

ROMAN PARK RESIDENTS CLUB

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PROPOSAL FOR ALTERNATIVE USES OF THE CLUB

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INTRODUCTION

This document sets out the findings and recommendations of the review by the Second Working Group looking at the future operation of the Roman Park Residents Club (the Club)

In this its final version the document forms the proposal to be formally voted upon by Plot Owners to approve or reject the proposed changes when read in conjunction with the proposed lease and asset rental agreement to be signed by the new licensee tenant at the Club.

BACKGROUND

For a considerable period of time the Club has been underused by the Plot Owners and tenants. The reasons for this are many and various and have been debated vociferously and at length. The reduction in footfall, and hence operating profits, when combined with increasing costs of maintaining and servicing the Club have led to an inevitable increase in the Equal Contribution that we pay under the Deed of Covenant. Despite the best efforts of many dedicated people over the years to make the Club successful under the current operating model it became apparent that a change of direction was needed.

Volunteers came forward to form a Working Group to examine the options available to us to maintain the community facility at the lowest financial obligation to the residents. The Working Group presented their findings at a Plot Owners meeting on the 17th December 2023. The options presented were well documented and the work of the group was well received.

There were two options voted through for further investigation as a matter of priority.

1. To lease the Club to a licensee with an associated transfer of most of the operational costs. Management and maintenance of the building and land would remain the responsibility of Roman Park Management Limited.
2. To sell the building and land and distribute the proceeds of so doing to all Plot Owners who have fully paid their Equal Contributions as set out in the Deed of Covenant.

There was a unanimous rejection of continuing to operate the Club in the manner in which it is managed and run. The proposed high increase in the Equal Contribution which we all pay was and is of great concern to Plot Owners. That said it is an interesting comparison to compare the Equal Contribution (EC) of say 1995 which was £115 or £196 in 2024 prices against the EC this year. However, the decline in usage of the club and therefore in the contribution to overheads is real and worsening. So clearly something has to change, hence the focus on the two favoured options for change.

Following the Plot Owners meeting a second Working Group was formed to look into these two options. This group is made up of the following volunteers:

- Jason Hill (Chair)
- Mark Leggett
- Jan Adams-Smith (Residents Committee)
- Howard Jones
- Kieron Watson
- Brian Southern (Trustee)

- Tim Davis
- John Coveney (Trustee)

The Second Working Group held its inaugural meeting on the 24th January.

To expedite the work as far as possible three subgroups were formed to work on different aspects of the options under investigation.

1. A sub-group to look at the lease required for a new licensee and the agreement required to lease or rent the assets of the Club. This group was made up of Jason, Howard and Jan.
2. A sub-group to look at the amendments required to the Club Constitution and also to examine if there were any potential impacts upon other key documents such as the Declaration of Trust and Deed of Covenant. This group was made up of Tim and John.
3. A sub-group to start to look at the options for selling the building and land as a going concern. This group was made up of Mark and Kieran with additional input from Jason as the demands upon Mark's time placed limitations on the extent of his involvement.

Brian was tasked to pull the financial projections of the various options together.

Subsequently the Working Group came back together to consolidate their findings and to focus their efforts on documenting their findings, conclusions and recommendations that are set out in this document.

DOCUMENT PURPOSE

The purpose of this document is to provide Plot Owners with a full description of our findings, conclusions and recommendations to move in the directions that we have been tasked to. We have also set out the key risks that are inherent in the journey as we see them.

The aim is to allow you to form a balanced judgement on whether you wish to support the motions that will be voted upon in a hybrid Special General Meeting/Extraordinary General Meeting at the Club at 10am on Sunday 14th April 2024.

To that aim a copy of the proposed lease and asset rental agreement will be available for viewing at the Club in the two weeks before the hybrid meeting takes place.

EXPANSION OF THE OPTIONS INVESTIGATED

To lease the club to a company to run as a public facility, not as a private members club, offers the fastest path to being able to reduce the EC. It is therefore the option that we have spent most time on. At the meeting on 17th December 2023 it was announced that we had an offer from Karen Foster to take over the running of the Club under a lease from Roman Park Management Limited. After conducting research into rental income for similar premises we concluded that the offer from Karen was a fair one. There were no other offers received at this time.

The sub-group drew up a heads of lease document and sought offers to draw up the lease from three firms of local solicitors. They also briefly considered using a commercial agent to draw up

the lease. This approach was rejected as it offered no great financial advantage and carried legal risks.

We chose the firm of Howes Percival to act on our behalf. Their quote was the joint cheapest but the most comprehensive in term so setting out the nature of the proposed lease. They have prepared two documents for us, the lease and the rent deposit deed. We have prepared the asset register and the equipment rental agreement ourselves.

In parallel with the drawing up of the lease we carried out negotiations with Karen Foster in more detail. We were keen to ensure that she was made fully aware of the costs of taking on the lease and that we in turn were comfortable that Karen was fully committed to the lease. Unfortunately we came to a mutual agreement that it would be unwise to go forward with the lease. This was the reason why the EGM/SGM was cancelled on the original planned date of the 24th March 2024.

Since then we approached some experienced licensees, who are currently running an establishment in Newport Pagnell, who have expressed an interest in taking up our proposed lease. We are currently in detailed talks with Robin and Lynn and they in turn are preparing their business plan. We have been struck by their professionalism and very much hope we can, once we have your approval, take this forward to a successful conclusion for all concerned.

In order for the Club to be leased requires the Residents Club Constitution to be amended. Much of the current content of the Constitution will no longer be required where Roman Park Management Limited is in effect a landlord.

Finally, we have looked at a very high level, at the option of selling the club either as a going concern or for speculative development purposes. The main aim of this initial review has been to identify the budgetary costs required to take the investigation to the next level of detail. The option to sell would not be a quick or easy one. We believe that it is important that we at least know the processes and costs which we would incur if we decide in the future, for whatever reason, to move towards selling the Club.

LEASING OPTION

The Lease

A copy of the lease has been made available for viewing at the Club for those of you who are interested in the detail of the agreement.

The pertinent details of the lease are set out below:

- The rent we will receive is £500.00 Per week. For the first three months no rent will be charged. For the following three months the rent will be £250 per week. After that, the full rent will be charged. Monthly rental to be paid in advance. All rental sums above are excluding VAT.
- The lease agreement will be for five years with an opportunity for both the tenant and RPML to give 6 months' notice/ rent in lieu. A rent deposit will be held on account.

- Premises to include Pergola, gardens cellar, squash court, changing room, toilets, cafeteria, main function room, public bar, private bar, kitchen and conservatory.
- Stock: To be Purchased by Licensee by Negotiation
- Rent Review date: On each anniversary of the initial date.
- The Trustees office: To be secure and separate from any lease agreement. The Trustees to have access to the office at all reasonable (i.e. opening) times and otherwise by arrangement.
- Trustees to have access to the meeting hall up to four times a year for General meetings giving Tenant 5 weeks' notice.
- Existing Hall Hire: To be honoured.

Leaseholders Liabilities will include:

- Electricity.
- Gas
- Water
- Tills
- Telephone / broadband
- Security Alarm system
- TV Licensing
- Business Rates
- Contents Insurance

There will also be a separate equipment rental agreement to include all equipment on the prepared asset register including catering equipment, table, chairs sofa's, cellarge or to take responsibility for all servicing and maintenance. The monthly fee to the leaseholder will be £125 excluding VAT.

As a landlord RPML will have the following responsibilities under the lease agreement.

- Buildings Insurance
- Maintenance of the exterior of the building
- Security of the building and the carpark remains with RPM Ltd Security. Cameras will need to be relocated in Trustees' office.
- RPM L will be responsible for the carpark and landscaping except the fenced garden.

We have performed a financial due diligence review on the proposed lessee.

Governance Changes

The governance arrangements will change markedly as a result of the leasing of the Club

The Roman Park Estate is governed by the Declaration of Trust dated 1st April 1985.

The 5 Trustees elected by residents at the Club's Annual General Meeting, automatically become Directors of Roman Park Management Ltd and therefore accountable for their actions and decisions in all legal and fiscal matters.

The current Trustees are John Coveney (Secretary), Brian Southern (Treasurer), Kim Bond and Lee Muncey. There is one place on the Board of Trustees currently vacant. Each trustee holds

one of the five shares in the company . The fifth share is held by the Secretary in a non-voting capacity.

Currently the responsibilities of the Trustees are as follows:

- The Trustees are responsible for maintaining the integrity of the club building and its contents and managing the staff.
- Hire of the hall for events.
- Payment of all bills which include rates, taxes, insurance, repairs and renewals of fixtures and fittings, staff salaries, supplies including alcohol, security, telephone, IT services, television.
- Payment of professional fees to accountants and solicitors.
- Funding, when required, activities of the Residents Committee.
- Set the level of the annual equal contribution. Production and delivery of invoices and the collection and recovery of sums owed.
- Ensure the building meets all statutory and health and safety requirements and that activities are carried out in compliance with our licence as a Private Members Club.
- Subsidiary premises lettings
- The cost of the above is mainly funded by the income from the homeowner's equal contributions, supported by rental income from the hairdressers, estate agents and the profits/loss from the bar sales.

Under the new operational model the Trustees responsibilities will alter to become:

- The Trustees are responsible for maintaining the integrity of the club building.
- Payment of all bills which pertain to the Building and Land and the security thereof.
- Payment of professional fees to accountants and solicitors.
- Set the level of the annual equal contribution. Production and delivery of invoices and the collection and recovery of sums owed.
- Ensure the building meets all statutory and health and safety requirements.
- Subsidiary premises lettings
- The cost of the above is mainly funded by the income from the homeowner's equal contributions, supported by rental income from the hairdressers, estate agents and new licensee.
- Any necessary repairs or replacement of equipment under the equipment rental agreement.
- Administration of membership applications and issue of cards to be used to receive negotiated discounts from tenants of the Club.
- Communications with Plot Owners as appropriate

Under the new operational model there will no longer be a Residents Committee. It may be beneficial for the leaseholders to have a liaison with plot owners and residents in determining the nature of any events to be held and to provide feedback on the new operation. That will need to be initiated between the two parties. There is no involvement from RPML in that process.

Financial Impact

At this stage it would be imprudent to make a precise prediction on the impact on the Equal Contribution from leasing the club under the three different leases, two existing and the new one, that we will have if you, as we hope, vote for the changes we are proposing.

The EC will reduce next year if we vote in the proposed changes, that much is certain. The last working group at their presentation on the 17th December last year suggested a figure of £47 plus VAT. Looking at the projected costs that will remain for RPML and the leasing revenues for a full year at full rates that figure could conceivably be as low as £30 if we were to ignore the existence of unexpected costs arising from what is now an ageing building.

There is no escaping from the fact that in addition to the reducing revenue from the Club over the years, the costs of running the Club have increased as well despite the best efforts of the Trustees in recent years to improve the collection rate of the EC and to reduce the cost base.

The problems we now face are in part, and one could argue largely, due to a propensity to spend money on the Club when revenues were high in the good trading years. At least a part of the profits should, with the benefit of hindsight, been held back in a sinking fund to enable us to better meet unexpected major expenditure and also to enable the smoothing out of the Equal Contribution.

We would like to move to that model of having sufficient reserves to avoid bank overdraft charges and to be able to better meet unexpected costs. To that end we are not proposing to offer a refund on this year's EC. We have to complete a thorough review of all our costs and contracts to ensure that we have the best value for money possible and to carry out a more detailed budgeting exercise to allow for creating sensible reviews and a low, stable EC to best take advantage of the leasing approach.

If the remainder of the year goes well then maybe some of the operating surplus will be passed on in a further reduction in next year's EC. That is not a guarantee. What we will commit to is explaining to you all why the Trustees set the level of the EC in more detail than you have been provided with over the majority of the last 35 years or so.

Impact on the Constitution and Other Key Documents

There are three key documents that need to be considered when making the proposed change too having a leaseholder running the Club for the general public:

- The Deed of Covenant that we all have on our property(ies).
- The Declaration of Trust that sets out the rules by which the Trustees must operate.
- The Constitution of the Club.

The group charged with looking at these documents found no need to make changes to the first two of these. Should a future decision be made to sell the Club then there may need to be a minor change to a clause in the Declaration of Trust but that is for another time.

The Constitution, however, has to change a lot. Much of the current Constitution deals with the terms of reference of the Residents Committee and its sub- committees, behaviour and discipline at the Club and the administration of membership. All of these activities will disappear under the new model so we have a much slimmed down constitution which we have included at Appendix 1 to this document.

In summary the new constitution has only one class of member as opposed to the three we used to have. The administration of membership, which will provide voting rights, provided the member is not in breach of their obligations to have paid the Equal Contribution, and also to benefit from any discounts offered by our leaseholder will become the responsibility of the Trustees.

The new insertions into the Constitution are, briefly:

- A provisional variation to the Declaration of Trust that clarifies that a Trustee must resign on having sold their last or only property on the two estates, makes it clear that there is only one vote per household and finally removes the anomaly whereby it is far simpler to elect a Trustee to office than it is to remove them from office.
- Extra clauses concerning the sale of the club have been inserted to clarify how plot owners in default of paying their full EQs may rectify that to benefit from the sale. A voting procedure in the event of a proposed sale is also set out.
- A reversion clause has been added that sets out how the old Constitution might be reintroduced following a break in tenancy for whatever reason. In practical terms it is highly unlikely we would want to return to our current operating model.

SALE OF THE CLUB

At the meeting on the 17th December a figure of £600,000 was put forward as an estimate of the possible price of selling the Club as is. We have not yet been able to refine that estimate.

Building land with outline planning permission for residential development in Milton Keynes has been estimated at over £1m per acre. We have approaching two acres of land. The timescales and costs for obtaining planning permission are as yet not known fully although it will likely take around two years to complete a sale for speculative development purposes.

We are having an informal valuation exercise completed in time to provide you with an updated valuation estimate at the EGM/SGM on 14th April.

Irrespective of the valuations that emerge the next steps that we are seeking approval for are to have the charge on the Deeds of the Club removed and to map out the sales process and costs in detail. To remove the charge will require the services of a Trust lawyer according to the advice of our own solicitors.

We estimate the costs of doing this and setting out a detailed plan for a sale, which will in itself need specialist professional input to be in the order of £5,000 and that is the figure we are seeking your authorisation to spend.

RISK ANALYSIS

As with any substantial change in direction, there are of course risks that must be borne in mind.

Whilst we hope and indeed believe that our new tenants will be able to operate a successful and profitable business at the Club there will always be a risk that the lease may be terminated with six months' notice. At that point we would have to seek a new tenant, close the Club or revert to our current Members only operation. The last of these would not be an attractive option in our view. The most attractive option would, in our view, be to find a new tenant.

One of the reasons that we are seeking to look at the option of selling the Club in more detail and are asking you to authorise us to seek professional help in establishing the options, plans and likely costs is so that we can move towards a sale more quickly should the need arise.

We are aware that for those among us living near the Club, it is important that there is no anti-social behaviour from patrons of the Club. The lease contains provisions to make the lessee responsible for preventing this and, as landlords, we will hold them to that responsibility.

If the lease option is not approved at the hybrid SGM/EGM on the 14th April then there will be a risk that the funds of the Club will not be sufficient to support the draft budget that was sent out in the recent newsletter. We know there are some costs, currently unknown, for roof repairs for example. Putting ourselves in a position where we have reserves to meet such costs would, in our view, simply not be possible if we continue to operate as at present.

A major risk of selling the Club as a going concern would be for the new owners to look to change the permitted use of the site to build upon it after a short time. The land that we own is valuable for development purposes. We would at that stage have more limited capability to influence the nature of any redevelopment. Just how effective any Covenant on the sale of the Club as is could be in controlling future redevelopment is somewhat of a grey area. Almost certainly it would be more profitable for us to sell the land with approved planning permission but as stated already, we are not sure how much it would cost to get to that stage without carrying out further investigations.

CONCLUSIONS

In summary we conclude that:

- The current operational model is unsustainable. We have to change.
- The leasing approach is the best short term way in which to both move to a lower EC and build up reserves to meet unknowns in the future.
- Robin and Lynn, in our view, will be good tenants and will offer the public in general, and us as Plot Owners, a lively and welcoming place to visit.
- The Constitution of the Club has to change and we think we have made those changes effectively. That said if the situation arises that you vote for the leasing option but reject the Constitution then that would not prevent the leasing option being adopted. It would simply mean the Constitution would need more changes made to it and then be resubmitted for approval.
- The possible sale of the club is a longer term option which requires a better understanding of the processes and costs in so doing.

- The risks with proceeding as proposed as set out in the next section are both manageable and less than the risks of carrying on as we are.

Additionally a number of other conclusions have been reached which are not related to the future operation or sale of the Club:

- The Working Group model has been successful on two occasions now. There are many of us who want to help but cannot commit to a longer role as a Trustee. There are many and varied skills out there which should be better harnessed. Future working groups should be considered.
- Communication between the Trustees and Plot Owners need to improve both in terms of its content and method of delivery.

RECOMMENDATIONS

Our overarching recommendation to you is to support all three motions either at the meeting on the 24th March or by using the absent voting procedure. This is the biggest step change for the Club in over 35 years but one which gives us the opportunity to lower the EC whilst still retaining the Club as an attractive reason for moving on to either estate.

The motions are:

Motion 1) That we proceed with the leasing of the Club Premises to Robin and Lynn under the term of the leasing agreement and asset rental agreement subject to a satisfactory conclusion to the ongoing negotiations.

Motion 2) That we accept the revised Constitution of the Club.

Motion 3) That we authorise The Trustees to proceed to the next stage of evaluating the sale of the Club as a contingency planning exercise.

Other recommendations we would like to make, but which will not require a vote, just your future support, are:

- To introduce a witness or witnesses to the Trustee meetings to improve our visibility and accountability.
- Assuming you approve us to spend some money looking at the sale option(s) in more detail, to set up a working group to progress this.
- We propose another working group to develop a communications strategy that is effective taking into the account that not all of us have deep IT skills and also that complies with GDPR requirements for data protection.

NEXT STEPS

On the assumption that the three motions are passed the short term actions will be to:

- Work with our new tenant to fully partition the current cost base. Most of these have been identified already but we have many small suppliers that we need to take into account with regards to the costs involved and also the contractual commitments.
- Amend our accounting practices for the new operating model as appropriate.
- Set up the two recommended working groups.
- Assuming you authorise us to progress the further investigation of a sale of the Club the first step will be to remove the old charge on the deed of the Club which is still showing on the Land Registry.

APPENDIX 1- REVISED CONSTITUTION

The revised Constitution which need not be accepted to enable the licensee option to proceed, but which we think is right and appropriate as it is set out below, is set out in the following pages.

ROMAN PARK RESIDENTS CLUB

**1 CONSTANTINE WAY
BANCROFT PARK
MILTON KEYNES
MK13 0RH**

TELEPHONE: 01908 220293



CONSTITUTION, RULES AND BY-LAWS

As Adopted at the E.G.M. 24th March 2024

PLEASE KEEP IN A SAFE PLACE

**THIS DOCUMENT SHOULD BE PASSED ON TO THE NEW OCCUPIER SHOULD
YOU MOVE FROM YOUR PROPERTY**

CONSTITUTION

This Constitution is in place for the change to the Club being run under a lease to a third party organisation. This change of operating model was approved by Plot Owners at a Special General Meeting on 24th March 2024.

1. NAME OF THE CLUB

The Club shall be known as Roman Park Residents Club.

2. ADDRESS OF THE CLUB

1, Constantine Way, Bancroft Park, Milton Keynes, Buckinghamshire, MK13 0RA

3. TYPE OF CLUB

The Club is a proprietary Club, the Proposer and Sole Manager of which is Roman Park Management Limited.

4. OBJECTIVES

The Objectives of the Club are to provide the owners of properties in Blue Bridge and Bancroft Park, Milton Keynes with negotiated discounts when using the services of all tenants of the Roman Park Residents Club building.

RULES

5. DEFINITION OF MEMBERSHIP

The Members of the Club will be those for the time being plot owners on Blue Bridge and Bancroft Park and who are not in breach of the Deed of Covenant entered into with Roman Park Management Limited in respect of contribution payable and the Constitution and Rules of the Club and any Byelaws made there under. Unless otherwise provided for, Members who are no longer owners on Blue Bridge and Bancroft Park automatically relinquish their membership on the sale of their property

The Club shall consist of one type of membership:

Ordinary Members

All members of a household over 16 years of age are entitled to apply for Membership and, providing legal title rests with the household, one member will be issued with a Gold Card, which will entitle them to voting rights in accordance with the Rules. Others in the household will be issued with Silver Cards.

Note

No new Red Cards, which were previously issued to tenants on the two estates, will be issued from the operational date of a lease to run the Club. Existing red card holders may be offered discounts at the discretion of the tenants of the Club.

6 APPLICATION FOR MEMBERSHIP

Applications for Membership should, in the first instance, be submitted to Roman Park Management Limited who will be responsible for vetting the application and issuing membership cards.

7 PROVISIONAL DEED OF VARIATION

This is a Provisional Deed of Variation to the Declaration of Trust by Michael Colin Wells and Leonard Allan Birchall dated 1st April 1985. Until such times as any formal Deed of Variation is introduced these words are incorporated into the Club Constitution and having been legitimately voted in at an Extraordinary General Meeting of the club membership will be deemed as a binding overarching supplement to the Declaration of Trust of 1st April 1985.

A new point is added that only current Ordinary Membrs can be Trustees. If they sell their (last) individual property whilst in office, they must resign as a Trustee and Director on completion of their sale.

A further point of clarification is added limiting any vote on any matter to one vote per individual property.

The word "Special" is now removed from Schedule 9 (i) to reduce the requirement from a "Special Resolution" down to a "Resolution". Meaning a Trustee can be removed from office by a simple majority of votes cast by those in attendance and proxy votes exercised at a General Meeting.

8 SALE OF THE CLUB

In the event of the potential sale of the club and land under Schedule 15 (g) of The Declaration of Trust, plot owners of all individual properties with a Deed of Covenant and entitled to vote should be given the opportunity to vote in person via an individual ballot poll paper which they may insert into a locked ballot box positioned in the club reception or via a postal vote. With the distribution of voting papers made to the last known correspondence address, including where the plot owners do not live on Blue Bridge or Bancroft Park. To meet the specific conditions of this Special Resolution, Schedule 21, voting will take place over the period of one calendar month. At the end of that month, it will be deemed that all votes capable of being cast will have been done so and after validation of the voting papers the result will be declared as complete. Should the required three quarters of valid votes cast be in favour of a sale then the criteria laid down in the Declaration of Trust will have been met.

Where any Equal Contributions are outstanding the plot owner will have the option to bring those contributions up to date to be entitled to vote and or benefit from any proceeds of the sale. Any property without a Deed of Covenant lodged against their property will be given the option to notionally have one but must then pay any Equal Contributions that may be owed for the whole period of time they have owned their property.

Eligibility to receive benefit from the net proceeds of a sale will be determined by these factors and the individual property ownership on the actual date of sale. Individual Deeds of Covenant will be legally removed from all individual properties as part of the process of a sale and will be funded from the gross proceeds of the sale where possible before net proceeds are distributed.

9 METHOD OF REINSTATEMENT OF THE CONSTITUTION DATED JANUARY 2023

The Club Constitution dated January 2023 may be reinstated by a resolution of a two thirds majority of votes cast by those present and proxy votes exercised at a General Meeting covered under the framework of the Declaration of Trust dated 1st April 1985. The General meeting to do so may only be called upon a break in the Tenancy of the Club being announced.

10 CONSTITUTION AND RULE CHANGES

Any amendments to the Constitution and Rules may only be made by a two-thirds majority of Gold Card Holders present at a General Meeting of Members called under the framework of the Declaration of Trust of 1 April 1985. Any such proposed amendments, alterations or additions can only be voted upon providing due notice, as required, is given in the notice calling the meeting.