

**Minutes of the 22nd (107th) Annual General Meeting
of the St Beghian Society held in the Memorial Hall
on Saturday 27th June, 2015 at 10.30am.**

1. Welcome and continuation of the Society by the President, Dacre Watson.

Dacre welcomed members to the meeting and thanked them for attending, especially as many OSBs had travelled considerable distances from across the world to be there.

He introduced David Lord (Secretary and Treasurer), Anthony Fox (Project Management Group), Darryl Davies (Fundraising Co-ordinator) and Tony Reeve and Pam Rumney (Minutes).

Dacre acknowledged the members' feelings about the Governing Body and explained that the Society was a separate entity. He then requested that members present, despite frustrations, observe basic principles of courtesy and to treat other OSBs with respect and dignity throughout the meeting.

Anthony Fox was introduced and commenced by clarifying the terms to be used - 'Charity' meaning the body holding all the assets and 'School' being the place as it exists today. He then continued by giving a brief history of events to date.

He stated that, personally, he was devastated and saddened by what had happened and was concerned for all the pupils and staff who were affected. He and his family's association both with the village and the school had spanned many years.

Anthony stated that there had been a lot of inaccurate information in the media which was highly emotionally charged and unfortunately fuelled by third parties without the correct knowledge. However, he recognised that some of this was due to the lack of communication from the Governors which meant that people were being kept in the dark.

He went on to say that the school had been operating at a loss for five years, with the fee income not covering the expenses but with the deficits being covered by reserves and legacies. The loss for 2014/15 was identified as in excess of half a million and the school, having now drawn down on all free reserves, was left only with restricted reserves. The school had basically run out of money. In March the Governors made the decision to close based on, among other things, the low pupil places forecast for 2015/16. Only 28 applications had been received for the first form and there would be a large leave of 60 pupils in the current academic year. Moreover the 28 pupils required average bursaries amounting to 55% of the fees.

The March announcement had triggered an enormous response from pupils, parents, staff, OSBs, the local community and many others.

Anthony applauded the Rescue Team for their tremendous efforts and for the significant sum of money (approx £3m) that was pledged in a relatively short time. The Governors had apparently given careful consideration to the Rescue Team's proposals in April, but came to the conclusion that, regrettably, they had to stick to their March decision to close the school, taking the view that the funding gathered together would not cover the operating costs for 2015/16. £1.65m of the pledged money had been in loans and the Governors could not see how this could be repaid. They had also been mindful of the educational aspects and the advice of the highly-respected educationalists that had been consulted, who were advising that a one year proposal was not recommended but that at least two years needed to be offered. The financial and educational risks were perceived as too great and the decision to close in an orderly manner remained, giving parents time to make alternative schooling arrangements and staff time to find new posts as well as allowing redundancy obligations to be covered. A closure in the mid-academic year would have been a disaster resulting in a hurried closure and liquidators being brought in. The Governors hoped that when the school closed on the 31st August 2015, the assets of the Charity would be intact and available for the future.

Anthony clarified that Lonsdale Terrace was owned by the Old St Beghian Guarantee Trust Fund (GTF) and leased by the school. It was understood that when the school closed, the lease would cease, resulting in a loss of rental income to the fund. There was currently an outstanding mortgage of £160k+ on No.8 Lonsdale Terrace in favour of the Cumberland Building Society, which would obviously need to be funded in the future. The GTF was also owed £196k by the school by way of unsecured loan, and the Friends of St Bees School, a separate charity, were owed £955k by the school. Both these latter amounts would need to be repaid if the school did go into liquidation. However, if this situation could be avoided, both groups had indicated that they would not seek repayment at the present time.

Anthony concluded by indicating that the Society had absolutely no legal controls over the management of the school, its assets or the Governing Body. He confirmed that the Society did nominate Governors but that it had no control over them or their decisions. He also confirmed that he was not a Governor himself but had merely been asked to look at the future of the Charity.

A question and answer session followed.

Richard Stout (FN 56-59) referred to Anthony's statement that he was no longer a Governor and questioned if anyone had asked the Governing Board why so many Governors had left in recent years. Anthony was not aware that this had been addressed.

Stephen Edwards (FN 52-57) asked what would happen to the assets in the situation of the school's closure and if no alternative option existed. Anthony responded by confirming that the school would close on the 3rd of July but that the academic year ended on 31st August. He went on to say that currently the assets of the charity were unencumbered and therefore would be available for some use in the future. If no future could be found and the Charity could not carry on financially, it would go into liquidation and its assets sold. Anthony stressed the importance of this not happening and the need to retain the assets for the local community and hopefully a future educational use.

Alex Riley (G 61-65) thanked Anthony for his presentation and mentioned rumours that had been circulating with regard to coal deposits. He went on to say that he felt it difficult to look forward when he couldn't understand how the school had got to the position it was in now. Anthony Fox emphasised that the current business model was untenable and that, in his opinion, the model which had been adopted in recent years was incorrect; that operationally, the school could not operate primarily as a day school.

Joshua Oldham (SH 06-11) requested clarification with regard to the OSB Nominee Company, which had been mentioned at a previous meeting. Anthony clarified that OSB Nominee Limited was a company limited by guarantee which owned Lonsdale Terrace for the Guarantee Trust Fund. He stressed that it was not part of the school but that it leased assets to the school. He explained further the various bodies involved:

i. The St Beghian Society – Has cash and investments totalling approximately £200k. These monies help to run the Society, fund bursaries, and also assist the school from time to time with Speech Day prizes and other items.

ii. OSB Guarantee Trust Fund – Established in 1938 when the school ran in to trouble. This body is discrete from the school, owns Lonsdale Terrace and leases it to the school. Nearly £200k is currently owed by the school to this Fund.

iii. The Friends of St Bees School Charitable Trust – Appeals in the past had been run through this body and funnelled into the school by way of loans. The school currently owed approx. £1m to this fund.

Anthony reported that Lonsdale Terrace, as a boarding house for the school, would no longer be needed when the school closed and this was a very serious situation, because the Trustees of the GTF would need to reinstate the buildings back to their individual units. However, he confirmed that the Trust did not have the money available to do this without borrowing. The main objective of the Trust was to support the school but if, in the future, the school was not there, the Trust would need to look at alternative options.

Mike Hayward (FS 74-78) questioned the large amounts of money that had been recently spent on showers and carpets for Lonsdale Terrace and asked why this expenditure had been sanctioned so close to closure. Anthony stated that as he wasn't a Governor he was unable to give an answer but suggested that an associate of Mr Hayward's, Mr W. M. Roberts, as Chairman of the Executive Committee of Governors and in charge of the finances at the time, might be able to advise on this. Anthony believed that Lonsdale Terrace had been in a poor state and as it was the school's obligation to keep the properties in a good state of repair, he suggested that this was probably why the monies had been spent.

Annabelle Roberts (05-12) made a statement that Anthony Fox and Dacre Watson had both been Governors in the past. Anthony confirmed that he had been a Governor from 2001 until 2010, when he had resigned for various reasons. Dacre also acknowledged that he had been temporarily a Governor for a very short time, but had resigned in May 2015.

Jon Garside (SH 89-91) asked about the accounts of the school and pointed out that there appeared to be £1.5m available in 2014. He wondered why the school had gone from a reasonably steady income stream to closing down in a relatively short space of time and asked whether any investigations of the accounts had taken place. Anthony stated that he was not aware of any such investigation but suspected that it hadn't been done. Jon Garside stressed his concerns that the questions hadn't been asked and pointed out that the brutal lack of transparency made it harder to understand. He went on to say that money didn't just disappear but that normally it was either spent or invested, therefore there was a big question of how this financial situation had arisen so suddenly.

Chris Lamont (SH 92-99) mentioned that he had been part of the initial Rescue Team's efforts and wished to share his shock in the appalling way the Rescue Team had been treated by the Governors, especially with regard to the management of information. Despite a non-disclosure agreement being signed, they had limited their disclosure of information and refused to co-operate fully with the Group. Dacre Watson responded that these questions needed to be directed to the Chairman of the Governors.

Helen Stout (G 85-92) inquired as to who the Governors were accountable to. Dacre confirmed that it was the Charity Commission. He acknowledged the many emails that had been received by the Society asking for the Governors to stand down but emphasised that the Society was totally separate from the Governing Body and

that the Governors were appointed by the Charity Commission and could only be removed by them. He went on to mention that the Society could nominate up to five Governors and those positions were open to any OSBs who were interested, but stressed that the Society could not control the way those persons spoke, acted or voted. Helen Stout expressed her concern that there were serious flaws with the set-up of the whole situation. Gordon Cartmell (G 55-59) requested clarification on the £½ million liability for reinstating the Lonsdale properties that had been mentioned and also asked whether the Governors were personally liable. Anthony said that it was his view that this might be the amount required and that it was the school that was liable, being a company limited by guarantee. The Governors, as Guarantors of the Limited Company, were liable to contribute a nominal amount to the company's funds in the event of its insolvency.

John Ogden (FS 51-56) asked whether the school's accounts were up to date with the Charity Commission and whether they had been professionally audited. Anthony confirmed that the last accounts filed were for the 2012/13 academic years and that, although the 2013/14 ones were not yet with the Company's Registry or Charity Commission, he believed they would be very shortly. He understood that the accounts were audited by a firm of Chartered Accountants.

Mike Hayward (FS 74-78) enquired about the delay in filing of the accounts. Anthony indicated that he believed it was due to a technical/accountant's issue as opposed to any intention to hide anything. He went on to confirm that he had seen the accounts and that they certainly didn't indicate that the school was about to close. He concluded by saying that the 2014/15 accounts would probably contain some indications of problems. Adrian Hope (G 69-76) asked why the Society had not realised that the school's finances were in such a state. Anthony emphasised that it was not the Society's remit to look at the school's accounts but that the Society had been actively trying to raise some funds for the school, but with relatively low success to date. Darryl Davies pointed out that, as Fundraising Co-ordinator, he had made contact with several potential donors but that they had wanted to see a concrete Business Plan before they would fulfil their offers. Following a question from Joshua Oldham (SH 06-11), Anthony confirmed that Darryl Davies had been paid by the Society for one year to raise funds to assist the school.

A question was asked about the original figure of £10-15m which had been cited as the amount required to keep the school going. Dacre confirmed that this was his figure which had been based on a long term 5-7 year plan:- he went on to state that whilst up to £7million would be needed to actually run the school during those years, the larger sum would be required to fund bursaries and carry the school through downturns otherwise there would be a constant cycle of fundraising needed in the future.

Richard Morris (FN 61-65) enquired as to the deficit for the following year as he felt strongly that a 2015 solution was required and that things needed moving forward from a fresh start immediately.

Chloe Smart (L 06-13) expressed concerns as to how there had been no indication that the school was closing just a year before the announcement. Anthony suggested that the Governing Body possibly felt that they could get through the situation. It was believed that in 2012, despite a projected deficit over five years, they thought it could, as long as it was supported sufficiently, come out successfully.

Ian MacPherson (FN 44-47) said that the previous Governors had been at fault for the last ten years. He considered it to be the Accountants' job to assess the situation at the end of the financial year and hoped that the approach to the Charity Commission would lead to a proper investigation. He expressed his gratitude to the Rescue Team for the amazing work that they had produced, but also mentioned that his communication with the Governors had been appalling and called for their resignation. He felt very strongly that OSBs should have been warned earlier of the problems.

Mark Rocca (FS 75-80) summarised the situation with a few personal observations. In his opinion, he believed that the Governors had been caught on the hop and knew that the school would be unable to trade if it became insolvent. They therefore went down the road of closure, which led to problems regarding the loss of pupils and staff. He believed that on 16th April the Rescue Team had received a fair hearing from the Governors until lunchtime, after which the Educational Report was introduced and the reservations with regard to the realisation of pledges was discussed. Mark mentioned the survey of parents' views with regard to a further one year of operation and the payment of bursaries and pupil numbers. He believed that the Governors didn't trust the results from the parents nor the OSBs in respect of pledges. Dacre thanked Mark for his excellent summary of observations.

2. **Minutes of the 106th A.G.M. held on Saturday September 13th 2014** - published in January 2015 Bulletin. The Minutes were agreed and proposed by Tim Brown and seconded by Don Williams.
3. **Accounts** - David Lord, the Treasurer, gave a summary of the various funds including the cash balances and investments. He drew attention to the total sum of £217k, including investments in various accounts, which was available to be used as considered appropriate by the Society and GTF Trustees. The Guarantee Trust Fund balance sheet indicated that the Lonsdale Terrace properties were valued at £470k and he emphasised that this was the value at cost with the actual market value being considerably more,

possibly 1.5 to 2.5 million. The outstanding mortgage of £160k on No.8 was mentioned, as was the cost required to reinstate the properties to individual units.

David expressed his concern at various comments on social media which seemed to be suggesting that the Society held vast sums of money, which he confirmed categorically was not the case.

Following a question concerning liabilities, Anthony Fox mentioned that if the school went into liquidation, possibly only 30p in the pound would be received by creditors.

Adrian Hope (G 69-76) raised a question about the amount of Society funds available. In response it was stated that the Scholarship Fund had balances totalling £167k (for Bursaries and Scholarships), the Trust Fund £24k (prizes for Speech Day), the Guarantee Trust Fund £9k and the St Beghian Society General Account £17k.

Adrian Hope suggested the payment of an annual subscription fee. Jon Garside (SH 89-91) proposed a minimum of 1% of a person's income a year. Jon requested that the Society recommended this proposal. This was seconded by Bill Dove.

4. Grant to the Golfing Society - David Lord reported that last year the small grant given to the Golfing Society each year was raised to £660 and he recommended that this should continue. This was proposed by David Parker and seconded by Don Williams.

5. The Reasons for the Closure of the School - This item had been covered previously.

6. The Way Ahead -

a) Mike Hayward had advised the Secretary just prior to the meeting that he no longer wished to bring his proposal forward as the other people involved, who had done much of the groundwork, were unable to attend owing to their not being OSB Members. This was reported to the meeting.

Gordon Cartmell (G 55-59) requested that his disappointment in the decision was recorded.

b) Anthony Fox - Anthony began by thanking OSBs for their generous pledges to date. He emphasised that a vision for the future was in place and that it was hoped that something would be on the site in the next 24 months. He announced that a new Project Management Group (PMG) was in existence, which did not include any current Governing Body Members. He went on to confirm that on the 1st September this year the PMG would assume responsibility for the control of the Charity's assets.

Anthony stressed that the following elements would require attention in order to ensure a future for the Charity.

i. **Financial Security** – Money would be needed and therefore Anthony fully supported the proposals with regard to fundraising. He also emphasised the importance of maintaining the site as a place of education in the future and as a continuance of Grindal's vision.

ii. **Security of the Charity's Assets** – A process of securing the assets at the end of the academic year would be required, such as insurance, alarms, CCTV and a possible Securicor type presence in the short term. In addition, the full maintenance and up-keep of the assets would be addressed. In accordance with statutory obligations, those assets within the Charity's portfolio that could earn a living would do so, especially as an estimated £400k gross figure would probably be required for the next year and between £800-£1m over two years to maintain the site. Anthony was not optimistic regarding any substantial amount being handed over by the existing Board of Governors. He hoped that if the Charity could survive the next six months, liquidation would be avoided. The intention was to use assets for income generation where appropriate.

iii. **Possible Future Educational Options** – Anthony indicated that various ideas were being considered:- Independent Education, Maintained Sector/State school, International school or any combination of these. A Sports Academy, Field Centre or University Campus had also been suggested. He went on to say that the PMG was open-minded and being helped, free of charge, by business analysts. He would certainly look at Mr Hayward's proposal but a Business/Educational Plan was essential. He stressed that he was unable to give any guarantees as to what the place would be like in three years' time but emphasised that he was adamantly against a sell-off of assets and therefore, in his opinion, all other possible avenues should be explored.

Anthony Fox made a plea to members regarding the use of Facebook as it was having an adverse effect on potential progress. Prospective Board Members were reluctant to commit because of the media storm and one major investor had also been lost as a direct result. He observed that the aim to secure something on the St Bees site was shared by both the Save St Bees Group and the PMG. Undoubtedly fund-raising would be required and he asked members to support the GTF and the Friends in this. Jon Garside suggested that if there was transparency the use of Facebook would probably reduce. Anthony confirmed that the PMG realised the need to communicate.

George Robson (FN 57-64) enquired as to the future of the Society and in particular, the office and the Bulletin. It was confirmed that Pam would be kept on and the Bulletin would continue.

Richard Stout (FN 56-59) raised the question of communication and pointed out that, at an AGM back in 2010, Sara Calvin had appealed for greater communication from the Governing Body. He went on to ask about the future of the village in terms of Abbots Court and the land behind it. Was a sale being considered? Anthony

confirmed that Copeland had not given permission for 'change of use' for the land behind Abbots Court. A value had been placed on the land as the school needed to look at funding opportunities. He said he had no knowledge of the Governors' intentions regarding Abbots Court, but he again emphasised that he was in favour of preserving assets wherever possible rather than selling them off.

Peter Jago (SH 74-81) applauded the efforts to move forward but requested that OSBs were kept informed and given the chance to comment on options available. Anthony stated that it was vital that the new PMG communicated with interested parties and confirmed that the PMG would include members of the Society and also members of the local community.

Richard Morris (FN 61-65) enquired about the situation in 2010 concerning Abbey Farm and its land. Richard Stout gave his summary of the situation and explained how the Governors had lifted the restricted covenant to allow development to take place.

Following a question from Gordon Cartmell (G 55-59), Anthony confirmed that Abbots Court was one of the Charity's assets. Gordon asked whether all the assets were there to pay off debt, if realised. Richard Morris (FN 61-65) questioned why the school could not continue in September by selling off assets. Mike Hayward (FS 74-78) felt an open mind should be kept and supported the idea as worth considering. Anthony Fox reported that he was happy to look at the proposal as long as it was properly made.

7. **Election of Officers:** Richard Stout (FN 56-59) proposed that all Officers be re-elected en block. A vote was taken and all but one member were in favour of this. The vote was passed and all officers below were re-elected.

- a) President 2015-2016 – Dacre Watson – 2nd year as President.
- b) Committee – Retiring this year are R.P. Calvin, D.W. Davies, A.J. Haile and A.T. Johnston
- c) Secretary & Treasurer – Mr David Lord
- d) Golfing Secretary – Mr James Doggett
- e) Accounts Checker – Mr Jason Spires

8. **Any Other Business.**

- a) **The 200 Club** - Due to the time, this item was left until a further meeting.

b) **Proposed Vote of No Confidence in the Governing Body** - Dacre Watson informed the meeting that, in his opinion, the Governing Body had acted with integrity and for the financial reasons outlined above had no choice but to act as they did. He requested that members did not pass the vote of no confidence not least because the Society had no means of enforcing it and in any case the Governors would be resigning by 31st August.

Jon Garside (SH 89-91) suggested that in addition to the 'Vote of No Confidence in the Governing Body' a 'Vote of Confidence in the PMG' should be taken, offering OSBs' support and confidence for the future.

Helen Stout (G 85-92) agreed with Jon's suggestion but also asked that the Society, following the meeting, issue a Press release covering the AGM's decisions and proposals. Anthony reported that this had been their intention and he confirmed that it would be done.

William Hind (G 59-64) suggested that the Vote of No Confidence in the Governing Body could be damaging and questioned the necessity of it, considering that the new PMG would be replacing the Governing Body in due course.

Mike Hayward (FS 74-78) requested that a Vote of No Confidence did take place and went on to read out a prepared statement of his thoughts and opinions as to where he felt the Governors had fallen short.

A discussion then took place as to whether there should be a combined Vote of No Confidence in the Governing Body along with a Vote of Confidence in the new Project Management Group or whether it should be two separate votes. It was decided that two separate votes should be taken.

The results were as follows:

- i. Vote of No Confidence in the incumbent Board of Governors.
This was proposed by Mike Hayward and seconded by Richard Morris.
51 For, 12 Against and 21 Abstentions. The vote was carried.
- ii. Vote of Confidence in the Project Management Group.
This was proposed by Jon Garside and seconded by Sara Calvin.
72 For, 0 Against and 12 Abstentions. The vote was carried.

9. **Date of Next Meeting** - This was uncertain at the moment but it was proposed that OSBs would be informed of the date once it had been agreed.

The Meeting closed at 12.55pm.