



Financial Performance and Contracts Committee

1st February 2022

Title	Update on Saracens Loan
Report of	Cath Shaw, Deputy Chief Executive
Wards	All
Status	Public with exempt appendices. These are exempt under Schedule 12A of the local Government Act 1972 as they contain information relating to the financial or business affairs of a particular person or body including the Council.
Urgent	No
Key	No
Enclosures	Appendix 1 Public Officer Decision- Change Control Decision Appendix 2 Exempt Appendix to Public Officer Decision- Change Control Decision (Note) Appendix 3 Attachment to Exempt Appendix to Public Officer Decision- Change Control Decision (Note)
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Summary

This paper updates the Financial Performance and Contracts Committee on the position with the loan to Saracens Cophall LLP. It includes updates on recent changes to the majority shareholder for Saracens Limited and SCLLP, and progress of the construction of the West Stand at Cophall.

Officers Recommendations

That the Committee:

- 1. Notes the position with the loan to Saracens Cophall LLP and the safeguards in place to protect the council's interests**

2. Notes that approval has been given to a change in control of Saracens Copthall LLP (SCLLP) in accordance with clause 12.5 of the Loan Agreement between LBB and SCLLP, following appropriate due diligence as set out in and the further assurances offered by Saracens, summarised in this report and detailed in the accompanying DPR with exempt appendices .

3. Notes the progress being made with the delivery of the West Stand.

1. Programme and funding update

- 1.1 LBB currently has an agreement with Saracens Copthall LLP, to lend them £23,174,450 (inclusive of interest), in order for them to be able to build a new West Stand at their stadium at Copthall for completion in May 2022. Drawdown 22 was made in December 2021 and the total of drawdown payments with accumulated interests up to 31st December 2021 is £12,360,663.93 The drawdowns are made monthly, following verification, including site visits to assess progress on site.
- 1.2 Construction works commenced on site on 22nd February 2021. The programmed end date for construction was 6th May 2022 but the contractor is currently reporting a practical completion date of 27th May 2022. For context, the construction has taken place in a period of constraints, due to covid and steel and delivery shortages. Some drone photographs are included below:





2. Why this report is needed

2.1 To update the Committee on progress since the last update report in October 2020.

3. Reasons for recommendations

- 3.1 Following the announcement in October 2021 that a consortium of investors had agreed terms to acquire a majority controlling stake in the club, the parties had requested LBB's consent for a 'change in control' under the loan agreement.
- 3.2 In agreeing to the change in control and other matters, the council has confirmed that the change has no negative impacts on the business plan or the guarantee and change of control approval requests have been obtained from Sport England/ DCMS and the Rugby Football Union to implement the change of control.

- 3.3 Assurances include: (1) Confirmation that the guarantee is unaffected, and that the guarantor's assets (Company A) will remain above the agreed value following the new investment (2) Confirmation that Rothschild gave a reference to confirm that the consortium has the resources to complete the transaction (3) Confirmation that the change in control has no negative impacts on the business plan (4) Confirmation that required change of control approvals have been obtained from Sport England/ DCMS and the Rugby Football Union to implement the change of control. These approvals were obtained in December 2021 (5) Saracens LLP has represented and warranted that it has no knowledge of any reputational issues in relation to its directors or any matters that may give rise to public concerns, and that Saracens LLP will continue to appropriately review its Board composition.
- 3.4 The arrangement involves additional monies being invested into Saracens. It is positive for the long-term future of the club and provides additional confidence in the ability of SCLLP to meet the repayment schedule of the stadium loan. LBB has verified that the business plan is unchanged (as is the guarantee arrangement and the Middlesex involvement) but with the added assurance that the holding company has new funding to support both the rugby club and, if needed, the stadium loan.

4. Alternative options considered and not recommended

- 4.1 N/A

5. Post decision implementation

- 5.1 The council has required that it is notified when the change of control is completed.

6. Implications of decision

6.1 Corporate Priorities and Performance

- 6.1.1 The July and October 2018 P&R reports noted that the granting of this loan helps to meet Corporate Plan 2015-20 strategic objectives. The council has since updated its Corporate Plan to Barnet 2024 and the granting of the loan also supports the objectives contained in that version, in particular "Investing in community facilities to support a growing population" and "Encouraging residents to lead active and healthy lifestyles and maintain their mental wellbeing".

6.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 6.2.1 All repayments and interest payments come back to LBB. Interest is charged on the loan at a commercial rate of 6% and the loan therefore provides a positive contribution to the Council's Medium Term Financial Strategy.
- 6.2.2 Finance have conducted due diligence and are comfortable that the changes do not adversely impact on the council as lender.

6.3 Legal and Constitutional References

6.3.1 Constitution article 9 para 9.1 .(b).(i.) (a) states that chief officers can make decisions and approve expenditure relating to their functions and the functions of their department , where necessary providing that the sum to be expended is within the approved budget for the department and the amount does not exceed 189k.

<https://barnet.moderngov.co.uk/documents/s68456/10Article9ChiefOfficers.doc.pdf>

6.3.2 Under the Council's Constitution, Article 7, the terms of reference of the Financial Performance and Contracts Committee includes the following responsibilities

Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults and Safeguarding Committee; Children, Education and Safeguarding Committee; Community Leadership and Libraries Committee; Environment Committee; and Housing and Growth Committee.
- The council's major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy and Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy and Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

6.3.3 The value of this decision is nil. Under the Loan Agreement the Council's consent is required but it could not be unreasonably withheld.

6.4 **Insight**

N/A

6.5 **Social Value**

Saracens Rugby have and will continue to deliver significant benefits to the local community, as detailed as detailed in previous reports. A report on Saracens' socio-economic impact is due for publication

6.6 **Risk Management**

6.6.1 The corporate risks have been updated

6.7 **Equalities and Diversity**

6.7.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.

- Fostering of good relations between people from different groups.

6.7.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation; marriage and civil partnership.

6.7.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

6.7.4 This is set out in the council's Equalities Policy, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

6.7.5 The Council has had regard to the Equalities Act 2010 and has taken account of any relevant matters in the making of its decisions in respect of the relocation and options presented for the Depot.

6.7.6 There are no specific equalities implications from this report, which is for noting.

6.8 Saracens Rugby have and will continue to deliver significant benefits to the local community and those with protected characteristics, as detailed as detailed in previous reports

6.9 Corporate Parenting

6.9.1 N/A There are no implications for Corporate Parenting in relation to this report.

6.10 Consultation and Engagement

6.10.1 N/A for this report

6.11 Environmental Impact

6.11.1 There are no specific environmental implications from this report, which is for noting.

7. Background papers

7.1 Policy & Resources Committee, 19 July 2018:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9725&Ver=4>

7.2 Policy & Resources Committee, 23 October 2018:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9459&Ver=4>

7.3 Delegated Powers Report, Loan Agreement with Saracens Cophall LLP, 24 April 2020

<https://barnet.moderngov.co.uk/documents/s59718/Loan%20Agreement%20with%20Saracen%20Cophall%20LLP.pdf>

7.4 FPCC Committee, 27th October 2020

https://barnet.moderngov.co.uk/documents/s60803/201019_SCLLP_Loan_update.pdf

7.5 Officer Decision 12.1.2022 with Exempt Appendices attached.