

Beyond the game

HOW RAITH ROVERS FANS ALMOST LOST THEIR CLUB

Today, the club is financially stable and hopeful of securing its second-tier status. A few years ago it all looked very different, as the chairman of the Raith Supporters Trust explains.

By Alan Russell

A member of the Foundation of Hearts campaign group recently observed that supporters' trusts are either born out of a moment of crisis, or a moment of conflict. This struck a chord for me, as we experienced both in the early years of this century at Raith Rovers.

When our trust was formed in 2001 we were a club in crisis, having seen our club plunge into debt, despite witnessing the most successful years in our history on the park. By 2004 the crisis had intensified, with a group of major shareholders in conflict with their boardroom colleagues, the supporters and the local

community, and threatening to build houses on Stark's Park.

There's no greater motivation than the threat of losing something you love, so the Rovers' community set about saving the club, and the "Reclaim The Rovers" campaign eventually saw a community takeover concluded late on December 31, 2005. Once the dust had settled, hangovers had faded, and countless column inches celebrating the successful takeover had been written and read, the same question came up every time I stood behind the supporters trust table on match days: "So... who owns the club now then?"

Simple questions don't always have simple answers. But I didn't want to sap our members' enthusiasm by getting bogged down in the details. I wanted to keep things simple, even though they were anything but. Whilst the takeover had been a success, it had also been underfunded, and our new structure featured not one but two holding companies, with a separate company owning the stadium. The supporters' fundraising efforts had earned us a place in the boardroom,

and there was a sense of relief that certain characters were gone, but also some curiosity and trepidation about one of the new names who had replaced them.

Who exactly was John Sim, the mysterious new shareholder with the controlling stake in Stark's Park? All we knew was that he was a Kirkcaldy boy who worked in finance in the Far East, and he had pockets deep enough to stand as guarantor to the bank for the stadium's mortgage.

Over the next couple of years the answers were repeated so often that they tripped off the tongue, but we realised that we needed to do better. To fully understand how the club had found itself in crisis in the first place, we need to go back – not just to the crisis years, or to our glory days in the 1990s, but back to the early 1980s. At the same time as the Fife mining community that has Raith Rovers at its heart was in turmoil, there was a significant change in the attitudes and ethos of those running the club, long in advance of the crisis that subsumed and almost destroyed it in the early years of this millennium. The first evidence of this shift coincided with my first awareness of Raith Rovers' existence...

I went to my first Raith Rovers match in

1981. I remember very little about the game; for me it was just an afternoon out with my grandad. My loyalties were to be divided for the next 10 years (growing up in North East Fife, the lure of Dundee United's glory years dazzled me). I continued to visit Stark's Park with my grandad and my brother fairly regularly. It wasn't until the early 1990s that my two favourite teams played in the same division, so other than a cup game in 1987 – a Tuesday evening in August, three months after Dundee United's UEFA Cup Final defeat, with my childhood hero Hamish McAlpine now in goal for Rovers but unable to prevent his old team from winning 2-1 – I didn't have to choose. I stood

with the Raith support that night, but (full disclosure here) would rather have been up the other end. By the time I left home for university things were starting to change though. Despite Dundee United finally putting their cup final hoodoo to bed, I had lost interest in them, and my weekly phone calls home always featured a match report on the Rovers from my brother. The fact that we had an exciting young team that reached the Premier Division helped turn me from tangerine to blue too!

Back in 1981, unknown to the grubby eight year old kicking juice bottles around the crumbling terracing, the club was run along traditional lines. Shares in Raith Rovers were largely held by local men, most of whom owned just a small number. The club's largest shareholder, Mario Caira (a relative of the current director of the same name) owned 12.4% of the club. It may be a romantic notion, but ownership of the football club was seen as a responsibility rather than an opportunity. As John Litster wrote in his indispensable 2006 history of the club, "Always Next Season", there was a powerful motivation for careful management of the club: "The directors were constantly accountable for their husbandry of the club's affairs; at work, at leisure, in the High Street on Saturday morning and in the Kirk on Sunday. The team's failure made for an uncomfortable existence in the town for the directors, and fear of that potential criticism concentrated their minds and redoubled their efforts."

Times were a-changin' though. In late

1982, Edinburgh-based banker Iain Watt purchased a small shareholding. He proposed that the club make use of a new scheme to attract investment and increase the club's share capital. The Business Expansion Scheme (BES) had been created by the Tory government to encourage investment in young, growing companies (as John Litster observes in his book,

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Raith Rovers was neither!) and allowed existing shareholders to recover income tax at their marginal rate (up to 60 per cent at the time), so for example £10,000 worth of shares would cost the investor £4,000, and the government £6,000. At the time Raith were relatively successful on the field of play – they typically finished mid-table in the middle division of three, and had just missed out on promotion in 1979/80 and 1980/81. Financial investment (particularly if underwritten by the government) was seen as a way to make the next step forwards.

By 1987 the club had raised £68,000 using the BES, increasing the share capital from £12,000 to £50,000 in 1983, and again to £80,000 three years later. This introduced a new dimension to the club's ownership: significant shareholdings concentrated in only a few hands, who could easily combine to force through, or block, major changes. Iain Watt was now the largest shareholder at the club with 16% of the shares, and along with three local businessmen (William Robertson, Robert Paxton and Alex Penman) who each owned 12-13 per cent, this group controlled more than 50 per cent of the club. The earlier consensus of a widespread number of small shareholders had been replaced effectively by an oligarchy whose actions and decisions could be influenced by consideration for their own investment. The warning signs that this approach was no guarantee of success were there to be seen on the park – the club dropped into the bottom tier in 1984 for three years, despite this investment, re-joining Division One only in 1987.

By the early 1990s Alex Penman, a local builder, wanted to increase his investment in the club. With all of the share capital issued, a Special General Meeting was called, but with 75 per cent approval required for any change to the company's Articles of Association the



THE “RECLAIM THE ROVERS” CAMPAIGN, WHICH AIMED TO RAISE ENOUGH FUNDS TO BRING THE CLUB BACK INTO THE RAITH ROVERS COMMUNITY, HAD BEGUN DURING THE ANELKA SEASON. ENTIRE BOOKS COULD BE WRITTEN ABOUT THE TWISTS AND TURNS OF THE CAMPAIGN.

other three major shareholders were able to block the motion. At this point, newly appointed director Charles Cant noted that although the motion hadn't achieved the threshold of support, votes in favour had been close to 50 per cent, and if they could gather the support of just a few more shareholders they would be able to form a holding company and transfer their combined controlling stake across to it. This manoeuvre paid off, and in April 1994 Raith Rovers Holdings Ltd (“Holdings Ltd”) was formed, with Watt, Paxton and Robertson sidelined despite being the largest shareholders in Raith Rovers Football Club Ltd (“RRFC Ltd”).

As well as the transfer of shares, the formation of Holdings Ltd enabled the new investment desired by Alex Penman to be made. This gave him ownership of 85.7 per cent of the Holdings Ltd shares,

meaning that the club was under the control of one person for the first time in its history. This controlling shareholding was subsequently sold, twice, with disastrous consequences, but back in the early 1990s Raith Rovers were on the rise. Under the management of Frank Connor the club had established themselves comfortably in Division One. There was the sense that we had the potential to go even higher, which we did.

Connor stepped down, and his replacement was almost a very controversial one. The pantomime villain Jim Leishman – “Mr Dunfermline Athletic” himself – was apparently poised to move eastwards, but at the eleventh hour the club changed tack and appointed 33 year old Northern Ireland international and former Manchester United and Rangers star Jimmy Nicholl as player-manager. Despite promotion to the Premier Division, a League Cup win, a European run, and another spell in the Premier Division, the club made huge losses during the second half of the 1990s. Holdings Ltd had been formed in the summer following our first season in the Premier Division, and the mentality at the club could be described as “speculate to accumulate” – players were signed for transfer fees previously unimaginable in Kirkcaldy, wages spiralled as the club went full-time, and millions were spent upgrading Stark’s Park to the standards required by the SPL.

In the early 2000s, with the club

haemorrhaging cash and virtual revolving doors installed in both boardroom and manager’s office, Raith Rovers entered their most farcical period. The board were approached by Claude Anelka, nightclub DJ and agent/brother of France international Nicolas, who said he intended to transform Raith Rovers into the “third force” in Scottish football. Raith Rovers were not the first club he had approached, but we were the first to accept. In return for complete control of playing matters he

injected several hundreds of thousands of pounds into the club. The players he brought in, principally from France, may have been talented, but few had played professional football before, and the guidance they received from Anelka was not sufficient to make up for that lack of experience. One of the young Scottish apprentices already at the club described the first pre-season training session to me: “It was like nothing I’d ever seen before. There were loads of us there, and we just went up to the local park and had a game of 14-a-side.” By early October, with the club bottom of the league with one point from a possible 27, and out of both the League Cup and Challenge Cup, Claude Anelka left the club – graciously not asking for his money back.

The board appointed club record goalscorer Gordon Dalziel as his replacement, but the damage was done. Raith Rovers were relegated to Division Two, just a decade after reaching the dizzying heights of the mid-90s. The club’s losses had been underwritten by a succession of directors over the years, partly through equity investments, with the share capital now having risen to almost £700,000. The club was now under control of Danny Smith, Colin McGowan and Alex Short, and ownership of Stark’s Park had been transferred into a separate company (West City Developments Ltd, since renamed as Stark’s Park Properties Ltd). The owners wanted out, and had applied for planning permission to build houses on the land where Raith Rovers had played for 114 years, so the sense of crisis intensified.

The “Reclaim The Rovers” campaign, which aimed to raise enough funds to bring the club back into the Raith Rovers community, had begun during the Anelka season. Entire books could be written about the twists and turns of the campaign. The finishing line loomed and receded several times during 2005, but on December 31 the clock stopped and we made it by the skin of our

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teeth. Enough funds were raised to buy out the departing owners, and a new holding company, New Raith Rovers Ltd (“NRR Ltd”), was formed, this time with restrictions in place to prevent it being controlled by any one person. Despite over £800,000 of new investment, taking the total share capital in the Raith Rovers group of companies to £1.5 million, the takeover was under-funded and only the controlling shareholding in Holdings Ltd was able to be purchased by the new holding company – NRR Ltd owned 59 per cent of Holdings Ltd, which in turn owned just over 50 per cent of RRFC Ltd. The supporters were an important part of this takeover, raising enough money to purchase 12.4 per cent of the shares in NRR Ltd through the supporters trust, and securing a seat on the board.

NRR Ltd was set up to ensure a stable ownership structure, with a more even distribution of shareholdings than had existed throughout the years of turmoil. The years since the takeover saw this picture at first become even more complex, as new investment in NRR Ltd was required to bridge the gap between revenue and expenditure while the club spent four seasons in the third tier, cutting costs to the bone.

The sands were shifting beneath our feet, too. John Sim – originally introduced to Raith supporters by his former school-friend (and local MP) Gordon Brown – could be difficult to deal with. He was largely absent from Kirkcaldy, although he did interact with fans through the discussion board on the club’s website. The discord between Mr Sim – who is based in Thailand – and his fellow directors came to a head in 2008, when in a general meeting of Stark’s Park Properties, acting through a lawyer, he removed all three directors of the company (including the supporters’ representative), replacing them with himself as the sole director.

The questions about ownership, and



THE CONVERSATION SHIFTED FROM “WHO OWNS WHAT?” TO “HOW DID THIS HAPPEN, AND WHAT CAN WE DO ABOUT IT?”

about John Sim and what his intentions were, came thick and fast. At a meeting of the Raith Supporters Trust, I shared my first attempts at documenting the ownership situation with a presentation containing pie charts that showed the ownership of each of the four companies. Documenting the structure in this way helped a lot – the conversation shifted from “who owns what?” to “how did this happen, and what can we do about it?” Over the years this conversation has continued, and the pie charts have been updated regularly, evolving into an infographic showing Raith Rovers’ journey since 1883 – from a group of young local lads looking for a place to play and teams to play against, through joining the league, forming a company, raising investment, building a stadium, the joys of promotion, the pains of relegation, league reconstruction, cup finals, European campaigns, profits and losses, and the surging and dwindling support that comes with all of these changes in fortune.

Following our return to the Championship in 2009 we established ourselves as a solid mid-table side, with the exception of 2010/11 when we missed out on promotion to Dunfermline – who were following an alternative financial strategy to us,

RAITH ROVERS: WHO OWNS WHAT?

Raith Rovers Football Club has a complex structure, which has developed over many years. This complexity makes it difficult to understand who owns the club, where decisions are taken, and where to take action to positively influence and support its future direction.

Even trying to reproduce that information in Nutmeg is difficult. But if you want to read more then go to the Raith Supporters Trust page where you can see the most recent version... www.raithtrust.org.uk/?p=2188

There's also a link on that

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webpage to an animated slide show that shows the ownership pie charts changing over time. It's a complex but

fascinating story and shows what information can be found on your own club with time, patience and perseverance.

overspending then crashing into administration – and gradual improvements each year saw us creep into the promotion play-offs last season. This season turned out differently: after a bright start we plummeted from the promotion play-off places to a relegation dog-fight, due to a run of 17 games without a win. Clubs at our level are only ever a decision or two away from crisis, and at the time of writing the managerial and transfer decisions of the last year have put us in the relegation play-off instead. Not quite a crisis (yet), but the trap-door is wide open.

Although the club is now able to balance the books most years, and even occasionally post a modest profit, further investment in NRR Ltd has been required at times, with this money then

being transferred to RRFC Ltd through inter-company loans. The Raith Rovers board were keen to simplify the company structure, and between 2012 and 2014 the share capital of RRFC Ltd and Holdings Ltd were increased, to allow the inter-company loans between NRR Ltd and these companies to be converted into equity. NRR Ltd now has a clear majority shareholding (effectively 86%) in the football club through its 76 per cent stake in RRFC Ltd and its 58 per cent stake in Holdings Ltd. The share capital has increased to more than £2.8 million.

Whilst the club is now more stable than at any time in my life as a Raith Rovers fan, we still have one of the most complicated ownership structures in

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WHO OWNS SCOTTISH FOOTBALL?

Privately owned	Wholly supporter owned (100%)	Publicly traded
Aberdeen	Clyde	Celtic
Airdrieonians		Rangers
Albion Rovers	Majority supporter owned (>50%)	
Alloa Athletic	Motherwell	Other
Arbroath	Stirling Albion	Annan Athletic
Ayr United		Brechin City
Cowdenbeath	Minority supporter owned (10-50%)	Edinburgh City
Dundee United	Berwick Rangers	Queens Park
East Fife	Dunfermline Athletic	Stranraer
Elgin City	Hibernian	Unclear
Falkirk	Raith Rovers	Dundee
Forfar Athletic	St Mirren	Dumbarton
	Stenhousemuir	

Many clubs in Scotland face similar concerns. This work on clarifying the ownership structure of Raith Rovers has led on to a research project on the ownership of the rest of Scottish football, published as part of Supporters Direct Scotland's "SDS Index" in the May 2017.

Visit www.supporters-direct.scot/ to explore this data in more detail.

The table above gives an overview of the ownership status of the 42 senior clubs – three are majority or wholly owned by their supporters, a further six have significant supporter shareholdings, with most other clubs in private ownership.

At the time of writing two clubs have unclear ownership. Dundee FC former owner Bill Colvin was reported to have transferred his shares to other partners in June 2015, but this change was not reflected

in the documents filed at Companies House in February 2016 (the 2017 filing is currently overdue); and Dumbarton FC's ultimate owner is unknown... their major shareholder Brabco736 Ltd is in turn owned by a company called Granada Enterprises Ltd, registered in Belize and whose shareholders are not publicly known.

Finding the data to tell the story of the big issues at your club can be a lot simpler than you first think. The data is usually out there, and with a little (or a lot!) of patience, you can help people make sense of the complex issues facing your club. What questions never seem to get satisfactorily answered? Can you use data to understand them better? Be creative and try different ways of presenting the information, and most importantly ask for help. Good ideas are never in short supply!

Scottish football, and have to remain vigilant about monitoring any changes to it. However, we do feel that we can turn more attention to other issues – particularly increasing the number of young fans choosing to follow Raith Rovers rather than a more glamorous team, growing the supporter base in general, helping to improve the club's cashflow, and ensuring that Stark's Park remains the club's home

for as long as we want it to be.

The Raith story typifies that of many Scottish clubs. Supporters must keep track of who owns their club, and where their intentions lie. Opportunities can arise, but just as often shareholdings can change for the worse before anyone can do anything about it. We need greater transparency in our game, and also the means to enable greater supporter participation. ●