



Audit Committee
19th OCTOBER 2020

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| Title | Annual Government Statement 19/20 – Addendum |
| Report of | Director of Assurance |
| Wards | All wards |
| Status | Public |
| Urgent | No |
| Key | No |
| Enclosures | None |
| Officer Contact Details | Clair Green, Director of Assurance clair.green@barnet.gov.uk 020 8359 7719 |

Summary

This report sets out some amendments to the Annual Governance Statement, attached as Appendix A to Agenda Item 9. These amendments update the position on:

- Fire Safety
- the Loan Agreement with Saracens Cophall LLP

It also provides a brief update on the response to Covid19

Officers' Recommendations

1. That the Committee note the amendments to the Annual Governance Statement and the update on Covid19.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Annual Governance Statement (AGS) was drafted in the summer of 2020. This addendum provides updates to the AGS to reflect changes since that time, and brings the committee up to date on the position with Covid19.

Fire Safety

- 1.2 Replace the paragraph reading:

During 2019/20, at the request of the Government, the council commenced collecting detailed information on the external wall coverings of all residential buildings in the borough that are 18 metres or more in height, and this could result in further significant issues that need to be addressed, particularly in the private sector.

With the following:

During 2019/20, at the request of the Government, the council commenced collecting detailed information on the external wall coverings of all residential buildings in the borough that are 18 metres or more in height. This work has completed, and the council is now working with the Fire Authority and the MHCLG Joint Inspection Team to address the remaining outstanding issues in a small number of private sector blocks.

Loan Agreement with Saracens Copthall LLP (SCLLP)

- 1.3 Amend the text as follows (with deletions shown in ~~strikethrough~~ and additions in **bold**):

In accordance with the decisions of the Policy & Resources Committee on 19 July 2018 and 23 October 2018, and the Delegated Powers Report dated 28 January 2019, the Council entered into a Loan Agreement between the council and Saracens Copthall LLP (SCLLP). The decisions detail the amount to be loaned, the conditions upon which the loan is made and can be drawn down and the terms of repayment. This agreement also details the obligations for legal assignments over future contracts and collateral warranties from appropriate entities.

~~*To date, SCLLP has drawn down £3.2m of the agreed £22.9m loan facility.*~~

On 5 November 2019, it was announced that Saracens had been fined £5.4m and docked 35 points by Premiership Rugby Limited (PRL). Following that announcement, the club wrote to the council on 18 November 2019 to confirm that the fine was to be met by the shareholders and setting out evidence that the business plan for the development of the West Stand remained robust. On 17 January 2020, in response to media speculation about further action to be taken by PRL against Saracens, council officers placed a temporary stop on loan drawdowns. It has subsequently been confirmed by PRL on 18 January 2020 that the club is to be relegated automatically at the end of the 2019/20 season.

~~In light of recent events, the club and SCLLP are taking stock of their plans for the West Stand. No further drawdowns will be approved until a way forward has been agreed between the council, SCLLP and the club. Interest will continue to accrue on the £3.2m already drawn down. Should SCLLP wish to pursue the development of the West Stand, the council will require a robust revised business plan, subject to independent due diligence, before any further loan drawdowns are made.~~

At the point where drawdowns were stopped, £3.2m of the agreed £22.9m loan facility had been drawn down by SCLLP. Interest continues to accrue on this sum.

In June 2020 the council received an updated draft business plan from SCLLP, confirming their commitment to deliver the West Stand and noting that Middlesex University would lease a larger proportion of the space inside the stand for an increased rent. Following a number of queries and clarifications sought by officers, a finalised business plan was received in July 2020. In response to that business plan, and following due diligence, the council authorised further drawdowns for August and September 2020 totalling up to £600k + VAT. The total amount drawn down now stands at £3,896,342.34. With the specification now complete, the next key milestone for the project will be the letting of main construction contracts early in the New Year. Further updates will be provided to future meetings of Financial Performance and Contracts Committee.

Covid 19

- 1.4 At the time of writing this addendum, Barnet's infection rate is in excess of 100 cases per 100,000 population and is rising rapidly. Since publication of the main report, Government has classified local authority areas into three Tiers of response to Covid19. London has been announced as moving into Tier 2 – High Risk, the second highest level, from 00.01am on 17 October. Responding to the increased infection rate and Tier 2 restrictions will be a priority for the Council, and is likely to have impacts on non-urgent work and some aspects of business as usual. Local actions will be linked to Local Outbreak Control Plan and focus on increased testing, enhanced contact tracing, public health communication, engagement and enforcement. It will also impact recovery work, with some elements, particularly in relation to children's wellbeing, employment and skills, and support to our businesses and town centres continuing in parallel with the response to the second wave. Other recovery workstreams may be deferred as we focus on more immediate issues.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To bring the Annual Governance Statement up to date.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 N/A

4. POST DECISION IMPLEMENTATION

4.1 As set out in the main report.

5. IMPLICATIONS OF DECISION

5.1 As set out in the main report.

6. BACKGROUND PAPERS

6.1 As set out in the main report.