

Dons Trust consultation - summary of issues

In a recent 'save the dates' notice on the club's web site, we announced meetings in Wimbledon Community Centre on Friday 25 May – this is going ahead as planned. The date of the second meeting (which will take place at the Cherry Red Records stadium) has been changed to Tuesday 12 June, because the original date was the same day as the England v France international match. Both meetings will start at 7.30 pm. This document provides more background information for fans before these meetings.

The meetings have been called to outline to all supporters and stakeholders of the Club the immediate challenges we face with our ground and maintaining our place in the Football League. We will also introduce some potential solutions and put forward a method of raising finance favoured by the DT board and the Trust's umbrella body, Supporters Direct.

This is **not** a meeting to vote on the future of our Club. However, the release of this document and the meeting on 25 May are designed to start a three week period of consultation with all supporters to discuss our options. We are aware that many supporters will not be able to attend, particularly the first meeting at relatively short notice, so we plan to film the introductory part of the evening. We aim to publish this filmed record alongside key notes from the meeting (including questions and answers) on the Club's website within 48 hours of the meeting.

We intend to hold a second meeting at The Cherry Red Records Stadium towards the end of the consultation period, on Tuesday 12 June, to feed back responses to date and continue the discussion. During the consultation period everyone will have the opportunity to email questions to consult@thedonstrust.org; we aim to reply within 72 hours and we will publish responses on the Club website in an evolving FAQs section.

We hope that the consultation period will provide guidance and insights from all interested parties so that the project team can present the DT Board with a clear proposal to address any threats to our Football League status that arise off the pitch, and that a proposal can then be laid out to DT members to vote on.

Matthew Breach

Erik Samuelson

Chair, the Dons Trust Board

Chief Executive, AFC Wimbledon

Information to be read alongside this notice can be found on the following pages

The challenge of meeting Ground Grading requirements

Background

So far as the stadium, and specifically its capacity, is concerned the club is regulated by three bodies:

1. The Sports Ground Safety Authority 'SGSA' (which assumed the responsibilities of the Football Licensing Authority during 2011)
2. The Royal Borough of Kingston upon Thames ('RBK')
3. The Football League ('FL')

For clubs at our level, the SGSA is required to keep under review how local authorities discharge their responsibilities under the Safety of Sports Grounds Act 1975 and it issues a licence for the stadium for its use. Such licences are issued annually and run from 1 August to 31 July the following year.

The safety certificate for the stadium is issued by RBK and among other things it specifies the capacity of the stadium. To assist local authorities in their work, the SGSA has issued a publication called "Guidance to safety certification at sports grounds", so it can be seen that the two regulators interact closely on our safety certificate. The safety certificate issued by RBK is monitored through the establishment of a Safety Advisory Group; our SAG comprises representatives of RBK, SGSA, police, ambulance service, fire brigade, and the club.

The Football League also has rules for stadiums. In particular they specify the required capacity and the number of seats that must be under cover at certain key dates. For example, the club must have over 2,000 seats under cover by 1 May in our third season in the Football League, i.e. by 1 May 2014.

Stadium improvements

There are two types of improvement; mandatory and desirable.

Mandatory

In order to maintain our license to use the stadium for football (which means, in effect, in order to stay in the FL), by 2014 we must:

1. Have over 2,000 seats under cover. Work to achieve this in the Kingston Road End is underway and is scheduled to be complete for the start of the 2012-13 season
2. Bring the east stand (formerly the John Smith's stand) into line with the guidance set out in the publication 'Safety at Sports Grounds'. The east stand currently doesn't comply with the requirements.

There are other requirements that are scheduled for implementation by 2014 but these are subject to debate at the FL AGM later this month; some clubs are seeking deferment of the requirements in the light of the state of the economy. These requirements include:

3. Meeting new size requirements for changing rooms. At present, the away changing room doesn't meet the new standard
4. Increasing the lux factors on our floodlights

Highly desirable

Some time ago, we commissioned a review of all the work that might need to be carried out at the stadium. The resulting list comprises:

1. Improving the main bar. The furniture is not fit for purpose, it is dowdy and unattractive to users. We believe we could increase the income from the bar if it was made more attractive
2. Increasing office accommodation. The stadium was not designed for the number of people we need to support our activities and we are now under more pressure to provide space due to the increase in staff needed to run an academy in line with the requirements of the recently-introduced Elite Player Performance Plan. There is simply no office space for them to use
3. Acquisition of our own training facilities, both as investment in the first team and in youth development. Our current facilities are excellent but we will need to acquire our own facilities in the medium term. While we have no plans to acquire anywhere at present, we need to be confident that if an opportunity arose, we would be able to take action
4. Sundry other enhancements such as: refurbishment of the Kingston Road End toilets (which we've done very little work on since we bought the stadium) and guttering for the Tempest End.

We need to find funds to pay for the mandatory improvements, plus any desirable ones we commit to.

Capital funding

To be clear, the money we need to raise is for capital projects (i.e. to pay for stadium developments), not for day-to-day expenditure such as players' wages.

At present, the amount we need is uncertain because:

- We need to decide what type of stand we should erect on the east side of the stadium
- We don't know what a training ground would cost, should one become available
- It is possible that the floodlight and changing room requirements will be deferred
- We need feedback from fans on the relative importance of the 'highly desirable' projects

Therefore, one key purpose of the consultation is to seek feedback from all fans, and specifically DT members, shareholders, and season ticket holders, about what you want for our stadium while we continue our search for a new stadium back in Merton.

At present, the situation is as follows:

1. The Kingston Road end will cost £836k and we are committed to that project. We've applied for up to 50% of this to be funded by a Football Foundation grant, although we are not guaranteed to get it. We have started on this stand in order to protect our planning permissions. The initial work is being funded by cash reserves, but we need to replenish at least some of the working capital we've spent on getting the work going
2. To redevelop the East Stand to ensure that it meets SGSA requirements by 1 May 2014. Cost estimates vary considerably depending on different designs for the stand but it is likely to cost between £750k and £1 million
3. The other mandatory projects are likely to cost about £50,000 if they go ahead

4. We don't know how much we would need for a training ground, but the other highly desirable projects could cost up to £200,000

Assuming we get a grant for the KRE, the minimum appears to be about £1m, plus the cost of a training facility. In the most expensive case, but still assuming we get a grant for the KRE, we might need £2m, plus the cost of a training facility. As we evaluate the options for the east stand development we will be able to define these costs much more accurately.

Methods of raising finance

The options we considered

Finding a way to raise this money in a cost effective way without putting the Club at undue risk is a challenge, particularly as the traditional means of finance are not going to be available to us:

Football Grants – we will have exhausted the majority of grant funding available to us if we get a grant for the development of the Kingston Road End.

Bank Loan – It's unlikely that we will be able to get a further bank loan, and even if we did it is extremely unlikely this would be at the interest rate we currently enjoy. This is a symptom of a number of factors but in particular – the current economic climate, the poor history of football clubs repaying bank loans, and the loan we already have in place.

Cash reserves – these have been utilised already to enable the club to begin work on the Kingston Road End and, at least to some extent, they need to be replaced to provide us with a cushion against unforeseen problems.

Individual loans and bonds – we have been very grateful in the past to DT bond holders to help us raise finance but we are wary of creating further liabilities that can be avoided

Preferred method

We have concluded that the most attractive option to raise finance of this scale is to offer a new type of share in the DT which does not change the one-member-one-vote right of members because;

- It raises money without ceding control of the Trust or club
- It raises money in an environment controlled by the DT Board – shares are withdrawable by investors (i.e. you can get your money back) when the Club can afford it and at the discretion of the DT Board. This is important as it means the money doesn't sit as a liability in the club accounts but also that we don't find ourselves having to repay funds at a time when, it is possible, we can least afford it
- It saves the Club money on costs associated with a share issue in a Company (it does not fall under the Financial Services and Markets Act regulation)
- It may qualify for tax relief, so that individual investors can claim money back from their investment
- It offers subscribers the opportunity to share financially if the club is successful as interest could be paid at the discretion of the DT Board
- It gives the possibility of the Club paying back all or part of an investors money, by buying back their shares ,albeit there is no guarantee and it is most likely in the medium to long term

Remaining true to the overall objectives of the Club

In March 2011, the fans indicated their preference from a series of options was to ensure that we remain a supporter-owned club and we should pursue viable options for our own ground in Wimbledon.

Progress on the second of these objectives, moving back to Merton, has been slow. However, we continue to pursue this possibility and are actively working with the council and partners on potential schemes. As soon as there is clear news, we will make it public but it is likely that it would take several years to obtain planning permission and construct a new stadium in Merton.

An obvious question is why we should invest more money in a stadium we hope to leave. The answer is that if we don't at least invest in the mandatory projects we will not be eligible to stay in the Football League. We need our success, or lack of it, to be decided on the pitch; but, irrespective of how well we do on the pitch, failure to upgrade our stadium will eventually mean we will be relegated.

In the short term we believe we must have a stadium ground that;

- We own
- Meets FL and other regulatory ground grading requirements
- Matches our ambition of establishing ourselves as a FL Club

All of these factors leave the Club better placed to raise the funds to put towards a new stadium in the medium to long term. To put it bluntly, our ability to raise funds towards a new stadium in Merton is dependent on retaining our Football League status. Let's not lose that by neglecting the work we need to do. By doing so, we will leave the club better off to take any opportunities that arise in Wimbledon or Merton.