

## **SGM 0912-02**

### **Dons Trust (DT) consultation – raising finance for Club infrastructure**

#### ***Recap on where we are***

In May and June this summer, working with Supporters Direct, the Dons Trust embarked on a three week consultation period to make members and supporters aware of the big decisions that are on the horizon for the club at Kingsmeadow. The consultation was carried out prior to Merton Council's 'call for sites', which saw our Club reaffirm its interest in moving back to Wimbledon, with the Greyhound Stadium earmarked as the preferred site.

We feel that we got a good and very thoughtful response to the exercise, with the vast majority of supporters now understanding more about the position the Club finds itself in. The purpose of this paper is to give you a brief summary of the issue as it stands today.

#### ***The consultation***

- All DT members and ST holders were contacted in the week commencing 21 May, with a summary paper outlining the challenges with staying at Kingsmeadow (KM), as well as introducing some stadium improvements and potential methods of raising finance available.
- More than 150 people attended consultation meetings in Wimbledon and KM
- Further information and FAQs were placed on the homepage of the Club website summarising issues that arose at these meetings and from enquiries to the email account

The supporting information can still be viewed on the old website at the following links

- [http://wimbledonheritage.co.uk/clubdocs/community\\_shares.pdf](http://wimbledonheritage.co.uk/clubdocs/community_shares.pdf)
- [http://wimbledonheritage.co.uk/clubdocs/2012-05-27\\_consultation\\_q\\_and\\_a\\_v1.pdf](http://wimbledonheritage.co.uk/clubdocs/2012-05-27_consultation_q_and_a_v1.pdf)
- [http://wimbledonheritage.co.uk/clubdocs/2012-06-07\\_consultation\\_questions\\_raised.pdf](http://wimbledonheritage.co.uk/clubdocs/2012-06-07_consultation_questions_raised.pdf)
- [http://wimbledonheritage.co.uk/clubdocs/2012-06-21\\_consultation\\_further\\_questions.pdf](http://wimbledonheritage.co.uk/clubdocs/2012-06-21_consultation_further_questions.pdf)

#### ***What we found out***

As the consultation progressed it became clear that there were three main themes emerging for capital finance in relation to the Club's infrastructure – 'mandatory', 'business case' and 'future'.

##### ***Mandatory capital***

- Money that is needed for the infrastructure at KM for the Club to remain in the Football League (FL) to meet Sports Ground Safety Authority (SGSA), FL and Kingston Borough Council (KBC) requirements

##### ***Business case capital***

- Money that could be invested in the infrastructure at KM if there is a business case showing that the investment would be returned through profits before any move to a new stadium

##### ***Future capital***

- There are likely to be further requirements for capital to meet our ambition to move back to Wimbledon, without diverting money from our already stretched Club budget.

### ***Preferred route to finance***

A 'Community Share' offer appears to be the best solution to raising capital finance, which would use the DT as the investment vehicle. There are a number of reasons for this, but mainly because it is cost effective to the Club, is fairest to supporters and puts our position of supporter ownership of the Club at the least risk.

We are extremely aware of the financial backing that supporters have given, and continue to give to the Club, which is why we are keen to develop an offer which qualifies for the Enterprise Investment Scheme (EIS) - a tax incentive scheme run by HMRC. EIS makes any scheme much more attractive to individual investors because it offers the possibility of claiming back up to 30% of the investment, providing the investor has sufficient Income Tax liability to cover it. The feedback for pursuing this option was understandably positive.

By using the DT as the vehicle there is also the possibility that individuals who purchase shares can have them bought back by the DT in the future, offering a potential means of recouping their capital.

### ***How the offer might look***

Any share offer would need to clearly outline costs and deadlines to raise capital associated with 'mandatory' capital. We hope that following the meeting with the SGSA and (then if changes are required) subsequent discussions with our architects to make mandatory changes at the minimum cost we will know the amount of capital we must raise. If as expected changes are required, the simple assumption would be that the quicker the money can be raised and the mandatory changes made the better it will be for the Club.

'Business case' suggestions will be worked up and presented back to the DT Board and the membership to decide whether they should be included in any Community Share offer. Again if 'business case' suggestions were accepted the assumption would be the quicker they were in place the better.

'Future capital' describes an area which is most open to debate, but is vitally important to put the Club on the front foot for future infrastructure opportunities. There are likely to be significant associated costs relating to a new ground which may need to be met (or partly met) by the Club. We are currently undertaking a review of how much additional money we need for such a move.

There will always be a need for capital finance for infrastructure so by addressing a way to support it now, we hope to be well prepared and well placed against our rivals in the future.

### ***What next***

The emergence of the possibility of a return to Wimbledon has made the 'future capital' issue much more prominent in our thoughts. We are actively working on this and, as things stand, we are reluctant to make a final decision re a Community Share offer until things are clearer. When this work is complete, members and supporters will be informed and consulted.

For now we would like to thank everyone who played an active part in the consultation, and thank all supporters for their patience.