

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3276

Wembley National Stadium Limited – refinancing

Executive summary:

The original financing package for the construction of the English national stadium, Wembley Stadium – provided to the Football Association's (FA's) special-purpose subsidiary, Wembley National Stadium Limited (WNSL) – was put in place in September 2002. The now-dissolved London Development Agency (LDA) was one of three public-sector funders providing grants. The GLA assumed LDA's role of grant provider, such grant having been drawn in full before the construction project was completed. In September 2002 WNSL entered into a facilities agreement with a group of commercial banks as part of the original financing package (the original bank facility).

In September 2015 the GLA consented to a refinancing of the original bank facility via [MD1550](#). In July 2020, the FA made further changes to extend the term of, and increase, the borrowing limit of the existing bank facility. This was approved by the GLA under [MD2644](#). The existing bank facility expires in October 2024. Approval is required from the GLA before a new facility can be agreed.

Decision:

The Mayor approves:

- the GLA providing such consents and waivers as may be required in relation to:
 - extending the term of an existing revolving credit bank facility of £50m between the Football Association (FA), Wembley National Stadium Limited (WNSL) and a group of commercial banks, in relation to Wembley Stadium by a further 5 years
 - adding an accordion option into this existing bank facility to increase it by up to £50m, if required for additional general corporate purposes and working capital requirements
- the GLA entering into:
 - a deed of amendment between the GLA, the FA, WNSL, Wembley National Stadium Trust, other public-sector funders and the security trustee, to consent and effect the amendments to an existing intercreditor and security trust deed
 - a related consent letter from the public-sector funders
 - any other agreements or documentation, as may be required to be entered by the GLA, relating to any of the decisions proposed in this form
- a delegation to the Executive Directors of Communities and Skills, and Good Growth, to approve the form of and execute the documentation referred to above.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

1/7/24

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The original financing package for the construction of the English national stadium, Wembley Stadium (the stadium) – provided to the Football Association Limited's (FA's) special-purpose subsidiary, Wembley National Stadium Limited (WNSL) – was put in place in September 2002. The now-dissolved London Development Agency (LDA) provided grant funding of £21m under a funding agreement with WNSL; it was one of three public-sector funders providing grants. (The other two were Sport England, which provided £120m; and the Department for Culture, Media and Sport, which provided £20m.) The GLA assumed the role of provider of the LDA grant under the funding agreement, the grant having been paid to WNSL in full before the construction project was completed.
- 1.2. Private-sector borrowing via a term loan facility dated 26 September 2002 (the original facilities agreement), secured on the stadium business and supported by hedging arrangements, was also undertaken by the FA and WNSL. An intercreditor and security trust deed governing the terms between WNSL, the FA and the public-sector funders, and senior lenders, was also agreed.
- 1.3. In 2015, following on from the original financing package (and after eight years of successfully operating the stadium), the FA sought to refinance the original facilities agreement with new corporate facilities, and with a new group of commercial lenders. This agreement would be simpler and less onerous, and would require an overall lower payment to the FA's group of lenders. Pursuant to MD1550, the GLA provided its consent to that refinancing proposal; and on 1 October 2015, the FA entered into a facilities agreement (the existing facilities agreement) with a new group of commercial lenders. Appropriate amendments were made to the original intercreditor and security trust deed, and funding agreement, to effect this.
- 1.4. In July 2020, in response to the COVID-19 pandemic, the FA sought to increase borrowing limits and increase the term of the facility. The GLA granted approval under [MD2644](#). Under this extension, the total credit facility was extended to a maximum of £250m. This has now reduced to £50m.
- 1.5. The current revolving credit facility under the existing facilities agreement expires in October 2024. Borrowings under the facility must be applied towards general corporate purposes and working capital requirements. As part of renewing the credit facility, there are two main changes:
 - an accordion option of up to £50m has been introduced; this allows the FA as borrower (WNSL being the guarantor under the facility) to apply for a further £50m under the revolving credit facility whenever the need arises
 - the number of lending banks has dropped from three to two, due to the reduced value of the facility (see paragraph 1.4, above).
- 1.6. For clarity, the new approval will be to extend the term of an existing £50m revolving credit facility by a further five years, with the opportunity for the FA to apply to the lending banks to increase such facility by up to £50m for general corporate purposes and working capital requirements as may be required, without needing further approval from the public-sector funders including the GLA.

2. Objectives and expected outcomes

- 2.1. As outlined, the current revolving credit facility expires in October 2024. The FA is therefore seeking the GLA's consent to refinance the facility by extending its term, and amending it.
- 2.2. The FA is seeking to amend the existing facilities agreement, to add an accordion option that will allow them to apply for, and use, further revolving credit of up to £50m whenever the need arises, without requiring further consents from the public-sector funders. The increase in the facility, further

to a request under the accordion option, would still require approval by the lending banks at the relevant time, and is not pre-approved. This potential additional credit capacity is intended to act as a contingency for the FA, to give them the flexibility to respond to significant events without requiring additional approvals from the public-sector funders.

- 2.3. The proposed amendment is also expected to reduce the number of lending banks from three to two, due to the reduced value of the facility.
- 2.4. To enact these changes, the FA requires the consent of the public-sector funders. Approval is required with regards to amendments to the existing facilities agreement, and to the intercreditor and security trust deed.

3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities – of which the Mayor is one – must have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
 - advance equality of opportunity between persons who share a relevant protected characteristics and persons who do not
 - foster good relations between persons who share a relevant protected characteristic and persons who do not.
- 3.2. The GLA has a responsibility to give due regard to promoting equality in all its activities, including financial administration and decision-making. By agreeing to changes to the existing facilities agreement (extending the term, and adding an accordion provision), the GLA will give the FA the flexibility to ensure it has borrowing capacity for its general corporate purposes and working capital requirements; and to minimise the financial impact of unexpected events on its day-to-day activities. In this way, the GLA can protect its investments in grassroots facilities and education as part of its strategic plans in the short, medium and long term. Ensuring such facilities remain available to all socio-economic groups – promoting healthy lifestyles and wellbeing nationally – will have positive equality impacts.

4. Other considerations

Key risks and issues

- 4.1. Risks and mitigations are outlined in the table below:

Risk	Mitigation
The potential debt increase (through the proposed amendments to the existing facilities agreement) heightens the risk of default under the revolving credit facility.	<ul style="list-style-type: none"> • Should this occur, the GLA's contingent claim against the original grant funding being repaid will remain in place. • The FA is still required to comply with the information and reporting obligations as part of the project, and under the terms of the funding agreement.
The revolving credit facility debt will remain "senior debt", whereby the senior lenders will continue to rank above the GLA (and the other	<ul style="list-style-type: none"> • As under previous approvals relating to the existing facilities agreement, this risk is deemed acceptable in the sense that: the original LDA grant was paid with the conditions of the grant having been met; and there are

public-sector funders) with regards to any potential repayment of funding.	<p>protections under the funding agreement (see paragraphs 5.2 and 5.3, below).</p> <ul style="list-style-type: none"> • The FA is still required to comply with the information and reporting obligations as part of the project and under the terms of the funding agreement. Should default occur, the GLA's contingent claim against the original grant funding being repaid will remain in place. • The funding agreement between the GLA and WNSL continues to provide for certain clawbacks of funds should there be any disposal of the stadium. Under the terms of the funding agreement, WNSL would have to notify the GLA every time a clawback on disposals occurs; and will liaise with GLA officers as required.
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4.2. The GLA is one of the three public-sector funders of the stadium's construction. As such, the FA has been in direct contact with senior GLA officers, and the GLA's in-house legal team, to discuss the refinancing proposal; and the implications arising from variations required to the intercreditor and security trust deed. This includes the formal sign-off required by each public-sector funder. Discussions have taken place via a formal meeting with the FA, outlining details and consequences of the proposal.

4.3. In line with MD1550 and MD2644, the GLA's contingent claim against the original grant funding being repaid, should default occur, will remain in place. While the risk is deemed minimal, the potential debt increase through the proposed amendments to the existing facilities agreement (via the addition of the accordion option enabling an increase of up to £50m) heightens the risk of potential default under the revolving credit facility. Such revolving credit facility debt will fully remain senior debt (and subject to an overall senior principal limit), whereby the senior lenders will continue to rank above the GLA (and the other public-sector funders) with regards to any potential repayment of funding. As under previous approvals relating to the existing facilities agreement, this risk is deemed acceptable in the sense that: the original LDA grant was paid with the conditions of the grant having been met; and there are protections under the funding agreement (see paragraphs 5.2 and 5.3, below).

Conflict of interest

4.4. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

Links to Mayoral strategies and priorities

4.5. This project contributes to the Mayor's strategies to make London a more active and socially integrated city.

4.6. It also strengthens London's profile as a world-leading destination for business and leisure, by contributing towards an iconic football and rugby league stadium.

5. Financial comments

5.1. There are no direct financial implications to the GLA, in relation to the proposals outlined in this report, including the consequent variations to the intercreditor and security trust deed. This is because the £21m grant to WNSL, originally provided by the LDA, has already been paid to WNSL in full; and WNSL has met the conditions of the grant to date, as per the funding agreement. However, it should be noted that any additional debt drawn under a larger revolving credit facility will be senior debt (it will still need to be below an existing senior principal limit of senior borrowing). This debt will rank

above the GLA's grant funding, and that of the other public-sector funders, in the same way that senior debt under the existing facilities agreement does (as noted above).

- 5.2. As noted within MD1550 and MD2644, the FA is still required to comply with the information and reporting obligations as part of the project, and under the terms of the funding agreement. Should default occur, the GLA's contingent claim against the original grant funding being repaid remains in place.
- 5.3. The funding agreement between the GLA and WNSL continues to provide for certain clawbacks of funds should there be any disposal of the stadium. Under the terms of the funding agreement, WNSL would have to notify the GLA on each occasion any clawback on disposals occurs and will liaise with GLA officers as required.

6. Legal comments

- 6.1. The refinancing of the existing facilities agreement is to be on the terms outlined in this report. It is proposed that the public-sector funders and other relevant parties execute: a deed of amendment agreement to the intercreditor and security deed; and a public-sector funders consent letter agreement.
- 6.2. This deed of amendment and public-sector funders consent letter agreement will effect:
 - extending the term of the existing facilities agreement
 - adding a new accordion option to such agreement, enabling the FA to request that the revolving credit facility increases by up to £50m.

These agreements will also record the GLA's and other public-sector funders' consent to these amendments for the purposes of their respective funding agreements. The agreements will also waive the normal 40-day notice period required under the terms of the existing intercreditor and security trust deed, in respect of any proposed amendments to that deed.

- 6.3. The GLA's exercise of functions in respect of the funding agreement, and intercreditor and security trust deed (including providing the consents and waivers proposed in this form), is consistent with the GLA's powers under section 30 of the Greater London Authority Act 1999 (GLA Act) to do anything that it considers will further any of its principal purposes of promoting economic development and wealth creation, social development and the improvement of the environment in Greater London.
- 6.4. Section 34 of the GLA Act allows the GLA, acting by the Mayor, to do anything that is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA exercisable by the Mayor. In this case, the amendments to the intercreditor and security trust deed referred to above, to which the GLA is a party, may reasonably be seen as being calculated to facilitate the GLA performing its functions as described above.

7. Planned delivery approach and next steps

- 7.1. The FA has been in discussions with the senior lenders, the security trustee and the three public-sector funders to ensure all parties agree to extend the term of the corporate financing facility, and add an accordion option to it. A draft deed of amendment to the intercreditor and security trust deed, and the public-sector funders consent letter, both produced by the FA's legal advisers, are being progressed following initial review by the GLA and the other public-sector funders. The next stages involve the review of such agreements by the security trustee, and again by the GLA and other public-sector funders, before being finalised and entered into.

Activity	Timeline
Engagement with, and approval from, public-sector funders	May 2024 to June 2024
Commercial terms to be agreed with senior lenders	May 2024 to July 2024
Legal documentation prepared by the FA's legal adviser; and reviewed, approved and entered into by the GLA and other relevant parties	June 2024 to July 2024

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: To avoid prejudicing commercial negotiations between the FA, the commercial banks and the public-sector funders, publication should be deferred until the refinancing agreements (including the amended intercreditor and security trust deed, and the public-sector funders consent letter agreement) are completed and signed.

Until what date: Seven days after the refinancing is completed, currently expected to be no later than 30 June 2024 – which would mean a publication date of no later than 7 July 2024.

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Matthew Moore has drafted this report in accordance with GLA procedures and confirms the following: ✓

Sponsoring Director:

Enver Enver has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities. ✓

Mayoral Adviser:

Felicity Appleby has been consulted about the proposal and agrees the recommendations. ✓

Advice:

The Finance and Legal teams have commented on this proposal. ✓

Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 24 June 2024. ✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

24/06/2024

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature:



Date:

24/06/2024

