

This report seeks to identify the future governance arrangement for Ware Priory Trading and its relationship with The Priory Charity and Ware Town Council.

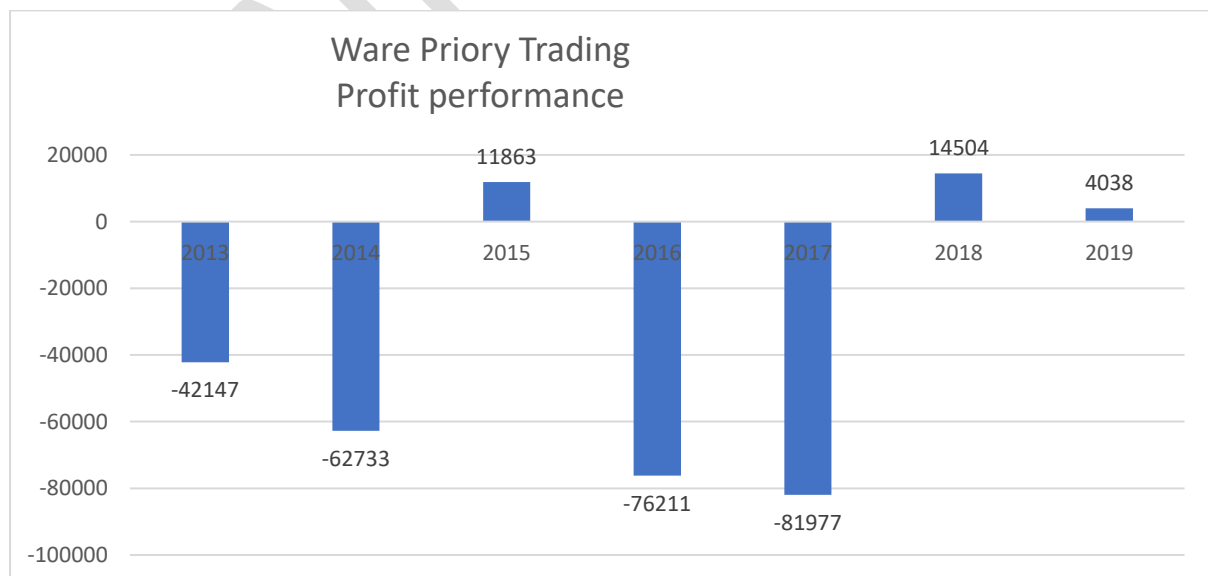
The attached report Ware Priory Charity review 2020, details some of the actions that have been taken since the review and the background to those decisions.

Background

Ware Priory Trading was created to separate the trading activities from the charitable organisation responsible for the Priory. This approach is aligned with other charities and their respective trading organisations.

The intention was for profits from the trading company to be returned to the charity to support its charitable objectives.

However, Ware Priory Trading operated at a loss of £233K between 2013 and 2019. Since a return to normal trading following the Covid trading restrictions WPT is projected to deliver a profit of £116K for the current year and budgeted (subject to agreement) £124K for 2024/25. This profit would be returned to The Priory Charity.



This profit would be returned to The Priory Charity which does not require funding to this level to discharge is annual costs of c£18kpa.

The operating cost for The Priory Charity is incurred by Ware Town Council following the creation of a management agreement in place to 2033. The costs are offset by income from the Lido and additional grant and 106 incomes, however the net cost to Ware Town Council is considerable when refurbishment projects such as the Conservatory, commercial kitchen and the toilet / café project are considered, plus the everyday costs related to utilities, staffing etc.

It is therefore reasonable that the Priory Charity contribute to Ware Town Council based on its surplus income. However, the objects of the charity prevent distribution of funds in this way. WTC could levy a charge to the Priory Charity for the provision of management services, this would have to include VAT which would not be eligible to be reclaimed by TPC costing the joint collective organisation c£20K pa.

Options.

1. WPT profits are retained by WPT or TPC and accumulated to be spent on future projects / retained in the planned reserve fund (Business plan 24-28 £200K within the next four years, plus £20K pa to reach a fund of £1M in future decades) This will add a level of complexity in the funding / management of projects and potentially create a reserve fund greater than the TPC require.
2. The operation of WPT is returned to WTC, operating in a similar way to the Lido with transactions recorded via a department setup. Customers would not see any difference in the operation which would be on a similar model to Hertford Castle. The profits from WPT would balance some of the costs incurred by TPC management agreement. The overall management would be reduced from three organisations to two. It is likely that there would be reduced admin costs for banking, auditing etc. This change has the support of the auditor. Oversight would be via a working group meeting monthly (Priory Management) with Cllr oversight on a quarterly basis.

Recommendation:

To support option 2 to be implemented from 1st April 2024, project plan to be created by TP/SH.