

Interview with Simon Colebrook, by PST member Kim Richardson

Well, Simon, you've just completed your first year serving on the Supporters' Trust Board, how has it been for you?

Pretty busy, I have to say. One of things I said I'd do in my manifesto for election was to ensure that the finances of the Trust are sound and that the money invested in it by members is safeguarded. Much of my work this first year has focused on this. I prepare monthly accounts for the board so that everyone is aware of our income and expenditure and I've just finished preparing the annual accounts for audit, which will be presented to the members at the AGM.

Have any other issues been taking up your time?

Indeed they have! One of the most important over recent months has been to determine how the PST exercises the rights it gets as a shareholder of the club, and what we would do if anyone ever came to us and said: "We want to buy your shares from you". Because as it stands at the moment the Board can make an executive decision without having to go to the members. There's nothing in the Trust rules that say we have to go back to the members to ask their opinion – we've been delegated with the authority under the rules of the Society as to whether we sell the shares, how we vote as a club shareholder.

It's fair to say that these rules were put together at a time when there was an awful lot going on, and it's been a matter which has exercised the minds of board members since then.....that members should be clearer about what outcomes might be expected as certain circumstances arise.

So there's a concern that should those circumstances arise there won't be a massive amount of time to go back to the members to carry out a consultation? That it would be better to have had a view expressed before the circumstances arise?

Yes, that's right. And also because the issues could be sensitive or controversial, and trying to consult with the members at times of tension might not lead to the best decision. It would be far worse than to do it now when none of these things are in the air.

The board aren't comfortable with that possible scenario. There will come a point when we have to act on behalf of the members on a decision that is so important that we would need to know what the membership wanted us to do. The most blatantly obvious one is that someone will ask to buy our shares from us. Whilst I personally would always say 'no', a flat no as I can't see any circumstances under which I'd say yes, and I think that view is shared by most of my colleagues. Is it right that the twelve of us should decide that if the members as a majority felt otherwise?

So what does the board see as the way forward?

We've drafted a policy around how we would consult with the members, and that was fairly straightforward, but then we got to one particular thorny issue, and this is where the potential controversy around what we were proposing might come from, which is "Do we ask all the members, or do we ask just the Community Shareholders?" This is particularly relevant to the one single decision about whether we should sell our shares.

So what we're going to be putting forward to the membership at the AGM is that there should be a dual approach to questions of such importance. There's one where we vote as a club shareholder about issues such as relocating the ground, or anything which is related to the wider membership. In those circumstances we'll ask all of our members, as they all have the right to have an opinion on that.

But on the specific decision relating to an offer for our shares, we're proposing that we should only ask our Community Shareholders because they are the people that paid for those shares.

It's partly because it just seems the fair thing to do, but it would also safeguard the authenticity of the decision.

Do you think that the way that the Presidents and High Net Worth contributors might react to such an offer could affect how Trust shareholders make their decision? I mean to say that if they [Presidents and HNWs] decided to sell at a profit, could you see individual trust shareholders wanting to make a profit themselves?

This is where we come to a huge difficulty for the Trust, and it's one of the reasons I would say that we should never sell our shares, because we could not pass that profit on. As a Community Society we are not allowed to pass the profit on. We could give them their initial investment back, but the Trust would be left holding any "profit". At that point I'm not entirely sure what we would want to do with it.

So what we're putting forward is that we need to get in place a policy which says how the Board would be expected to behave.

In order to achieve this, and the "two tier" process I referred to earlier, we're going to have to change the society rules, because at the moment they say that every member gets one vote on every issue. So at the AGM we will be asking members to vote their approval of the two tier approach, and in doing so vote for a change in the rules to facilitate it.

If they do not agree then the status quo will remain, whereby the board have the delegated authority to make decisions without referral, and that is not something we are particularly comfortable with.

So what you're saying is that the status quo is the Board being delegated to make such decisions and that they would like to see a rule change which allows for a more considered approach which includes consultation with all members, except on matters which relate specifically to shareholders in which scenario only Community Shareholders would be consulted, and in the event of the AGM voting otherwise the status quo will remain?

Yes. We looked at the possibilities for a 'Plan B', or even a 'Plan C' if that were not accepted, but it would become rather unwieldy and unclear, and we feel that our proposal is a fair and equitable way on ensuring that the right people get to have their say.

So, that aside, what else have you found to occupy your time?

Well just the small matter of the potential for the club to be opening its shares in the near future. It's a matter to which I will refer in my AGM report. It's not yet a certainty as the Club Board have not voted to confirm it, but they have started discussing it, and certainly there's some desire from the Presidents to start investing in the club again. These will be shares in the Club. Shares to be part of the ownership of the club. They will be as they are now, shares without dividends.

So this is not, as has been alluded in other interviews that have appeared in the newsletter, part of the big plan to raise money through a variety of fundraising methods, including debentures and other potential 'for profit' investments to enable the club to survive in the Championship or above?

No. But to be a club shareholder I would expect that they would require an investment of more than £50K. If you do not have that much to invest you would have to do it through the PST.

Even before this was mentioned the PST Board had been discussing opening up a further Community Share offer. Even if we didn't have an opportunity to put that money into the club just to set it up so that people could put money into the Trust and it be held in a separate account not to be used until the opportunity came to put it into the club. Of course we've been advised that

this opportunity may arise in the near future. So we're looking quite seriously at opening up the £1000 Community Shares.

We're not quite ready yet to announce the full details of that, certainly not by the AGM, because I've been looking at the potential of having a partner to help us with the financial logistics which will enable us to have the proper safeguards in place, as well as potentially providing normal banking products to enable people to pay in different ways such as instalments, or potentially even a low cost loan. It will also remove the need for us to handle cash.

It follows that there will be a break in the current perception that is sometimes held relating to a club shares and Trust Community Shares. The club are likely to be carrying out a review to determine what will be the price of a new share in PCFC. They need to ensure that the price of new shares reflects the position the Club now finds itself in. Clearly when the takeover happened it was a club saddled with a large legacy debt and suffering from lack of investment in the infrastructure. The new cost of a share will need to reflect a club that now has no debt and has invested considerably in assets such as the training ground. This would be the same for the Trust making any further investment in the club via these shares.

So the Presidents and their like will be buying in larger shareholdings, and the Trust will facilitate those with less money to put in but who would still like to contribute. All existing club shareholders will be able to add to their shareholding as they wish according to the new price of a share, but my understanding is that it's likely that a minimum of £50k will be required to become a new shareholder in the club.

With this potential share issue, it seems inevitable [as has always been the case] that the Trust's percentage of overall shares will be diminished. Is this the case?

Quite possibly. It depends of course on how well the Trust's share fundraising goes.

So then we get into the issue of the so called 'Golden Share' and the safeguarding of the club through the Trust's shareholding?

That's right. The concerns around this area have developed over the last year and we're looking at legally binding agreements between all of the shareholders that will provide the safeguards that would protect the club's heritage, the stadium and also the rights of all shareholders, not just the Trust.

I've been privileged to attend the meetings of the Presidents, the shareholders of the club that aren't members of the Club Board. [NB one President has now joined the Club Board to represent all of the Presidents]. One thing that has struck me is how much the Trust and the Presidents have in common. We all share the same goals for the club, and passion to see it succeed. We're all also concerned with safeguarding the long-term future of the club beyond the time while we're involved with it.

The Presidents and the Trust have agreed a series of key elements of the heritage of the club which need protecting, and that shouldn't be at the whim of someone who might one day get 50% plus one share.

Those elements at the moment are determined to be things which you can't imagine anyone holding a share at the present time wanting to change, like kit colour, crest, or name; but also the ground that we play in, so there'd be kind of a veto decision on that; the mortgaging of the ground; the kind of decisions that will stop something unpleasant from happening. Having agreed this, we are now in the process of turning that into a legally binding document that would prevent any shareholder, even if we were to get into the situation where one shareholder had just over a 50% holding would still prevent them from doing it.

What happens when there is a need for the kind of considerable investment which will likely be required as and when we get out of L1?

This of course has been one of the things that has been exercising both the Trust and the Presidents jointly [because of course the Trust has a Board member attending Presidents' meetings and vice versa]. We all know that at some point in the future, whenever we finally come to a decision about the ground and or promotion into the Championship we will need to invite some really big investment in. The kind of investment that could make the current investment in the club quite small. We need to be prepared for that to happen, but also to ensure that the things we value as important don't then become under threat. We also need to ensure that this future large investment happens in the right way, so that it doesn't place the club at risk of repeating the mistakes of the past.

Whilst it would be my hope that the PST could retain a significant proportion of ownership, we have got to be prepared for the possibility that we won't, and therefore we must have those safeguards in place to protect what we and the wider fanbase hold dear.

Is there a level of Trust ownership below which we should worry?

This is largely down to the content and strength of the agreements between the various shareholders of the club. From a legal standpoint, as long as the Trust has 25% it can't be forced out of the club. However, in order for this to realistically happen there would have to be a massive new investment into the club, and every share we are able to buy pushes that figure even higher.

Where we are today, is that there is no-one expressing an interest in putting the kind of money we are talking about into the club. While that is the case, it is a good time to have discussions with the other club shareholders regarding changes to the Shareholders Agreement that will strengthen the safeguards over the club's heritage, and the position of all shareholders if their shareholding gets diluted.

We may see interest in the club from outside investors when we get promotion to League 1 and start to flirt with promotion from that division. A key question for me for any investor is whether they are prepared to work with the Trust or whether they just try to buy us out. Being prepared to work with the Trust and permanently invest new money into the club rather than loans will demonstrate the goodwill required to take the club forward. As I mentioned before, the future investment for something like a stadium needs to be the right kind of investment that is sustainable in the long term.

What if they say they want Trust involvement, but are only paying lip service to it?

Well then it comes down to the strength of our vetting process for new investors and the legal agreement we have in place between all shareholders.