

PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD2531

Title: Tara Arts Group Building

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not suitable for publication until the stated date because:

The information relates to specifics in the grant agreement which are under negotiation.

Date at which Part 2 will cease to be sensitive or when this information should be reviewed with a view to publication: 31 March 2020

Legal adviser recommendation on the grounds for not publishing information at this time:

The legal advice pertaining to the grant agreement contains advice/information the disclosure of which would prejudice the GLA's commercial interests in seeking to agree funding terms with the recipient.

Would advise therefore, that this is contained within in a part 2 report

Legal Adviser - I make the above recommendations that this information is not suitable for publication at this time.

Name: Victoria Newman

Date: 09/01/2020

Once this form is fully authorised, it should be circulated with Part 1.

Decision and/or advice:

Clearly set out the decision or sensitive advice which is not suitable for publication.

It is recommended that the funding agreement between the GLA and Tara Arts deals with the following as a minimum:

- a. specify that the money must be used to redeem the existing bank charge over the Property and evidence of this be supplied to the GLA within a certain time period [period TBA];
- b. That the venue be used as a venue for the promotion of Asian Arts for a specific number of years [number of years TBA]; and
- c. specify the circumstances in which Tara should repay the GLA (e.g. if they are in breach of one of the obligations above).

The GLA's position to enforce conditions attached to the funding is likely to be stronger if it was also to take a charge over the building. The grant agreement would require Tara to use the building for the

promotion of Asian Arts and state that the funding must be repaid if there was a breach of this obligation. If the GLA has a charge over the property, it would have the option of forcing the sale of the building if there was a breach that resulted in Tara being liable to repay the funding. If there is no charge, the GLA would have to rely on more protracted litigation options to recover the money it is owed (which might be limited if, for example, Tara has sold the building or taken out another bank charge against it and doesn't have any other assets).

If the GLA wishes to take a charge, there will need to be a discussion about the priority of the charges with Wandsworth and Arts Council England (who it is understood already has a charge over the property). The priority of the charges registered against the property governs the order in which the various creditors will recover the monies due to them in the event that the building is sold (e.g. the creditor with first priority is more likely to recover all the funds due to it than a creditor with a lower priority who runs the risk that the sale proceeds will not be sufficient once all the creditors with higher priority have been paid). One of the key points for this discussion would be to ascertain the value of the building to understand whether it currently exceeds the value of the various charges.

A charge is recommended from a Legal point of view as an increase in property prices may render the charge valuable in the future, even if it is valueless at the date of the funding.

Having a charge over the property would also help the GLA control whether Tara goes for more bank funding in future (a commercial lender would generally insist on having first priority for its charge meaning that the GLA would need to consent to having a lower priority).