

St. Luke's Trust

5th December 2022

Gareth Roberts
KRE Corporate Recovery Limited
Unit 8, The Aquarium
1-7 King Street
Reading
Berkshire
RG1 2AN

PRIVATE AND CONFIDENTIAL

Dear Gareth,

RE: ST.LUKE'S TRUST – PROPOSAL IN RESPECT OF ALDER BRIDGE ASSOCIATION (ABA) FOR STEINER WALDORF EDUCATION

Please find below our outline proposal and supporting information. Attached is a copy of the outline proposal sent to the school trustees on 30th October 2022. No formal response was received to our proposal from the ABA trustees.

The proposal in outline:

1. Funding is raised by SLT that enables ABA to satisfy amounts owing to its creditors on closure.
2. The School (ABA) transfer Bridge House including the surrounding land and the Woodland to a new charity which has objects compatible with ABA, ie to support Steiner-Waldorf educational initiatives in the locality;
3. St. Luke's Trust (SLT) transfer the school building and surrounding land which is currently leased to ABA to the same new charity which has objects that are also compatible with the objects of SLT;
4. The new charity takes responsibility for the repair, maintenance and enhancement of the whole site over time;
5. All rental income and associated costs transfer to the new charity.

We recognise that full details and legal documentation will need to be prepared and agreed if this outline proposal is acceptable. This letter is not intended to be legally binding, but to open a discussion.

We aim to demonstrate that:

- A. The history and relationship of SLT, the site in question and ABA have been closely linked for over 50 years;
- B. The disposal of Bridge House and surrounding land including the woodland to a third party would cause lasting material harm to the operations and aims of SLT, the potential for new innovative education initiatives to emerge and the local community;

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- C. A new operating model can emerge that supports Steiner-Waldorf education in this locality, for the benefit of the local community in new innovative ways. There are two initiatives established to do this.
- D. SLT has the track record of creating a land trust and innovative educational early years provision in Reading.

Background

1. St Luke's Trust (SLT) disposed of Bridge House and associated land and buildings to Alder Bridge Association for Steiner-Waldorf Education (ABASWE) in 1997 at significantly below market value. The price was £120,000 of which £90,000 was payable over 10 years and no interest payable. This was possible and approved under the relevant charity law provisions because both charities shared the same aim – to promote, support and provide Steiner Waldorf Education in the Reading area.
2. The newer 1970's school building and surrounding land has been let to ABASWE for a nominal sum since the school came to the site, expanding from their Kindergarten in Reading.
3. Rent holidays and reductions and some grants have been given to ABASWE over the years by SLT.
4. Dr Stuart Brown set up the charity Reading Steiner School Project (charity number 297857) (RSSP) in 1987 and this was renamed Alder Bridge Association for Steiner-Waldorf Education (as it is now named) when the school started at the site of Bridge House Home School. The aim of ABASWE was to provide Steiner Waldorf education in the Reading area.
5. Mr and Mrs Cawthra Mulock gave Bridge House, their family home, to form Bridge House Home School Trust (Later renamed St Luke's Trust (Berkshire)) when they emigrated to Canada. Stuart Brown was at Michael Hall Steiner School with Nigel Mulock, a son of Mr & Mrs Mulock.
6. When the ABASWE initiative started in Reading, Mr and Mrs Mulock gifted £50,000 of the £115,000 required to purchase 5 Christchurch Gardens in Reading, enabling the Kindergarten to be started there. This was clearly demonstrating their intention to support local Steiner-Waldorf inspired initiatives.
7. Marcus Webb and Stuart Brown, then both Trustees of ABASWE, were invited to be Trustees of St Luke's Trust to help bring the work of the two charities together in 2004.
8. Marcus and Stuart were trustees of ABASWE but withdrew at different times. They have always believed that success of the school was dependent on a thriving early years provision. The early years provision was (in our view) not well managed and contracted over the years which resulted in too small a flow through of pupils to the school. This resulted in the school becoming increasingly financially vulnerable.
9. When ABASWE ran up debts to subsidise the running of Alder Bridge School they decided to sell 5 Christchurch Gardens as they had already allowed the Early Years work to run down there. Marcus and Stuart, as Trustees of St Luke, stepped in and bought 5 Christchurch Gardens for market value so that the Early Years work could redevelop there.
10. Following the disposal of SLT's care operations in 2019 and donation of land to another charity – Purley Park Trust, specific land was retained to help ABASWE in the long term e.g. a strip of land to the rear of the site to enable pedestrian access from the school building to the woodland. A corner plot was retained from Mill Lane into the woodland to enable improved access if ever required.
11. SLT is now a Land Trust, owning the Alder Bridge School building, Lyndale (next to it), 8 Orchard Dean (other side of Mill Lane) and 5 Christchurch Gardens in Reading.
12. SLT does not run any activities itself but Rose Garden Early Years Centre CIC runs the activities at 5 Christchurch Gardens.

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13. SLT is now working with the model that a land trust should hold the land and buildings for the support of the Education and let these to organisations that carry out the activities. In this way the land and buildings are not lost if the management of the particular organisation fails. This model is also successfully implemented in other organisations.
14. Marcus Webb was the acting trustee for ABASWE in 1997 who negotiated the acquisition of Bridge House from SLT.
13. Stuart Brown, when a trustee of ABASWE, organised the purchase of the woodlands and raised the funds for this some years ago.

It can be seen from the above that the connection between SLT, established by the donors of Bridge House and surrounding land, and the site more generally has a consistent long term intention to support Steiner-Waldorf educational initiatives in the locality.

Why disposal of the ABA land and buildings to a third party will (in our opinion) cause significant harm to the aims of SLT and the local community

1. Bridge House is a listed building and is in a conservation area. Any potential works on buildings elsewhere on the overall site e.g. the school building – will be constrained as to its impact on Bridge House. Consequently, it is optimal from a development perspective to manage the whole site as a single entity.
2. Access to the school building is through Bridge House. In the absence of these access arrangements the school building would have to be accessed further down Mill Lane, which is a private street. The long term implications of this are uncertain. Well established access arrangements would be disrupted with unforeseen consequences in years to come.
3. One or more new initiatives can start from the bottom up with little change to the buildings. Early years provision is running successfully in Reading with 50 families. Some of these parents want to send their children to Steiner inspired education in this area. Other out buildings can also continue to be used for other craft work teaching e.g. woodwork.
4. Long term tenants at Bridge House will lose their home.
5. SLT is proposing to gift the school building to the new proposed land charity. This would only happen if the proposed land trust were formed. No other proposal can leverage this particular social benefit.
6. Members of the Association (parents and others) want to see EY work continue in the EY rooms in and behind Bridge House and these initiatives would be harmed.
7. In essence, it is our opinion that the disposal of Bridge House to third parties would severely harm the charitable aims of SLT and the reasons that Bridge House was donated by the owners to this work in the first instance – for the provision of Steiner Waldorf education in the Reading area.
8. Many, if not all, Association members want to see Bridge House to continue to be a centre for Steiner Waldorf education in our community. There are gifted individuals who could well step forward if approached.

Implementing a new operating model

1. Creating a new land trust secures the long term potential of the site and is not put at risk by future poor operational management of any particular initiative.

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2. Bridge House requires greater investment to be maintained properly and improved. This includes optimisation of rental income. For many years ABA used assumed rental profits to meet other operational costs. Consequently, more focused proactive investment is required e.g. improving insulation, meeting minimum energy efficient standards, replacing oil heating and replacing with sustainable sources of hot water and heat.
3. All negotiation of service charges/rents will be at 'arms length' with tenants to ensure all relevant costs are covered.
4. Facilities will continue to be made available to other local community organisations e.g. use by local Scout groups.
5. We have the skills and relevant expertise, with appropriate advisory and legal support, to deliver a successful operating model. SLT has undertaken significant land acquisition/disposal and organisational change transactions. Marcus is an experienced portfolio landlord, including Houses in Multiple Occupation. He was also a senior commercial manager at Vodafone for 30 years until his 'retirement'. He was also a trustee of the Vodafone Group Pension Scheme for 6 years.

Next steps

As we are sure you would expect, in order for SLT to ensure this is in the best interests of our charity (which at the moment we believe it is) and to take the next steps towards implementing this proposal, we need to undertake all necessary due diligence and there is range of information that we require at this stage. We may need further information, but initially would need to know the following:

1. In order to understand the ABA closure costs we need to know:
 - a. Amounts due to secured creditors
 - b. Amounts due to unsecured creditors
 - c. Amounts due in respect of severance payments to employees (in aggregate)
 - d. Amounts due to trade creditors (if possible split between school supplies and utility running costs and between Bridge House and the school building)
 - e. Amounts due to HMRC (tax and NI)
 - f. Administrator's estimated fees
2. In respect of the rental activities:
 - a. Full details of each Assured Shorthold Tenancy agreement
 - b. Confirmation that there are no protected or regulated tenancies
 - c. Confirmation that no Section 21 notices, rental arrears or any other court action/arbitration or HMO licence issues are outstanding. HMO licences are not transferable and therefore sufficient information regarding adherence to the current licence conditions e.g. gas and electrical safety certificates, is important to understand.
 - d. Detailed information regarding tenant deposits paid and evidence that all deposits are protected as necessary.

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3. How matters will progress from now and relevant timescales.
 - a. We need to understand what the role of the ABA trustees is now and to the point of exiting administration following any decision by the administrators. SLT would wish to proceed with confidence in implementing this proposal. For example, there are expected to be a number of options for raising the required finance; SLT would not commence this activity without ideally a period of exclusivity and agreement to proceed from the administrators.
 - b. ABA has members, whose views should be sought. An EGM can be requisitioned and must be held within 21 days. We are interested to understand your views about the efficacy of seeking such views.
 - c. We are prepared to enter into a NDA if this helps the flow of relevant financial and other commercially sensitive information.

We very much look forward to working with you for a successful and positive outcome. As stated earlier in this letter, we recognise that once we have all the information, then full details and legal documentation will need to be prepared and agreed. This letter is not intended to be legally binding, but to start the discussion. In the first instance Stuart and I would ideally like to meet personally with you to establish a connection; subsequent meetings could be held on Zoom.

Yours sincerely,

Marcus Webb & Dr.Stuart Brown
Directors of St.Luke's Trustee (Berkshire) Limited