



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

T +44 (0) 1189 47 90 90
F +44 (0) 1189 97 73 50
E info@kreocr.co.uk
W www.kreocr.co.uk



TO ALL KNOWN MEMBERS

8 August 2023

Dear Members

Alder Bridge Association for Steiner-Waldorf Education (In Administration) (“AB”)

Further to my report dated 19 July 2023 there have been several developments since sending out my report and I, therefore, write to report further.

I have been advised that I will receive further nominations from members who wish to be appointed as trustees of AB and, therefore, the EGM will need to be moved back from 12 August 2023, likely to early September 2023. I will advise members of the new date in due course and formal notices will be sent out shortly when I have received the further nominations. I would ask that any member who would wish to be nominated as a Trustee should advise me within the next 7 days (from the date of this letter).

I attach as an Appendix the proposal put forward by Nick Swift who has also put forward his nomination to become a trustee, along with Rachel McCrory. I understand that Mr Swift has the support of a number of other members. The Bridge House Legacy Fund Proposal proposes that as Administrator I market and sell Bridge House to enable me to pay creditors and costs and based upon the current valuation this would result in circa £1m being passed back to the Trustees on the exit of AB from Administration. AB will continue as a charity utilising the capital and interest to make donations to Steiner Waldorf activities or individuals. Full details are attached.

I also need to advise members that the Alder Tree House Education Centre operating from the school building owned by SLT has been closed down by OFSTED as it was deemed to be operating illegally. My understanding is that the operations exceeded home schooling assistance. I must make clear that the centre was not operated by either the Administrators or SLT, however this adverse development may be relevant to members as regards their decision at the forthcoming EGM.

In order to provide the loan to exit administration SLT need to sell a freehold property in excess of the loan value. It is my understanding that there are current issues with the SLT property which mean it cannot be marketed and the next potential development is expected on 18 September 2023 in this regard. Whilst I am assured that every effort is being made to sell the property the fact remains that there is no certainty as regards timescale and the longer the administration runs the greater the costs and accordingly the greater the loan required. There may of course be similar issues with a sale of Bridge House.

I may need the agreement of the Charity Commission if I am to commit AB to a substantial loan, the timing of which is not in my control.

I also attach a further communication from Marcus Webb and Stewart Brown expanding upon their proposals, if appointed. I would emphasise that this is their proposal and I make no comment on

Directors: Robert C Keyes (IP No. 8841) | Paul W Ellison (IP No. 7254) | David R Taylor (IP No. 13790)
KRE Corporate Recovery Limited (No 12645353) registered in England and Wales | Registered Office: Unit 8, The Aquarium, 1-7 King Street, Reading RG1 2AN

All Directors of the firm are authorised to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England & Wales
Directors and staff acting as Administrative Receivers and Administrators act as agents of the company over which they are appointed and contract without personal liability

A copy of our Privacy Statement can be found at www.kreocr.co.uk

the proposed future structure of the charity. My counsel has advised me that I need only concern myself with the repayment of creditors in full.

I must however comment that my agents Lambert Smith Hampton do not agree with the unsupported comment that Bridge House is only worth £1m. Their formal valuation is £1.5m which they would hope to be conservative. This does not include the woodlands.

I would also comment that SLT have submitted a claim for dilapidations in respect of their school building. This claim is against AB and is in the sum of £136,000. My surveyors began to review the claim believing it to be significantly overstated, however SLT then advised that if they are elected and their proposals are accepted, then it will be withdrawn. At present therefore it is a contingent unquantified claim.

Finally, I would advise members that I have a number of concerns with AB's register of members and, therefore, potentially the results of members voting. It appears that admission of members in the past has not been in accordance with AB's articles of association, nor has the removal of certain members. In addition, I have received requests for advice on the admission of new members to enable them to vote at the forthcoming EGM. My Counsel has advised that I should continue to convene the EGM as required, however, reserve my right again to take whatever action as Administrator I deem appropriate, in the interests of creditors, including but not limited to making an application to the Court under the Insolvency Act 1986, for directions.

As indicated previously, should any members have any queries, please do not hesitate to contact either myself or Chris Errington at this office.

Kind regards



P W Ellison
Joint Administrator

Licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

Alder Bridge Legacy Fund Proposal

At the EGM the members will be asked to vote for or against the appointment of individual trustees who will join the existing trustees on the board of ABASWE. We have already been told that Marcus and Stuart wish to stand as new trustees of ABASWE, and they have shared the plans they intend to follow should they be voted in.

If Marcus and Stuart are NOT voted in as trustees, Bridge House will be sold, the creditors will be paid off, and the current trustees of ABASWE will have to decide what to do with the proceeds.

The school entering Administration has resulted in costs, including debts to creditors that are now approaching half a million pounds. We believe that taking out a loan from SLT to pay this off simply delays the inevitable. The sale of Bridge House does not have to be viewed as a negative and we believe it is important that an alternative proposal is put on the table so that members can make an active choice.

It is estimated by KRE that ABASWE will receive around £1million after Bridge House is sold and all creditors are paid. ABSWE will also retain the woodlands. We suggest that this money is put into an investment fund or funds with low risk to capital and with high ethical standards and a focus on long term growth. The objective would be to retain the investment value and disperse money accrued from interest (current estimate around £50k per year) to good causes. Anyone involved with Steiner-Waldorf related activities could be invited to apply for funds and the ABASWE trustees would decide annually whether to award funds, make donations or retain the interest and increase the growth of the invested sum.

Beneficiaries could include Steiner-Waldorf Schools needing to stock their library, design a play area, build a classroom, buy new classroom furniture, refresh their costume cupboard, for example. Or individuals could apply for funding to enable their child to continue attending a Steiner-Waldorf School during a period of personal hardship perhaps. A teacher could apply for funding a sabbatical. Steiner-inspired home education initiatives could be eligible to apply for funding, including any such organisation using the current school site. SLT would be able to apply for funding for their Early Years setting at Christchurch Gardens.

By retaining the original investment there is the possibility that, should the time come when another Steiner-Waldorf School becomes viable in the Thames Valley, the full sum could be donated to support a new initiative.

While retaining Bridge House has its appeal in keeping the full school site together, it has enormous cost, both in running costs and in the substantial loan that will need to be repaid to SLT. Instead, we can ensure that the value remains fully in ABASWE ownership, and this offers the opportunity to have an enduring altruistic legacy. At future AGMs we could look forward to hearing about the many good deeds that we have supported and the growth of our investment.

The main school, its grounds and car park would remain the property of SLT who would, of course, be free to use the building and site as a Steiner school or home education centre if they so wish, and the woodlands would be available for them to lease too.

We, Rachel McCrory and Nick Swift, are standing so that there is an alternative proposal for members of ABASWE to consider. Its implementation is not conditional on us being voted in as Trustees and we would be delighted if others wish to stand as Trustees too.

To: Association Members of the Alder Bridge Association for Steiner Waldorf Education (previously Reading Steiner School Project)

Dear Member's of the Association,

You will have now received information about the forthcoming EGM that was expected to be held at the School hall on Saturday 12th August 2023.

Due to further nominations for Trustees and the need to give 14 days clear notice, the EGM date has been moved to early September 2023.

If you are not able to attend in person, do please register your proxy vote as detailed in the recent letter from Paul Ellison, the Administrator. This is an important meeting about the future of Alder Bridge Association for Steiner-Waldorf Education (ABASWE).

The purpose of this letter is to explain in more detail the proposal that Marcus & Stuart have recommended.

On 24th November 2022 ABASWE went into administration. Since that time, St. Luke's Trust (SLT) have been discussing their proposal with Paul Ellison of KRE Corporate Recovery. Our more detailed proposal to them is available on request from us. This outlines the history of the relationship between the two trusts and how the loss of Bridge House would damage the site in perpetuity.

Paul Ellison's report to members dated 19th July 2023 gives further information, but essentially sets out SLT's proposal and the consequences if members reject it – i.e. Bridge House will be sold. This will have significant implications for SLT, owner of the school building, the local community, tenants in Bridge House and the ability to provide Steiner-Waldorf education in the locality in the future.

The proposal in outline

1. St. Luke's Trust are selling a property that they own to raise funds so that a loan can be made to ABASWE, secured on Bridge House. These funds will then be used by the Administrator to pay creditors of ABASWE and allow ABASWE to exit administration.
2. When ABASWE is out of administration, our proposal is that Bridge House and the Woodland will be transferred to a new charity. We will call this a Land Trust, but the exact name and most suitable structure are yet to be researched and determined.
3. SLT will gift the school building to the same new charity.
4. The new charity will take responsibility for the repair, maintenance, and enhancement of the whole site over time.
5. All rental income and associated costs will be transferred to the new charity.

Why transfer the land and buildings into a separate charity?

1. Security

Our aim is to hold the land and buildings securely in a Charity that does not run the activities. The facilities are then made available to Steiner-Waldorf initiatives using the model of St Anthony's Trust in Forest Row, Sussex. St Anthony's owns Tablehurst and Plawhatch Farms and makes these available to the farm businesses. This means that if the businesses fail, for whatever reason, the land and buildings are still available for others to use and would not be lost due to debts incurred by the activities.

2. Ability to raise capital

The proposed outline structure of the new charity will be familiar to lenders. The key here is that the charity will not be undertaking any other activities other than owning, maintaining, and managing the land and buildings. This means that in the longer term should investment be required in, for example, new educational facilities; it would be more straightforward for the charity to raise capital.

3. Focus

Given the proposed objectives of the new charity can result in greater focus on all of the land and buildings on the Mill Lane site. This includes access and planning consent arrangements in support of supporting Steiner-Waldorf education. These are important and significant tasks and require focus, time and attention in their own right.

4. Retaining charitable status

Current Labour Party policy is to change in some way the current benefits received by private educational charities. It's not clear yet in what form this change will happen. Charitable status may be withdrawn and/or VAT chargeable on tuition fees. By separating the land and buildings into a new charity could help shield some or all of the impact that might arise. For example, by retaining the benefit of gift aid on donations.

5. Defensive strategy

If Bridge House and the Woodland are sold; SLT could be left with a stranded asset in the school building. Access arrangements and planning permissions in place are long established for the site as a whole and are best managed in that context. Bridge House owned by a third party has contingent risks of uncertainty for the remainder of the site.

6. A new gift

SLT are proposing to gift the school building and its land to the new charity. This is a valuable gift. The proposal being advocated is the ONLY proposal that results in this gift.

7. Planning for growth and successful Steiner-Waldorf education in this locality

SLT needs to plan for the future. Our site at Christchurch gardens is growing. Our new garden (resulting from land purchased from a neighbour, greatly increasing the size of the garden) opens in September and enables a way for further site development and increased numbers. Some of these parents (currently 50) and their children will wish for Steiner-Waldorf education. The Mill Lane site is the best alternative to support this future development.

Following our proposal being submitted to the administrators, another proposal has emerged at the last minute and is being put the Meeting. Given that this proposal comments on ours, we need to make some further comments:

In 2008, the then Trustees of ABASWE decided to sell Christchurch Gardens Kindergarten in order to pay off debts that they had built up and subsidise the running of AB School. St Luke's stepped in and bought 5 Christchurch Gardens, thus preventing it being sold on the open market and lost for S-W education. The result is that numerous children and parents have and are benefitting greatly from the continuation of the Kindergarten and Parent and Child work there (some going on to Alder Bridge School), and the income from the renting out of the 5 residential rooms has supported the purchase from ABASWE. In a similar way, if we keep Bridge House, the Early Years rooms are then available and the income from the residential rooms can be used to support the building.

We believe that the estimate of £1.5m for Bridge House is in practice too high and that it is more likely to be nearer £1m given its listed building status, it being in a conservation area, the time that has past since the valuation and its condition. This means the 'legacy fund' could be just over £0.5m. This would be insufficient to replace the buildings lost, even if planning permission in the conservation area were possible.

Further, it is our view that the legal structure of the ABASWE charity is inappropriate for a legacy trust, for the same reasons as ABASWE has not been able to look after their properties. The current structure will likely create conflict as people try to get hold of funds for themselves and their own pet projects. The capital would dwindle away with the Trustees enjoying giving away money in multiple directions, but the site, and access to the site, will be lost for Steiner Waldorf Education – particularly Early Years. Also, who would ensure that the Trustees were appropriately qualified for such a task, including supervising the use of the money after it has been handed out?

Just as Bridge House was bought in the past, the debts, as a proportion of total value, are perfectly manageable, particularly given the rent achievable in the current market. The market has changed, interest rates have risen significantly and house prices are falling. On the other hand, rents are rising and our proposal is financially underpinned by these income streams.

Ex-parents who are association members, please think of the future as was done in past years by the pioneering

group in establishing the school (with no funds at all) and think of the future parents who want their children to receive a Steiner Waldorf start in life, in the Reading area.

We ask members of the association to only vote on trustees that state that they support the establishing of a land trust for the whole site – this will make our work so much easier in getting it established and moving on to the future. Martin Large in particular would be an excellent Trustee given his knowledge and interest in Land Trusts

Once ABASWE is out of administration and the proposed legal structure of the new charity clear, the trustees of ABASWE will consult with members before progressing with the implementation of the proposed new arrangements.

Members may have questions or concerns about this proposal. If you wish to ask any question or express any concern, you can e-mail these to either Stuart or Marcus: marcus.webb@hotmail.co.uk or stuart.brown@stlukestrust.org.uk

Kind regards,

Marcus Webb & Dr. Stuart Brown

6th August 2023