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Knutsford Sports Club / FITISM Proposal

Dear KTC Subscriber

You may be aware that there is a proposal to introduce a fifth section to the main club – FITISM - a commercial fitness company.

At recent AGMs it was agreed to send out the proposal to all members and ask for feedback with the aim to go to an all members vote on the proposal.

Attached are 3 documents: -

1. An [Explanatory Overview by Mike Sharman](#) as Chair of Knutsford Sports Club
2. [The Outline Proposal from FITISM](#)
3. A [current summary of key questions/concerns](#) that been raised together with answer/explanations - these plus additional ones will be posted via a link from the Main Club home page [FITISM | Knutsford Sports Club](#)

This is a significant potential development for the club and will have an impact on all sections. It is really important to take time to read the proposal and respond with your comments.

To recap, the current timetable: -

By **Monday 9th May** – please reply to Mike (msharm2020@outlook.com) with your comments and questions, and copy in Bill (bill55jacko@outlook.com) and Anne (anne.mcphie@icloud.com).

By **Monday 16th May** - the Knutsford Sports Club committee will respond to the questions raised.

By **Tuesday 31st May** - the voting process will be completed.

Thank you,

Bill Jackson
Chair - Knutsford Tennis Club

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Dear Member,

At the Main Club AGM a couple of weeks ago I introduced the concept of inclusion of a new sports section into Knutsford Sports Club and said that I'd send a proposal to all members for their review and comment. This is the start of the membership engagement process and there are a number of steps to go through before any decision is made.

Your Main Club committee have agreed that obtaining members views and eventually a 'yes' or 'no' vote is the correct way to go, and your committee will honour members votes either way.

A number of months ago Knutsford Sports Club were approached by an external company (FITISM) to provide personal training from our club, this would be available to the local community and KSC members as a new offering. The Main Club committee have spent many hours debating the pros and cons and concluded that it is now an opportune moment to seek membership views.

This new venture 'could' generate up to £20k-£25k per annum for the benefit of Knutsford Sports Club to invest in development projects, however, I appreciate members may have issues with this venture and there are a number of pros and cons in doing so.

Purely from a personal perspective, this could be an exciting time for the club and allow our income to increase substantially for a number of years to come. However, I fully accept members may have a different view and am interested in hearing how people feel about this potential new direction.

For me there are a couple of showstoppers that remain unresolved, they are, any impact on our current lease and any impact on our CASC status. I will hopefully have answers to these in the next couple of weeks and will communicate accordingly when we have an answer from our landlord and HMRC on those topics.

One other major showstopper (hence the purpose of this email) is if members simply don't want to expand, and partnership in this manner.

There are a couple of important attachments to this email for your review and comment

1. the actual Knutsford Sports club/FITISM proposal
2. a spreadsheet containing some FAQs that have already been raised

The purpose of this communication is to ensure that all members have the same level of information, to generate some interest and to allow members to raise any questions and concerns

Please send questions and concerns directly to msharm2020@outlook.com I will collate them and produce responses.

In order to reduce everyone's email traffic please don't cc all members on your response - this is purely to cut down the number of emails in your inbox and not to be secretive in anyway. All questions and queries will be openly shared on the Knutsford Sports Club home page under the 'news' heading.

In order to give everyone time to digest, comment and eventually vote on the proposal I suggest the timeline is as follows

1. by 9th May - receive comments from members
2. by 16th May - the committee respond to questions, queries and we publish responses to members
3. between 23rd May-30th May people send their individual votes with the intention of us closing the process and advising FITISM by 30th May.

WHAT YOU NEED TO DO BETWEEN NOW AND 9th MAY?

Read, digest, and send me any comments/concerns you have

WHAT HAPPENS AFTER THAT?

Your committee will address any questions/concerns with the view of having a membership vote as above

I hope this is self-explanatory but feel free to discuss with either myself or the Chair of your section.

Many thanks

Mike

Chair: Knutsford Sports Club

email: msharm2020@outlook.com

Mobile: 07921 893894

21st April 2022



PROPOSAL

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FITISM 

PROPOSED FACILITY



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ABOUT FITISM

FITISM is a family run, boutique fitness and nutrition business. They offer three core services; small group personal training sessions, large group fitness sessions and life style and nutrition coaching. They offer both a 'pay as you go' and a membership pricing model for all their members. Their sessions are appointment only, which allows them to control footfall and each session is delivered by trainers and nutritionists.

They opened their first site in 2013 in Bakewell, Derbyshire and their second site in 2017 in Wilmslow.

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FITISM 

BACKGROUND

During the summer months of 2021, FITISM approached Knutsford Sports Club (KSC) with an offer to joint venture providing the Sports Club with a fitness facility for new and existing members.

Following a successful partnership with Wilmslow Rugby Club and their first offering in Bakewell in 2013, FITISM are looking to extend their portfolio and have identified KSC as a potential new partner.

Gyms and personal trainer sessions are a huge success within the area and as KSC already have a facility this will make integration much easier.

The ethos and working practices of FITISM complements and aligns to the culture and ethos of KSC and there is a clear synergy in how the two businesses operate and value their membership.

All training sessions are by appointment only, therefore, can be aligned with KSC quiet periods in order to aid any car park congestion.

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FITISM 



THE SERVICE OFFERING

The peak times for FITISM are:

Monday to Friday

06:30-08:00 / 09:30-11:00 / 17:30-19:30

Weekends 08:00-12:00

Fitness sessions are by appointment only, and can therefore be manipulated to align with other KSC busy periods. The FITISM fitness session would be managed within their own building with the occasional use of the grounds when it does not impact other KSC offerings, such as, Cricket, Tennis and Archery.

KSC would oversee the FITISM offering and, by default, FITISM representatives would be invited to join the KSC committee.

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FITISM The FITISM logo icon consists of three overlapping, stylized shapes that resemble a stack of papers or a fan.

HEADS OF TERMS P1

Property	Area of land within the grounds of Knutsford Sports Club, Mereheath Lane, Knutsford, WA16 6SZ - on the Right hand side of the entrance. Size circa – 1,600 sqft
5th Element	FITISM LTD trading as: FITISM Country of incorporation/registration: England and Wales Company number: 05765598 Registered office address: Jasmine Cottage, Rowland, Bakewell, Derbyshire, DE45 1NR
Agreement (TERM)	<ul style="list-style-type: none">- FITISM will become the 5th element of KSC, They will be required to appoint a chairman to represent FITISM on the committee- FITISM will have the same rights as the other elements within the Club. The term of the agreement is indefinite as with the other section- FITISM commit to being the 5th element for a minimum of three years- The agreement between the parties is based upon a service agreement - The service agreement will grant the right to FITISM to remain all the time they abide by the service agreement, the Club constitution and uphold their responsibilities as a 5th element
Commencement	<ul style="list-style-type: none">- The terms outlined in this heads of terms and final service agreement contract will commence the day FITISM first opens for business- FITISM will keep KSC updated regularly on progress of ground works and likely opening date
Rights Granted	<ul style="list-style-type: none">- As part of becoming a 5th element of KSC, FITISM and its members will have use of the Club car park, changing facilities, toilet facilities and any other communal areas during opening hours- KSC will be responsible for any rate increases applied by the local council

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FITISM

HEADS OF TERMS P2

Termination

Should FITISM need to remove themselves as the 5th element of KSC following the initial three year commitment they must give six months notice to The KSC Chairman

Membership fee

As per the other elements of the club FITISM will pay a 'membership fee' to the Club for each member.

- This will be paid Quarterly at the end of the month (December, March, June and September)
- It will not be applicable if a member is already a member of another section
- It will be calculated monthly in recognition to the fact FITISM are paid monthly by its members
- FITISM has three membership options and will pay the following 'membership fee' for each membership:

'FITISM #1' - £7.16p/month per client - senior rate

'FITISM #2' - £4.66p/month per client - 65% senior rate

'FITISM #3' - £7.16p/month per client - senior rate

The senior rate (currently £86p/a) will always be in line with the other elements of the Club but may change following committee reviews

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FITISM 

HEADS OF TERMS P3

Sports levy	<p>In addition to the 'Membership Fee' FITISM will be subject to a 'member- ship levy fee' per member.</p> <ul style="list-style-type: none">- This will be paid Bi-Annually in line with current club payment dates- It will be calculated monthly in recognition to the fact FITISM are paid monthly by its members- The 'sports levy' fee is 7.5% of FITISM membership net income less membership fee <p>For example: 7.5% of A -B where A is the Total net monthly fee and B is the monthly fee payable to KSC</p> <p>1. FITISM 1 £118 – 7.16 *7.5%</p> <p>IF FITISM hit their target of 170 clients over the year this could yield a combined total of circa £20-£25k for KSC which will be used to cover approved projects, general improvements or reduced membership fees</p>
Assignments and under- leases	<ul style="list-style-type: none">- FITISM can share occupation of the property with any company in the same group of companies as the Tenant- FITISM may on an hourly / casual arrangement rent their space to independents for example sports massage therapists- FITISM must remain the main party within the service agreement with KSC
Repair	<p>FITISM is responsible for the upkeep and repair of their unit</p>
Alterations	<ul style="list-style-type: none">- The Tenant cannot make any alterations to the property without the Landlord's prior written consent, which cannot be unreasonably withheld- The Tenant can put up signs on the outside of the property or that would be visible from the outside of the property with the Landlord's prior written consent, which cannot be unreasonably withheld

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HEADS OF TERMS P4

FITISM fit out works	FITISM will submit detailed plans of any ground work to be undertaken in preparation for their unit being delivered
Reinstatement	Should FITISM terminate their involvement at KSC they will remove their unit and if required by KSC return the grounds to the state they were initially in
Additional	The Tenant will be required to install a separate electric supply and any other utilities to the premises at their own cost
Branding	The branding is to be agreed with the Sports Club and include the name Knutsford Sports Club as a sub-heading to the main FITISM brand. FITISM will present KSC with a choice of designs to sign off on
Services	To provide and maintain services to the site is the responsibility of FITISM. On all services supplied is to be a metre and FITISM will be responsible for all charges

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FITISM 

BENEFITS TO KNUTSFORD SPORTS CLUB

This proposal is based on their being tangible benefits to both companies. Primarily for KSC they are:

Large influx of revenue which the Club could use for development or to reduce membership subs

An immediate facelift to the Club

An exciting new offering under the overall KSC offering

Influx of new members into KSC

Potential increased members in Squash, Tennis, Cricket and Archery

Improved marketing of the overall KSC offerings

Joint venture to improve overall KSC facilities

Reduced fitness session costs for existing KSC members



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FINANCIALS

FITISM are expected to have a projected membership of 170, however.

They are fundamentally a 'for profit' organisation and that is why we have imposed a Sports levy.

FITISM have aligned with the KSC model with the exception of a new category and members paying monthly.

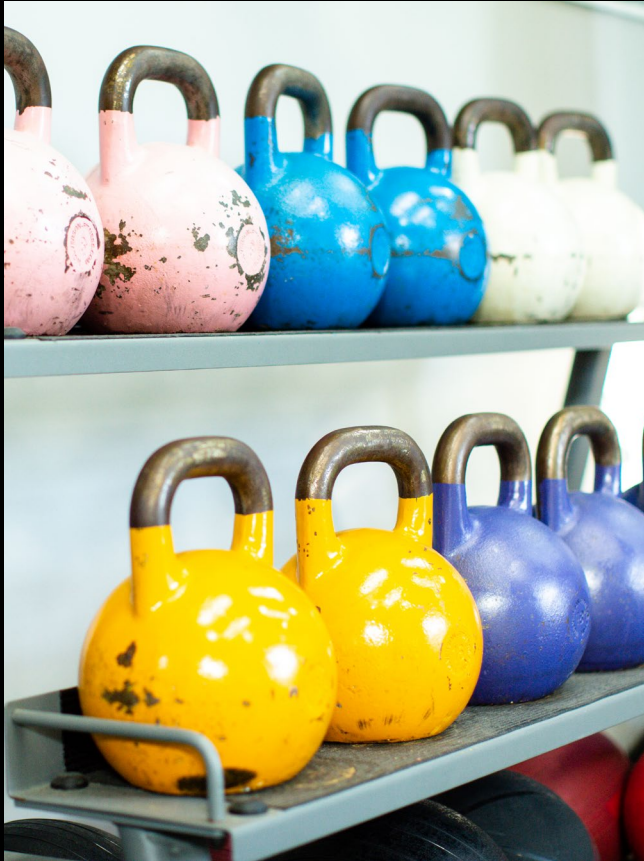
Income could reach a £25k pa contribution to the main club.

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FITISM



IMPACT ON KSC

Changes to Constitution

1. New category
2. Monthly payments
3. Review of and amendment of MOUs if required

FITISM FAQs

KSC query, issue, concern	KSC findings
<p>As FITISM are a private company who actually owns the facility?</p> <p>Also who carries the liability if there are any issues, insurance, legal, contractual</p>	<p>FITISM will continue to own the unit</p>
<p>How does the FITISM membership work, and how will that integrate into the model of Knutsford Main club where members pay to join a section and part of their membership is paid to main club for maintenance and over seeing the club</p>	<p>FITISM have broadly three types of category that don't immediately match to the KSC categories</p> <p>FITISM will contribute to the main club as all other sections do via their membership PLUS and additional 7.5% due to them being a profit making organisation</p>
<p>How flexible are FITISM in accomodating our key periods for members</p> <p>This is most relevant for the number of car park spaces and the maximum capacity of onsite facilities, such as, showers, toilets</p>	<p>FITISM time slots are managed as individual bookings and they can accommodate our quieter periods in order to avoid any car park issues</p>
<p>Our shower facilites are a major concern, in that they are not particularly of a high standard and we only have two womens showes, Alsom, the main mens shower has a corridor and glass door which would need addressing - how do FITISM propose to work with us on developing the facilities to a better standard?</p>	<p>FITISM have reviewed our facilities and are happy to accept them as is</p>
<p>How do we identify what infrastucture needs to be upgraded(ie paths, lighting, car park) and who pays for any work that needs to be undertaken</p>	<p>currently only a power supply is anticipated</p>
<p>One of the main issues we have is that our lease is on a 30 yr deal - how would the FITISM model work with our agreement with the landlord</p> <p>One of our major concerns is that the landlord may want to re-negotiate the leases which may increase costs or even invalidate our current tenure</p>	<p>FITISM are aware of this</p>
<p>How will FITISM benefit the local community and KSC members</p>	<p>They will work as part of the KSC principles and community spirit</p>
<p>Does the FITISM structure need a concrete base/foundation and planning permission</p>	<p>Yes - this will be part of their take-one process - to be identified as part of their planning permission</p>
<p>The FITSIM proposal discusses 'The Service Offering' - what are their openiing & closing times?</p> <p>And how long is each 'session'?</p>	<p>as documented in the FITISM proposal</p>
<p>How does our bar opening times fit with the FITISM model?</p>	<p>not relevant</p>

FITISM FAQs

There are clearly two phases of the work with FITISM 1) Who from KSC will manage and face off to FITISM during the setup phase? and 2) same question for the BAU phase?	The KSC committee will continue to manage the phases but these will be managed on a daily basis by FITISM
Will a FITISM representative attend our committee meetings as if they are just another section?	Yes
How would this commercial proposal impact our CASC	Clarity is being sought from HMRC regarding this matter
How would the club audit the accounts of a private company? Would our auditors be ok with a private company financial report that can pay dividends, shares and take out loans against existing company assets?	accounts for both KSC and FITISM will be kept separate as we are not a joint venture and therefore nothing will change regarding the KSC accounting practices
How much are FITISM planning to invest	Their initial outgoing is circa £200k and their Business Plan starts to make a return in year 3 - they will pay for any Knutsford Sports Club developments through their club contribution
Will the introduction of FITISM impact our current lease	This is currently being reviewed with the leaseholder
Fitism management, they have a vote on committee matters yet are not a CASC and their motivation has to be for the maximisation of their business model	Their single vote will not be undue influence on the way we run the club
There is a clear conflict of interest as their philosophy does not align with that of a community amateur sports club.	We have no other way of raising funds for the main building (All sports grants are for the sport facilities) So unless we find a benefactor or sponsor the only source is hiring out our function room & this arrangement with FITISM. The building will eventually be so run down that we lose the hiring business to Toft etc. A run down building is not serving the community & not allowed by the lease.
Will they be included in our accounts	They will run their own accounts – we will just show their subscriptions & 7.5% in our accounts – how they maximise their profits is not our concern (if they meet our lease conditions & only make changes we approve)
What constitution changes need to be made?	The only constitution change is allow (non- annual subscription payments – as Archery now do. & to allow in a 5 th section.
Will we be rewriting our constitution to make sure this is on solid legal ground?	We will continue to have 'oversight' of their facility – to comply with our lease -the financial operation is their responsibility as it with other sections – The main club has no control over how the sections charge for their sport we only ask for enough financial contribution to keep the main building, grounds & car parks safe. FITISM are responsible for their own financial operation and as long as 'pay their way', work within our Constitution we (main club) will be happy. (as with other sections)

FITISM FAQs

<p>The KSC constitution gives the main club oversight of the individual sections in terms of liabilities and other aspects like financial stability. Integrating a for profit business into this model appears insoluble, are we proposing the fitism have a unique status within KSC or are only peripherally associated with the main club structure?</p>	<p>Unfortunately, the main club does not oversee the financial stability of the sections. If they are asking for loans the main club asks for due diligence around the project.</p>
	<p>FITISM will be unique but must comply with our lease conditions and only offer leisure and sport facilities. They cannot make changes to their facilities or services without main club approval.</p>
<p>There remain significant conflicts regarding sub-letting on our lease, as well as only verbal assurances as to whether any of this is permitted by our landlord. We need legal advice before we proceed as several members have requested.</p>	<p>We are not subletting.</p>
<p>Who will pay the laying the power line to the premises</p>	<p>FITISM</p>
<p>What is the cost to KSC to on-board FITISM</p>	<p>£0</p>