

## Chief Officer Decision

<b>TITLE</b>	Approval to release drawdowns against the loan facility agreed with Saracens Cophall LLP (the <b>Saracens Loan Facility</b> ) totalling up to £600,000 + VAT.
<b>DATE OF DECISION</b>	26 August 2020
<b>DECISION TAKER</b>	John Hooton - Chief Executive
<b>BACKGROUND TO DECISION</b>	<p>Policy and Resources Committee agreed on 23 October 2018 to make a loan to Saracens Cophall LLP (<b>SCLLP</b>) for the development of a new West Stand at Allianz Park, and the Saracens Loan Facility was entered into on 29 January 2019.</p> <p>The Saracens Loan Facility set out the amount to be loaned, the conditions upon which the loan was to be made and drawn down from time to time and the terms of repayment. The Saracens Loan Facility also detailed the obligations for legal assignments over future contracts and collateral warranties from appropriate entities.</p> <p>In addition to the Saracens Loan Facility the Council also entered into (on or around 29 January 2019) other agreements, as detailed in the January 2019 Delegated Powers Report.</p> <p>The Council and SCLLP are also negotiating the terms of a deed of amendment for the purposes of making amendments to the Saracens Facility Agreement, as set out in the Chief Officer Decision dated 24 April 2020.</p> <p>As reported to Financial Performance and Contracts Committee in January 2020, loan drawdowns were subsequently paused pending submission of a revised business plan in light of Saracens Rugby Club's demotion from the Premiership. The pause period was then extended following the onset of the Covid19 crisis.</p> <p>The finalised updated business plan was received on 17 July 2020 and Grant Thornton was commissioned to undertake due diligence on key aspects of the revised plan. Grant Thornton provided regular oral updates on their emerging findings in the run up to the decision outlined in this report being taken.</p> <p>In order to allow SCLLP to proceed with the project up to the point immediately prior to letting the main works contracts, and thus maintain the schedule required by Middlesex University as one of the stand's two tenants, the decision taken was to authorise drawdowns for August 2020 (circa £530,000 + VAT) and September 2020 (circa £70,000 + VAT).</p> <p>This will take the total value of funds drawn down under the loan to approximately £4m, well within the guaranteed sum of £10m. Evidence that the guarantor continued to hold assets worth at least £20m is received every three months, most recently in July for the period to 30 June 2020.</p>

	<p>Article 9.1(b)(i) of the Constitution provides that Chief Officers have delegated authority to make decisions and approve expenditure relating to their functions on all matters which are not key decisions and are not reserved for decision by a committee providing that the sum expended is within the approved budget for the department and the amount in relation to any single matter does not exceed £189,330. Article 9.1(d) of the Constitution also provides that the Chief Executive has this delegated authority as well.</p> <p>As set out above, the decision to make a loan to SCLLP was approved by the Policy &amp; Resources Committee. The decision to pause the loan drawdowns and the next steps were noted by the Financial Performance &amp; Contracts Committee in January 2020.</p> <p>The decision by the Chief Executive was to permit two drawdowns in August and September 2020 against the Saracens Loan Facility for the development of the West Stand at Allianz Park to a total value of £600k+VAT in addition to the £3.4m already drawn down. In all cases, drawdowns are against a loan approved by the committee and the Deputy Chief Executive under delegated authority. In taking the decisions outlined in this record, the Chief Executive took into account</p> <ul style="list-style-type: none"> <li>• that £3.4m has already been drawn down against the Saracens Loan Facility;</li> <li>• the scale of the August and September drawdowns are (in aggregate) relatively small when compared to drawdowns so far under the Saracens Facility Agreement and the value of the guarantee in place;</li> <li>• to delay the August and September drawdowns could risk delaying the project and the timely repayment of the loan back to the Council; and</li> <li>• the initial assessment of the finalised updated business plan by the council and due diligence (including oral updates from Grant Thornton) have not raised any significant concerns.</li> </ul> <p>The Chairmen of Policy &amp; Resources and Financial Performance &amp; Contracts Committees were consulted prior to the decision being taken by the Chief Executive.</p>
<p><b>DECISION</b></p>	<p>To approve, subject to the usual compliance checks, SCLLP to make drawdowns in August 2020 and September 2020 against the Saracens Loan Facility for the development of the West Stand at Allianz Park to the value of £600k+VAT in addition to the £3.4m already drawn down.</p>

<p><b>LEGAL</b></p>	<p>Pursuant to the terms of the Saracens Loan Facility the following conditions also need to have been satisfied prior to the release of sums by the Council to SCLLP:</p> <p>(a) SCLLP needs to have provided to the Council a duly populated Drawdown Request no later than 11 a.m. ten business days before the Drawdown Date for an Advance.</p> <p>(b) The Council needs to have confirmed to SCLLP that it has received all of the documents relevant to the Phase (being Phase 1, 2 or 3) as set out in Schedule 1 of the Saracens Loan Facility.</p> <p>(c) The conditions set out in clauses 2, 3 and 4 of the Saracens Loan Facility must have been satisfied.</p> <p>At the time that the decision was taken by the Chief Executive, appropriate documents have been received by the council and necessary checks have been undertaken.</p>
<p><b>AUDIT TRAIL OF DECISION</b></p>	<p>Loan drawdown requests are supported by invoices and confirmation of work undertake. These are reviewed by Assistant Director – Estates and if approved are sent to Treasury who arrange payment via a Chaps request that requires the authority of two Chief Officers. Treasury records each drawdown and maintains the loan balance including interest accrued.</p>

### *DECISION TAKER'S STATEMENT*

*I made the decision outlined in this report on 26 August 2020.*

*I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice was sought prior to my making the decision and that it is compliant with the decision-making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

**John Hooton**  
**Chief Executive**



**Dated: 28 September 2020**

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