitch as she had done extensive research in the past which did not come to the same conclusion? The Hockey Section were due to play on a pitch in the region which had recently been laid by Charles Lawrence and would like to feedback to Council their thoughts before a final decision is made. AL agreed this will be looked at again.

Ian Bland: questioned the wisdom of relaying Tuddenham Road before selling Henley Road? AL replied that the indications are that there should be no difficulty in selling.



Mark Cracknell: questioned the choice of preferred contractor for Tuddenham Road as there are others which should be considered, was it the cheapest? AL replied that having considered other contractors, there wasn't a significant difference in cost.

Geoff Sheldrake: rather than asking a question he gave a quick overview of development at ISC eg. Squash moving to ISC in the early 70s, purchase of Tennis Indoor Centre, upgrading of Squash courts and Gym. In order for the Club to maintain the high regard it has held both locally and nationally, it needs to evolve to ensure the facilities it offers are top class and accessible for all.

Vera Gair: if the development goes ahead, won't parking be an issue? With the limited availability of Indoor Tennis courts, the proposed development would preclude any extension to the Indoor Centre or extending of courts 7 and 8. AL responded that based on the current design, the planners are happy with the amount of additional parking spaces that will be available.

As there were no further questions KP informed the meeting that a member had requested that voting on this resolution be by ballot rather than a show of hands which the meeting should follow. He proposed 3 longstanding members act as scrutineers for the ballot, Hugo Langton, Ian Head and Alec Livingstone who were duly approved by the meeting. VP invited those eligible to vote to do so using the paper ballot sheet provided.

The meeting considered the following resolution:

'The members hereby resolve:

- A. THAT in accordance with Rule 8.4 of the Club's current Constitution (and as incorporated into the Articles of Association under Reserved Matters, if approved under Resolution 3 below) the Council are authorised to:
 - i. sell or dispose of such part of the land at the northern end of the Henley Road site at its market value (as confirmed by at least 2 valuations from reputable surveyors) subject to the terms of planning permission 16/00987/FUL;
 - ii. borrow such sums and to enter into such contracts as are necessary for the Club to facilitate the works which the Club is required to carry out to the pitch and facilities at Tuddenham Road in order for the Club to meet its obligations under the s106 agreement made between the Club, Ipswich Borough Council and Suffolk County Council and dated 10 September 2018 (as may be varied by agreement).'

The result of the ballot on Resolution 2A was announced by the Chairman: for 137, against 56 and she therefore confirmed that the Resolution was duly passed and that as a result the alternative Resolution 2B would not be considered.



3. Becoming an Incorporated CASC

KP introduced Resolution 3 by reading out the introduction on the agenda as follows:

‘Subject to HMRC approval being received, it is proposed that the Club changes its legal structure to become an incorporated CASC, in order to offer greater protection from liability for the members and the current trustees of the Club and to preserve the current CASC status of the Club. In order for the Club to become an incorporated CASC a resolution approving the incorporation and transfer of all the business, activities and assets of the Club is required to be passed by the members. The Club will be required to make such changes in its name (to denote its limited status) and its constitution as are necessary with it becoming a private company’.

He reminded members that incorporation was considered at the Club’s AGM in June 2017 and the route then voted through unanimously was to become a charitable incorporated organisation (a CIO). That CIO was formed and remains in existence but has been dormant. At the time the Club’s professional advisers had recommended this as the better route to incorporation for ISC. Subsequently members voted on two separate occasions in favour of proposals to transfer the Tuddenham Road site to a third party which was easier to do before the Club became a CIO so the transfer was delayed.

Early in 2019 the Executive recommenced the process of incorporating the Club but on further enquiry in conjunction with professional advisers that clubs not unlike ISC had not felt obliged to go down the charity route and having referred to a specialist firm of lawyers the Club was advised that either the CIO route or the now proposed CASC route were legally possible. If the Club does not now move to become an incorporated CASC it will need to revert to becoming a CIO.

He continued that the CASC route is now regarded as the more suitable course for ISC because:

- being a registered charity means greater oversight by the Charity Commission in more detailed regulatory requirements which makes matters more demanding for those charged with the management of the Club
- the Club is familiar with HMRC CASC requirements having complied with them since 2002
- the Club ethos is more that of a members’ community club focussed on sport and fitness rather than a member’s run charity interested in those activities
- and finally, once a charity the Club cannot change status whereas if the Club becomes and incorporated CASC it can always seek to convert to become a charity if that became the more attractive route.

He confirmed that the Club had already formed a company limited by guarantee – Ipswich Sports Club 2020 Ltd. As HMRC permits a pre-application submission to be made in relation to CASC status that has been submitted and a provisional green light given subject to a couple of matters which the Club expected to solve to HMRC’s satisfaction shortly. The formal application to HMRC cannot be made until after ISC 2020 Ltd has been active for up to 3 months after the transfer of all the Club’s current assets and activities. Once CASC status is granted it is effective from the date of transfer.

KP explained that Resolution 3 before the meeting was in many ways very similar to that which members had voted through unanimously in favour in 2017 but that there were some significant differences. For example, instead of a constitution and trustees we will have Articles of Association and Directors. The Articles which have been exhibited on the Club’s website run to 43 pages and he explained how they were based on the model for CASC companies provided by the legal specialist firm of lawyers the Club had consulted. Because of their length he did not propose to



go through them in detail but invited any questions before a vote was taken. He went onto explain that the model Articles had been amended to accommodate:

- the fact that directors will not have unlimited borrowing power but that there were 'Reserved Matters' which must come before a members general meeting and in this instance members had the choice of two versions which he clarified for the meeting
- to include provision for a Council structure so that, for example, section chairs voted in by their sections will remain on the Council while directors, who must be voted in by the membership as a whole, will carry the ultimate responsibility and regulatory burden for managing Club matters
- similar quorums for general meetings as we have at ISC at present have been included
- and, two short provisions have been omitted at the request of HMRC which was not thought to be a problem
- he also mentioned that the 23 pages agreement referred to in Resolution 3iv (which also had been exhibited on the Club's website) was again similar to that which members had given their approval in 2017 although technically it will operate as a 'distribution' rather than as a simple 'transfer' so as to limit, the Club is professionally advised, any stamp duty being payable on the transfer of land.

Finally, once completed adult existing members of ISC (including social members, who would be excluded as voting members of a CIO) will become members of ISC 2020 Ltd. Technically members do not become shareholders (as with a conventional limited company) but guarantors for the sum of £1 each in the event of the company being wound up!

There being no questions the following resolution was put to the meeting with a vote by show of hands.

'The members hereby resolve:

- i. THAT it is in the best interests of the Club to incorporate and to form a new company limited by guarantee to be the new incorporated CASC company (Incorporated CASC) and that the Club shall distribute its assets to the Incorporated CASC, and the Incorporated CASC shall then carry on the activities at the Club.
- ii. THAT
 - a) The annexed Articles of Association (Articles) be approved as the constitution for the Incorporated CASC in substantially the same form: or in the event that this Resolution ii a) is not approved
 - b) The annexed Articles of Association (Articles) be approved as the constitution for the Incorporated CASC in substantially the same form save for the substitution in the definition of Reserved Matters as per the wording attached.
- iii. THAT those persons who are listed in the Articles as directors are confirmed as the first directors of the Incorporated CASC.
- iv. THAT the current Club's Council is hereby authorised and requested to, as soon as is reasonably practicable, distribute the entire undertaking assets and activities of the Club to the Incorporated CASC on substantially the same terms as set out in the draft agreement annexed. Such distribution is expected to take place once the pre-clearance application for the CASC status of the Incorporated CASC has been approved by HMRC and the Council is satisfied (acting reasonably) that the distribution is in the best interests of the Club and its members having taken all necessary legal, accountancy and tax advice from the Club's professional advisers.'



Parts I, ii a), iii and iv of the above Resolution were voted on separately with members present voting unanimously in favour. Accordingly, the Chairman announced that they had been duly passed and part ii b) was not proceeded with.

4. Any other business acceptable to the Chairman

There being no further business the Chairman closed the meeting at 9.40pm.