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## Special General Meeting

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**DATE:** 03<sup>rd</sup> October 2018

**Venue:** Belgrave RFC

**Start Time:** 1900 hrs.

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### Minutes of the Special General Meeting held at Belgrave RFC – 03<sup>rd</sup> October 2018

#### Present:

P. Green, Chair Exec Committee	H. Ginvert, Privileged Person
S. Rice, President	K. Hick, Competitions
B. Crellin President Elect	D. Toon, Exec Committee
P.A. Howard, RFU Council	S. Mounfield, MDOC Representative
K. Whitcombe, Hon. Secretary	Tam Bream Women and Girls Chair
R. Tyler, Past President	Mark Elliott, LSRUR
J. Allen, Privileged Person	J. Goddard, Past President
Rosemary Eames, Privileged Person	R.T. Green Past President
Malcolm Eames, Privileged Person	M.J. Ross Past President
Gail Bates, Exec Committee	C Hayward, Discipline
Marc Birr, Exec Committee	W. Wrihten, 17/18 Comp Coordinator
J. Button, Schools	Anna Macdonell, RDO
Ashby RFC	Lutterworth RFC
Aylestone St James RFC	Quorn RFC
Birstall RFC	Vipers RFC
Hinckley RFC	Oakham RFC
Leicester Forest RFC	Oadby Wyggs RFC
Belgrave RFC	Old Newtonians RFC
Leicester Thursday RFC	South Leicester RFC
LSRUR	Coalville RFC
Leicestershire and Rutland Light Blues	

#### Apologies:

I.M. Roberts, Past President	S. Mounfield
D. Coe, Past President	T. Bream
A. Wells, Past President	Y. Copson
K. Ball, Vice President	Helen Wrihten, Exec Committee
P. Bayley, Privileged Person	P. Lewin
J. Thawley, Privileged Person	E. Gregory Past President
R. Foxon, Past President	A. Smith Oakham RFC
G. Donnelly, Privileged Person	P. Green, Chair Exec Committee
K. Vivien, Market Bos RFC	M. Roberts
R.D. Foxon, Past President	Jenna Bonser RDO
K. Swift, Hon Treasurer	S. Roughley, Cosby RFC
D. Woodford, Past President	K. Palfryman, Past President
A. Stander	R. Hickson
N. Farmer, Shepshed	M. Powell, Exec Committee
	Nick Langridge



## Agenda

### **1.0 Apologies for Absence:**

1.1 Apologies for absence as above.

1.2 Anna Macdonnell who is covering for Jenna Bonser who is currently on maternity leave introduced herself to the membership.

### **2.0 Minutes of the General Meeting dated 21<sup>st</sup> March 2018**

2.1 The minutes were proposed by Steve Rice and seconded by Norman White. The membership agreed the minutes as a true and accurate record

### **3.0 Actions/Matters arising from the minutes of the 21<sup>st</sup> March 2018**

3.1 The leadership academy discussed previously by Steve Rice is to be discussed later in the meeting

3.2 In relation to the facilities group discussion and the appointment of Nick Langridge as chair, unfortunately Nick has had to step aside re other commitments – The Facilities and Funding group are still seeking a chair.

3.3 Planning in relation to the WW1 Centenary game has started. The WW1 Centenary Game to be discussed later in the meeting

### **4.0 Hon Secretary Report**

4.1 The Hon Secretary had very little to report as it was early in the season. The membership was reminded that the RFU regularly circulate community game updates and these to contain information and advice in relation to club matters. Recent articles have discussed dealing with pitch maintenance during a drought, this being relevant to several clubs.

4.2 As already discussed Nick Langridge has stepped aside as the facilities chair, and didn't get that role of the ground, a chair is required. The Hon Sec discussed that the more astute in the meeting will realise that the accounts were only issued first thing this morning and that we are still in a situation where we have no permanent treasurer. It is, said the Hon Sec not the right way to go about business, and he did not beat about the bush espousing that the RFU et al are asking more and more from our volunteers. We are running small to medium businesses with a reasonable turn over and it is now time to review the way we ask people to volunteer, and what they are expected to do, it should be considered that those who take on the skilled roles i.e. treasurer, secretary, safeguarding and discipline be paid an honorarium out of our core funding for the simple reason that asking volunteers to take on a golden role without reward or remuneration these days is not an option for some people.

4.3 It was communicated that unless somebody can find the CB a treasurer who will do the role for nothing, we will be in the same position this time next year if we don't review our recruitment policy and constitution.



## **5.0 Executive Committee Report**

5.1 There has been one executive meeting so far this season where Paul Green was elected as chair. The main items discussed were the vacancies. A wash up meeting was held regarding the County Cup, a big event this season as it combined several presentations. We debated the negative attitude from Tigers in respect of the invoice for the night. Our main question was are we getting value for money.

5.2 It was disappointing that the Tigers were reluctant through their action to put monies back into grass roots rugby.

5.3 Our objectives for this year are to put more meat on the Leicestershire Rugby Union strategy in order to align with the RFU Game of our Lives. Sub Group chairs have been appointed, and Marc Birr has taken on the role of development officer and has joined the operating committee. The next executive meeting is on Thursday the 25<sup>th</sup> of October 2018.

## **6.0 Finance Report including receipt & approval of Annual Accounts for 2017/18.**

6.1 Paul Green began by stating that we flagged a season and half ago issues in relation to the treasurer who couldn't commit as much time to the role as his own business commitments were a priority. Despite having advertised, approaching clubs and individuals we are still without a replacement. At one point we were on the verge of securing a treasurer but unfortunately their own work commitments scotched that, so they withdrew from taking on the role. Kim has continued as best he can, but we have not been able get the year end accounts closed as quickly as we would like. Consequently, the accounts were not submitted to audit in a timely fashion the reason for the postponement of the earlier meeting, the document today is circulated as a draft. There is still work to be done, but we are being open and honest, and the process is not as streamlined as we would have hoped

6.2 The objective for the year was not to go into as a big deficit as last season's 18k which followed the increase in expenditure following success in our representative rugby programme, this year of course we were not so successful. We have curtailed PFR spending and saw combined activities within the county cup final, this was budgeted for, but the final bill was slightly higher than expected.

6.3 Our headline figures reflect a 7k deficit whereas at the AGM we were looking to break even, it is still better than last year but did not meet the fiscal objective of not going into the negative. We still await a response to the question raised in respect of receipt of the quarter 4 RFU payment, if we have not received this our income will rise from 95k to 102k and the deficit will obviously be a lot smaller. Other questions concerning the financial statement are has the money been allocated to the right budget stream. Disappointingly we have wanted to give more transparency as to expenditure, i.e. the seniors are shown at a cost of 9k this is more than last year, and we asked for a breakdown as to what we had spent and on what at the moment this has not been forthcoming.

6.4 The Unity fund which is ringfenced the figures relating to the stream need checking - we have spent monies in this area, but the amount is being debated. The situation is not how I would like to have closed the year out however there is a meeting arranged with the accountants and we will get back to you as members when we are satisfied with the audit



6.5 Malcolm Eames raised a question as to whether efforts were being made to reduce expenditure – If agreed budgets are being exceeded, who on the executive was overseeing these budgets and why did the departments exceed their budget. In response the process is that expenditure had to be signed off by the sub group chair and aligned to an objective in the PFR. The process failed as one or two agreed payments were not properly approved. In terms of governance there was a hole, but this has now been tightened up. Sign off is now with the chair and hon sec and warnings have been issued. Acting in the best interest of the union has unfortunately led to us spending more money than anticipated, we thought the governance was in place but alas invoices were being received from suppliers but without authority against cost centres.

6.6 The PFR does reflect that most objectives are in the green and on budget or slightly under. Several facilities budgets did run over budget as we received late invoices re goal posts etc. It was hoped that with a new chair on board the spend would be tightened up. This season the facilities budget is half that of last seasons. The watch word is don't spend if you haven't got it and don't spend if you haven't come to the hon sec with a sound business plan(s) as to why you want increased expenditure in your PFR.

6.7 Action is being taken - we have a quarterly PFR meeting where we have to warrant to the RFU our expenditure in respect of performance and value for money.

6.8 John Allen asked who had prepared the accounts - Dowsett and Moore the company we have used for a number of years. John Allen went on to examine some of the headings - Admin Expenses for example did we employ someone in the office (temp) if so, you would expect salaried expenditure to be in there, this was further discussed as to being invoiced via a self-employed party rather than PAYE. On further scrutiny looking at page 5 staff salaries in the previous year 3950 and nil this year, we would expect a figure in there. This causes concern with nothing noted.

6.9 Costing in several areas was discussed but with no breakdown detail available it was problematic to itemise in regard of specifics. John Allen once again asked who had prepared the audit and was informed Dowsetts but only in regard to the information they had been provided with. John Allen alluded that for a business of this size, less than 110k turnover it shouldn't be difficult to prepare accounts in a very short period of time he identified that it appears that the whole system had collapsed. Further observation on page 6 discussed debtors at 18k - The hon sec responded that he has asked that question today in respect of who our debtors are, the question had not been answered. If we do have 18k owed you certainly wouldn't run a company that way, and as John Allen went on to say particularly if you have to borrow 15k as shown on page 7. This raised the debate did the committee know they had gone into overdraft - No – John Allen asked who raised it then.

6.10 This is the first year that the bank loan and overdraft has been seen on the Financial Statement. John Allen stated this had never been known and never arranged, how does the bank give an overdraft if no one knows about it. If it's the wrong terminology we don't know because the question asked has not been answered, that's why we are meeting with the auditors. Again, from John Allen we are 3 months after the end of the accounting period why do we not know

6.11 John was informed that we are noting his points as they are the same points already asked by the chair and hon sec. But if accounts and monies are not submitted until later than one expects then you cannot deal with that you have no control over. The hon sec stated that he didn't have control over when the accounts were given to Dowsett, I still don't have control as signatory in relation to the accounts. Asked who were the signatories



the hon sec identified the man sat next to you, (Richard Green) and as the hon sec I don't find that satisfactory either. John Allen was informed that we have an accord as to why is there 18k in debtors and why do we have a 15k overdraft.

6.12 It was discussed that we should get somebody in to get the accounting system sorted. every year we must wait because we hadn't got the right information. John Allen said it is a sad indictment that we cannot find someone in the LRU to do the role – the latter was agreed we are gobsmacked that no one has come forward, but we do live in an age when people won't do things for nothing. Members are asked to nominate to roles, but clubs are running their own business, so they concentrate on their own business success, we say maybe it is about time we pay somebody, if you cannot get them for nothing you will have to give them something.

6.13 The Clubs meeting will be the next SGM in relation to the presentation of the accounts, and we will look to possibly vote on honorariums.

6.14 Brian Hesford on the overdraft stated that this must have required 2 signatories is that the question being asked it cannot be done any other way. Richard Green raised in response to Brian Hesford and the members, are we sure, there certainly is no loan and the overdraft is quite small. I saw it go through as I still have access to view the accounts it wasn't a large overdraft. The hon sec asked why we would have an overdraft – a discussion took place and again Richard Green stated he saw an overdraft, but it didn't particularly worry him.

6.15 Pat Donovan addressed the meeting stating we are not achieving anything now; Paul Green decided to present but could have taken the view not to. It was also asked how many hours a week is expected of the treasurer's role – core hours were discussed as was activity, it can be busy but 2 -5 hours should suffice, it was expected that the admin role would potentially do the bulk of the work via sage. The job description has been circulated.

6.16 It was agreed that we are not in a good position hence the meeting with the accounts

6.17 Henri Ginvert raised the question of the Unity Fund - Discussed unity and the 15k. The accounts currently show £13250 – Henri challenged this however the hon sec does not believe we have 15k as there have been several outgoings. Henri stated that he didn't see the accounts - but we should be able to ascertain what's in and what's out.

6.18 The CB thanked everyone for their input and have taken on board what has been discussed tonight

6.19 It was pointed out that the application form for the treasurer's role discussed that appears on the website appears not to have been updated – this was unprofessional.

6.20 John Allen expressed concern that shown on page 8 were the words these accounts appear to be correct, why! He was informed because this is a draft document only and not the final accounts

## **7.0 Written Reports**

7.1 Written reports were discussed as circulated.



7.2 The early teething issues with electronic match cards are being addressed. Teams who have been travelling light of players to games are being leant players by their opposition to allow games to go ahead

7.3 Chris Hayward addressed the membership as both the Senior and AGR discipline lead. Chris Hayward stated that there had been a busy start to the season, but his aim tonight was to share discussion from the recent discipline conference he had attended. Chris discussed the 4C's from the conference, Consistency, Community, Change and Core Values.

7.4 In relation to consistency the discipline team aim to work with clubs and enable them to follow a consistent process when dealing with reg19, because at present the regulation was not being embraced wholly by clubs. An increase in red cards has seen a rise in workload, the latter could be dealt with by utilising paper hearings, but this is only possible with cooperation from the clubs. There is a flow chat /formulaic approach that can be adopted by the clubs and with help from the discipline team this can be introduced

7.5 On change Chris quoted Tom Youngs who in a recent game when spoken to by the referee said, "this game is changing" followed by the words that's the way I have always done it. Change is inevitable for the improvement of the game

7.6 On community those involved in the discipline group need to be more visible in order to assist clubs

7.7 Core values or TREDs were discussed Discipline and Respect. As a result of the lack of the latter two recent games at both the AGR and Senior level had to be abandoned and are being brought before panel. There has been an increase in touch line interference from spectators and coaches. In a game that relies on volunteers the enjoyment to continue to volunteer is being eroded in the end referees will say no to officiating. Mark Elliott LSRUR supported the comments as one of the society refs has now refused to ref Sunday games. One County has introduced pitch side marshals in order to address bad behaviour.

7.8 There is a new sanction table available on the website and clubs should be using that when addressing reg 19 sanction, Chris reminded the membership that clubs should not send reports directly to Twickenham, the CB has its own framework and should be the own framework as the first port of call

7.9 Finally – The Discipline Panel do not come to find you, they are not there to seek you out its the sanction that you receive that brings you to the panel. All clubs are required to cooperate with a discipline investigation and should appoint there are own club panel - some think they do not have to do anything. Do not ignore discipline as it will not go away.

7.10 A lengthy discussion followed a question was raised in respect of holding our own discipline conference this was likely to take place within the next 12 months and could possibly be linked into the 2019 coaching conference. It was also said that in the past clubs had displayed a sanctions poster, but you don't see these anymore. The latter will be investigated. A concern was raised that coaches are not getting law updates, these are circulated through several forums e.g. Community Game Updates, the RFU CRC's and Club Coaching Coordinators. It was concluded that you can only do so much by way of education, but if you start to sanction clubs with a loss of points, if you ban parents



from the ground then people are more likely to listen. Again, only so much can be done with media and education, punitive measures at times are needed if not we will sit here again next season discussing the same issues. People park on double yellows because they have always done it and therefore get away it, and that's not the way to go about resolving a problem. There are several topics to investigate and communicate but the members were urged to take tonight's messages back to their clubs

7.11 Peter Howard had circulated a state of the union report (attached) and had nothing to add at this stage to the paper submitted. Malcolm Ross has asked to address the membership re the RFU

## **8.0 Any Other Business**

8.1 Steve rice discussed and presented a letter of thanks received from Aylestone St James who had recently been burgled. Monies had been raised to assist the club, and the Jimmies wanted a response placed on record noting that the rugby family had come to their assistance and the help given was much appreciated and they were humbled by the extent of the response of clubs

8.2 There was input regarding the Leadership Academy. 12 people had been signed onto the course but only from 7 clubs. The Academy is an important part of the CB and Club succession planning

8.3 The forthcoming centenary match discussed by Marc Birr and Gail Bates and the specially designed Akuma shirt was discussed and displayed, all the CB clubs are watermarked into the shirt, all profit from the sales will go to the Royal British Legion. The membership was informed that they would make good Christmas presents. Club Presidents have been invited to this game and they have also been asked to donate a percentage of their Presidents Lunch takings to this cause. Kick off from 12 midday on Sunday the 4<sup>th</sup> of November 2018.

8.4 The CB will present its donation to the Royal British Legion at the end of the season

8.5 Malcolm Ross addressed the membership with heavy heart as he expressed concerns over the financial situation at Twickenham. The accounts having been reviewed indicate a loss of 46.4 million, from a starting point of a 16.6 million profit in the 2011 – 2012 season, in real terms to date a loss of £63 million, there are ladies and gentlemen serious concerns as to the financial status of the RFU

8.6 Malcolm proceeded to discourse a number of areas of business raising concern in the deterioration of profit that may indeed be linked to the structural changes within the RFU and that none of the officers have explained the £9.5 million loss in 2014 and £7.7 million in 2017, the high levels of loss seem to go unexplained and surely the auditors should have identified the problem.

8.7 The RFU Annual reports are relied upon by many clubs in order to gauge the health of the union – there is major issue in financial management of the union, and the east stand is predicted to show a 100% overspend in cost excluding the fitting cost. The disastrous competitions review incurred a large cost and was later rejected. And the membership needs to consider the following in relation to the Elite and Grass Root expenditure this used to be unbiased it is now a heavily weighted in favour of elite rugby, with the premierships now receiving £112 million an increase of 215%, and this increase was negotiated by the previous CEO of the RFU who is now in charge at PRL. There has been an 82% rise in



payroll costs and the average remuneration of an RFU employee is way above the national average.

8.8 There has been a loss in accountability at the RFU – the executive needs to be challenged on its financial performance - council powers have been weakened and many of the current decision-making falls entirely to the board. It is a poor state of affairs. And it is feared that the accounts for the 2017 – 2018 season will not be much better.

8.9 Monies are being paid to non-exec directors where roles were previously undertaken by council members on a pro bono basis. Our members should ask the question of the RFU that they ask of us have they delivered value for the £8.6 million that has been spent in this area.

8.10 It was felt that Peters report submitted to the meeting was sanitised. Asked what the clubs should be looking to do, a discussion took place as to the fact that the board members must take some of the blame, there will be more in the press and clubs should be writing to the RFU for explanation. An EGM should be considered

8.11 Malcolm espoused that we ourselves have our own treasurer problem, our accounts year on year under John Allen and Richard Green have been spot on. We [CB] have allowed them to slip and I [Malcolm Ross] feel somewhat embarrassed tonight

8.12 Peter Howard agreed with a large amount of what Malcolm said, and added that his own report had not been sanitised and has been slated by the surrey council member. There are questions to be asked in relation to Steve Brown – he should have known what was happening – The new financial officer was unaware of what was happening and has been given this to solve as a first task.

8.13 It was said that many of not only our clubs but those nationally don't get involved in what happens at Twickenham, however that is where clubs funding comes from. Peter appealed to our clubs to use their votes and let him have their proxies. In relation to the financial situation at the RFU the CB Exec have been afforded an opportunity to question an RFU board member on the state of the union when they visit the CB. However, we were reminded by Malcolm that Turkeys never vote for Christmas

8.14 Mark Elliott from the LSRUR asked why their annual subs had increased. He was informed that all our members fees had increased to £50/Club and £25/team

The SGM was closed at 2055hrs

Signed

Date 28<sup>TH</sup> November 2018



### **Actions to Be Completed**

<b>New/ Ongoing Actions</b>		<b>Responsible</b>	<b>Completion Date</b>	<b>Action Result/Outcome</b>
<b>1</b>				
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## The RFU - The state of the Union

### (Notes on the current financial situation at Twickenham)

It cannot have escaped the notice of even the casually interested observer that all has not been well at Twickenham of late. An anticipated, pressing, financial shortfall was unveiled to Council Members at the June Council meeting by the incoming Chief Finance Officer, Sue Day. Sue replaced Steve Brown after he was appointed to the role of Chief Executive in the wake of Ian Ritchie's departure. For most Council Members it was the first they had seen of the new CFO and it seemed as though she had inherited *the poison chalice*, having to deliver a message of imminent shortfall, pressing need to restructure and an ensuing period of austerity.

### What were the origins of this shortfall in income?

Let me dispel at the outset the *red herring* that it has been the overspend on the East stand redevelopment that caused this; it was not. The spending on the redevelopment is the product of capital spend, the shortage which has caused so many repercussions has been a shortfall in anticipated income. It will have a small impact in terms of increased depreciation write-off in future years.

The four main factors highlighted by the Board in their current financial planning are;

1. The fact that the RFU's is a four-year cyclical business and is facing the impact of a 'normal' Rugby World Cup Year loss in 2019/20 for the first time in 8 years (the 2015 home World Cup delivered c£30 million profit). Historically, RWC year is loss making as there are no Autumn Internationals at Twickenham. **But we have known this for many years and should have seen it coming.**
2. The one-time major income boosts the RFU has benefitted from in recent times, including RWC2015 and the significant TEL/Compass deals, are no longer on the horizon. (Twickenham Experience Limited (TEL) was set up in 2000 as a joint venture between the RFU and Compass Group, the FTSE 100 food services provider a £42m joint venture which netted the RFU £16.75m) **We also knew this from the outset.**
3. The significant income (specifically in TV rights-most of which run out by 2020-and sponsorship deals) and corresponding Rugby investment growth enjoyed in the last 7 years is now highly unlikely to continue and assumptions about future revenue are having to be re-set in light of the growing uncertainty in both the UK sports market and the wider economic environment; which predict a downturn in rights income.
4. The RFU's contracted investment in the Professional Game has increased because of the PRL agreement struck in 2016, for eight years. Success at the elite end of the game drives our business model and provides the funding for community rugby so



national success is essential, as is keeping Twickenham Stadium in good repair. This translates into significant committed investment which reduces the amount of discretionary spend at our disposal. **We knew what the terms of the PRL agreement were and should have been able to determine in advance what would be its effects on expenditure this season.**

### **What were the immediate consequences?**

As a result of those forward predictions of our financial position, they decided to tighten belts now to ensure spending levels are both prudent and sensible in the new world we are facing as well as ensuring the ability to continue to deliver our Rugby priorities at a significant level for many years to come. **Some might say though that this was not forward enough in predictive terms.**

These were the consequences of the decisions reached by the Executive:

- As the result of the Staff Consultation process, around 60 roles right across the RFU will have been made redundant. Around 35 of these are in the Community. Rugby Development is likely to continue to employ around 225 people and will remain the largest workforce in the Union. All RFU departments have made proportionately similar reductions and the most senior redundancies are at Twickenham HQ, including in Finance, Strategy and Corporate Affairs and Professional Rugby. (N.B. Leicestershire has emerged unscathed by the loss of community field workers that other CB's have seen)
- Budgets and spending have reduced for this year, though the RFU will still invest over £100 million in the game, including almost £48 million in the Community Game (£34.4m from the P&L, plus £13.4m of capital investment into Artificial Grass Pitches).
- Although the reductions in the community game budget and people numbers are devastating for all concerned, they do follow recent years of record levels of investment. Ten years ago, the RFU spent just £20 million on the community game so even this year's reduced budgets are still higher than they were 5 years ago. Clearly this doesn't make the reductions and staff losses any easier for the game, but we should not forget what the achievements in recent times.
- Future income is likely to be flatter than hoped for, so it is important that we do everything we can to protect revenue. The new East Stand, which will open this Autumn, is designed to bring more corporate hospitality in house in order to maximise the income to be spent on rugby. Although the budget for the East Stand has increased significantly (£16m more than the budget of £65m), largely as a result of significant and urgent changes made to fire safety regulations following the



Grenfell Tower tragedy, and counter terrorism requirements, it will still have paid for itself fully within seven years.

- We have net assets of over £200m, we own our key asset, Twickenham Stadium, and we have a £100m bank loan facility that will be fully repaid by the end of 23/24 and this is enabling the current capital investment into the East Stand and protecting our future revenue.

### **What has been the result of the restructure and austerity drive?**

The Board decided to enter into a statutory staff consultation with a view to a restructure that would, inevitably, lead to staff redundancies; around 60 were anticipated. The restructure and redundancy programme is nearly complete, though the Board were until recently still in formal consultation with a very small number of affected individuals and once that is complete we have been promised that a full organisational chart and details on who to contact for what issues will be released.

The Board wrote to all CBs earlier in the Summer to update on their strategy and plans going forward and to address some of the issues that were raised directly to them and via feedback from the Game. They said that they wanted 'to provide some further facts and context to ensure a good understanding of the actual financial position, as there is some confusion and concern in the game at the moment'. Along with other Midlands based Council Members, I met with Community Rugby Director, Steve Grainger, recently to take the opportunity to make a more in-depth examination of the situation than we had had the opportunity to do at Council. Leicestershire Rugby Union's Executive has been one of a very few CBs that have continued to express concern at what has happened and why we are where we are and we have taken up the offer of a visit from one of the Executive team to talk to us and answer questions. I have arranged for a Board member (either the Chair or Chief Executive) to visit us shortly and I will report on the outcome of that visit at a later stage.

Nonetheless, the Union's financial position remains strong – the RFU is not in financial difficulty. The Union has net assets of over £200m according to the last annual report. We own our key asset, Twickenham Stadium, and our £100m bank loan facility is slated to be fully repaid by the end of 2023/24 and this is enabling the current capital investment into the East Stand to protect our future revenue.

### **Conclusions**

The Executive say that, 'to give us some assurance', since 2011 they 'have continuously improved financial governance in the organisation to ensure that it operates at a standard which is appropriate for an organisation the size of the RFU. This has included improved levels of financial controls and delegation, transparency around reporting, extensive internal and external audit activities and an Audit Committee chaired by an Independent Non-Executive Director'. Personally, **I am not reassured; the question for me is where was that Governance, those improved processes and what were the Auditors doing in the last few years? Why did this situation come as such a surprise when so many of the factors were already known or entirely predictable?**



That having been said, nationally Leicestershire's is a small voice. Clubs have shown distinct disinterest both nationally and locally. Only two or three have written to the RFU and not one club in Surrey, given the option of pushing the RFU for an SGM was remotely interested. The situation is the same in Gloucestershire. When I pressed them, the CBs whose Council Members and I met with Steve Grainger in the Summer (East Mids., Eastern Counties, Hertfordshire, Oxfordshire and Buckinghamshire) were distinctly uninterested as well. Nor do I know of any Leicestershire clubs showing interest either.

All of the foregoing comments in red type are my personal views only and will form the basis of the questions I hope to put to the Board member who meets with the CB Executive this Autumn.

What has become abundantly clear is that, in future, Council will have to be far more searching and interrogative (and prepared to flex its muscles more) of both the Board and the Executive in terms of future plans and, more especially, on all matters financial.

**Peter A Howard**  
**RFU Council Member for Leicestershire & Rutland**  
**30 September 2018**

#### **RFU Business Plan 2018/19 – Frequently Asked Questions (and responses) produced by Twickenham**

##### **1. Is the RFU in financial trouble?**

The Union is not in financial trouble - we are on very sound financial footing. We have strong revenue streams – 2018/19 revenue was one of our highest ever years - net assets of over £200m, we own our key asset, Twickenham Stadium, and we have a £100m bank loan facility that will be fully repaid in five years that is enabling the current capital investment into the East Stand, to protect our future revenue. We also have a long waiting list for debentures.

##### **2. How much will the RFU invest in rugby this year?**

We will invest **over £100 million** into rugby this year – in the professional game and the community game.

##### **3. How does this compare to recent years?**

We have invested record amounts into rugby in the last few years. From 12/13 to 15/16 we invested **over £300m** into rugby, and we are on target to invest **over £400m** over the current 4-year cycle – another record amount. This compares to the £207m that was invested in the 4-year cycle to 11/12 and the £179m that was invested in the 4-year cycle to 07/08. We have transformed our rugby investment in recent times.

##### **4. How much are you investing in the Community Game, and how does this compare to recent years?**

Ten years ago, the annual investment in community rugby was **£20million**. This year it will be **almost £48 million** (£34.4m in cash from the P&L plus £13.4m of capital investment into Artificial Grass



Pitches). In addition to these numbers, we make significant investments into the operation of the community game, including safeguarding, discipline, technology, marketing and PR.

#### **5. How many jobs will be lost in total?**

We are coming to the end of the process, and at this point, we anticipate that around 62 roles will be made redundant. We are also recruiting some new roles across the organisation which will minimise the number of people who leave the organisation due to redundancy.

#### **6. How many jobs will be lost in the Community Game?**

By the end of the process, we will employ around 225 people in Rugby Development to support the community game. We believe around 35 roles will have been made redundant, but the consultation process is not yet concluded for all our employees. This rightly remains the largest workforce in the Union. The adjustments we have made to staffing and budgets this year follow years of record levels of investment.

#### **7. Has the Community Game borne the brunt of the cuts and redundancies?**

The recent adjustments have been made right across the RFU. The community game has not borne the brunt of it – similar proportionate cuts have been made to the Professional Rugby department, and to our back office and support functions at Twickenham.

#### **8. Are people being made redundant due to the East Stand going over budget?**

No – these are not connected. The investment in the East Stand enables us to bring more corporate hospitality in house to maximise income which can be invested in rugby, rather than the previous model which meant that not all profits were returned to the game. The revenue raised from the new facility will be invested into the game.

#### **9. Why has the East Stand gone over budget?**

The increased budget is largely due to matters outside our control, including more stringent fire safety and bomb regulations introduced post the Grenfell Tower fire and counter terrorism requirements. Health and Safety is obviously our number one priority. The stand will pay for itself within 7 years, which is a very good rate of return, and the ongoing profits generated from hospitality will be invested into rugby.

#### **10. How does the RFU budget and financial management work?**

We have undergone an extensive financial governance overhaul since 2011 to ensure that we operate at a standard which is appropriate for an organisation the size of the RFU. This includes improved levels of financial controls and delegation, transparency around reporting, extensive internal and external audit activities and an Audit Committee chaired by an Independent Non-Executive Director. We report in detail to Council every quarter, and Council see and discuss our annual business plans. If any member of the rugby family has any questions about our finances, all they need to do is ask.