

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2675

Title: Wembley National Stadium Limited – Quintain Regeneration

Executive Summary:

To assist with the construction of the English National Stadium project (Wembley Stadium), the London Development Agency (LDA) provided grant funding of £21million to The Football Association's special purpose subsidiary, Wembley National Stadium Limited (WNSL) under a funding agreement with WNSL and was one of three "Public Sector Funders" providing grants, the other two being Sport England and the Department for Culture, Media and Sport (DCMS). The GLA assumed the role of provider of the LDA grant under the Funding Agreement, the grant having been paid to WNSL in full prior to the completion of construction of the Stadium.

Quintain Group, the owners of the land surrounding Wembley Stadium are regenerating the area around the Stadium. Some of the regeneration and improvements include better car parking facilities, pedway replacement with a new entrance for Wembley and new spaces for catering, fan zones and merchandise.

The Football Association has carried out its own evaluation of the proposals and agrees with them, deeming them to be safe and sustainable. In line with an Intercreditor and Security Trust Deed the Public Sector Funders, WNSL and the commercial banks, certain consents are required of the GLA and the other Public Sector Funders for this proposal, as some of WNSL's property rights are being varied. DCMS and Sport England, the other two Public Sector Funders are also providing their consent.

Decision:

The Mayor approves the following:

1. The GLA providing such consents and waivers as may be required by it in relation to the proposed regeneration works surrounding Wembley Stadium to be undertaken by the Quintain Group, the owners of the land surrounding the stadium, under an existing Intercreditor and Security Trust Deed; and
2. The GLA entering into a Consent Letter agreement from Wembley National Stadium Limited (WNSL) to the GLA, the other Public Sector Funders and the Security Trustee in relation to the provision of consent to WNSL effecting the variation of its existing agreements in respect of Wembley Stadium for the purposes of the proposed regeneration works around the stadium and any other agreements or documentation as may be required to be entered by the GLA in relation to the same.

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:

4/7/20

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

Decision required – supporting report

1. Introduction and background

- 1.1 To assist with the construction of the English National Stadium project, Wembley Stadium (the Stadium), the London Development Agency (LDA) provided grant funding of £21 million in September 2002 to The Football Association's special purpose subsidiary, Wembley National Stadium Limited (WNSL) under a funding agreement with WNSL (Funding Agreement). It was one of three "Public Sector Funders" providing grants, the other two being Sport England who provided £120 million and the Department for Culture, Media and Sport (DCMS) who provided £20 million. The GLA assumed the role of provider of the LDA grant under the Funding Agreement, the grant having been paid to WNSL in full prior to the completion of construction of the Stadium.
- 1.2 Quintain Group, the owners of the land surrounding Wembley Stadium are regenerating the area around the Stadium. The area includes the London Designer Outlet, Wembley Arena, Boxpark and several new apartment complexes. The regeneration and improvements include better car parking facilities, pedway replacement with a new entrance for Wembley and new spaces for catering, fan zones and merchandise. The Football Association ("The FA") has carried out its own evaluation of the proposals and agrees with them, which it deems to be safe and sustainable.
- 1.3 The regeneration plans will mean that several documents relating to the Stadium and to which WNSL is a party, will require updating, including the Deed of Transfer of the Stadium and the Lease of Car Parking Rights being varied to bring them up to date and aligned with the regeneration. A new Estate Management Agreement is also being proposed which provides details of how the Stadium and Quintain operate the estate. As changes to these agreements mean that some of WNSL's Stadium property rights are being varied and because WNSL has given certain property undertakings in its agreements with the Public Sector Funders, the GLA along with the other Public Sector Funders are required to provide their consent to these variations in line with an Intercreditor and Security Trust Deed to which the GLA and other Public Sector Funders are parties.

2 Objectives and expected outcomes

- 2.1 The regeneration being undertaken by Quintain has been deemed as safe and sustainable by The FA and will mean several improvements being made to the surrounding area of the stadium. These and the context for the improvements are summarised below:

Car parking – new facilities for cars, coaches and operations

- Three new multi storey car parks are being constructed by Quintain which combined with the existing facilities will deliver upon the Stadium's existing rights (which are being maintained) – 500 spaces on non-event days, 1,700 spaces free of charge for Stadium use on event days and 1,200 spaces to be sold by Quintain to spectators on event days.
- The Green Car Park will be used for car and coach parking.
- The existing Pink Car Park has been upgraded to provide enhanced broadcast facilities essential for hosting bid events.
- The Blue Car Park will be connected to the Stadium Level 1 concourse via a bridge link and will be dedicated to guests with accessibility requirements on event days and staff on non-event days.
- All the car parks may be used for cars or coaches or a combination thereof and spaces may also be used for other operation functions such as short-term storage.

Pedway replacement – a new entrance for Wembley

- The existing pedway was built in 1974 and formed part of the original stadium. The FA and Quintain agree that it is dated and not in keeping with the new development or the Stadium. Quintain and Brent Council wish to 'open up' the area and create an inviting public realm / plaza, with steps replacing the existing pedway.
- Quintain working with crowd-dynamics specialists Movement Strategies have noted that comprehensive safety checks indicate that steps are at least as effective and safe as the existing pedway, but additional operational infrastructure and overlay is required to help ensure crowd flow is maintained and will be funded by Quintain.
- This development will also mean accessibility upgrades, which will include four new high capacity through lifts as approved by Level Playing Field through the planning process – to be funded by Quintain.

2.2 As noted above, because of the regeneration works being undertaken by Quintain, several agreements relating to the Stadium's property rights and to which WNSL and/or Quintain are parties, will require updating. These include The Deed of Transfer of the Stadium and the Lease of Car Parking Rights being varied to bring them up to date and aligned with the regeneration. The main changes and updates being proposed for these agreements are summarised below:

The Deed of Transfer of the Stadium (1999)

- A key change will be the replacement of the existing Olympic Way Pedway / ramp leading up to the Stadium with a new set of steps.
- Cross rights, restrictions and covenants are out of date and reflect the estate as it was in 1999. These are to be updated in line with the regeneration works.
- New / updated provisions include upgraded anti-ambush protections, access to branding/ advertising and catering via a new joint venture contractual relationship arrangement.

The Lease of Car Parking Rights (1999)

- Quintain will provide 2,900 event day car parking spaces (500 non-event day).
- Spaces will be in specific locations which align with local transport plans.
- The use of the parking is not limited to parking which supports the Stadium as a public transport venue. This means the parking space can be used as a location for outside broadcast equipment, storage of stage equipment and the provision of a bag drop facility to support security operations.

2.3 A new legally binding and enduring Estate Management Agreement is also being proposed which provides details of how the Stadium and Quintain will operate the estate. The agreement will encompass the following key operations:

- *Parking* – defines how spaces are made available to spectators, supports the transport plan and other stadium operations such as broadcasting etc;
- *Pedway replacement* – documents how the works are completed, tested and operated including crowd safety infrastructure upgrades that are to be funded by Quintain;
- *Advertising & ambush* – establishes the inventory, the process for securing it and most importantly restrictions on use to protect the value of stadium events & partnerships;
- *Catering / fan zones & merchandise* – sets out the principles for a joint venture to provide spectator services and how other spaces including merchandise are used; and
- *Bid events* – explains how Quintain will help the Stadium secure major global events and subsequently deliver them for a reasonable cost.

- 2.4 The regeneration being undertaken by Quintain and the subsequent updates to the agreements noted above will mean some of WNSL's property rights are being varied. Changes to the land title register at the Land Registry will also be required. The GLA along with the other Public Sector Funders, Sport England and DCMS are required to provide their consent under a consent letter agreement to these variations and updates (Consent Letter) pursuant to WNSL's property obligations under an Intercreditor and Security Trust Deed to which the GLA and other Public Sector Funders are parties.

3 Equality comments

- 3.1 There are no direct equalities implications to the GLA arising from this decision. However, as per the Equality Act 2010, the GLA has a responsibility to give due regard to promoting equality in all its activities, including financial administration and decision-making.
- 3.2 The GLA has reviewed this duty in providing its consents under the Consent Letter in relation to the regeneration works surrounding Wembley Stadium and considers the proposals have a positive impact on promoting equality. Firstly, access to the Stadium is being improved for those with disabilities by use of the Blue Car Park that will be connected to Level 1 of the Stadium concourse via bridge link. This car park will be dedicated to accessible guests on event days. The development will also mean accessibility upgrades that will include four new high capacity through lifts. These works and facilities will encourage greater attendance of spectators with disabilities, thus ensuring large events (sporting and non-sporting) are accessible by all.
- 3.3 The regeneration works and the subsequent changes to the Estate Management Agreement detail how Quintain will help the Stadium secure major global events and deliver them at reasonable costs. The benefits of this are that the Stadium becomes a much more attractive venue to host such events, helping secure greater income streams. The greater income streams will contribute to protecting The FA's investments into grassroots facilities and education as part of its strategic plans in the short, medium and long term and thereby have positive equality impacts by ensuring such facilities remain available to all socio-economic groups, thereby promoting healthy lifestyles and well-being nationally.

4 Other considerations

- 4.1 As the GLA is one of the three Public Sector Funders of the construction of the Stadium, The FA has been in direct contact with senior GLA officers and our legal team to discuss the regeneration works to be undertaken by Quintain and the implications arising from variations required to the documents noted above. This includes the formal sign-off required by each Public Sector Funder. Discussions have taken place in the form of a formal virtual meeting and presentation outlining details and consequences of the proposal.
- 4.2 It should be noted that the GLA's contingent claim against the original grant funding being repaid should an event of default occur will remain in place. The regeneration works should not affect the Public Sector Funder financing arrangements put in place, including the Funding Agreement, as all works are being funded by Quintain.
- 4.3 As noted above, the regeneration works around Wembley will help the Stadium secure major global events as it becomes more attractive as a host venue. Any additional income secured helps contribute towards The FA's commitment and investment into grassroots facilities, that promotes healthy lifestyles and well-being nationally. While this is a national aim for The FA, it is also in line with the Mayor's Strategy for Sport & Physical activity in London, where the Mayor has outlined his plans to get every Londoner involved in sport & physical activity and unite people from different background and ages together through sport. The FA's commitment towards grassroots facilities in the medium to long term can be protected through increased income that has been adversely affected by the COVID-19 pandemic.

- 4.4 We are not aware of any conflict of interests for the GLA relating to these proposals. All the public funders have independently assessed the proposals set out by The FA and while there are common themes, these have been addressed and dealt with through the consultation process.

5 Financial comments

- 5.1 There are no direct financial implications to the GLA arising from this report.
- 5.2 The FA are, however still required to continue to comply with the information and reporting obligations as part of the project and under the terms of the Funding Agreement. The GLA's contingent claim against the original grant funding being repaid should an event of default occur, 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 proposed regeneration is to be on the terms outlined in this report. It is proposed that the GLA, other Public Sector Funders, WNSL and the Security Trustee execute a single Consent Letter agreement in relation to the consents required to the variation to WNSL's Stadium property rights.
- 6.2 This Consent Letter will record the GLA, the other Public Sector Funders and the Security Trustee's consent to the variations to WNSL's Stadium property rights pursuant to the Intercreditor and Security Trust Deed. The Consent Letter also confirms that the variation to Stadium property rights does not equate to a 'disposal' of the Stadium site for the purposes of the Funding Agreement and so no particular consents are required of the GLA under the Funding Agreement itself.
- 6.3 The GLA's exercise of functions in respect of the consent required of it under the Intercreditor and Security Trust Deed (including providing the consents under the Consent Letter) is consistent with the GLA's powers under section 30 of the Greater London Authority Act 1999 (GLA Act) to do anything which 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 which 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 consents being given by the GLA under the Consent Letter pursuant to the Intercreditor and Security Trust Deed, 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 discussion with the Public Sector Funders, Senior Lenders and the Security Trustee to ensure that all parties understand the scale of the regeneration works and the implications of changes being made to the Stadium's property rights for which consents are being sought. A draft Consent Letter by The FA's legal advisers is being progressed following review by the GLA and other Public Sector Funders. The next stages include for such agreement to be reviewed by the Senior Lenders and Security Trustee and as may be required, again by the GLA and other Public Sector Funders before being finalised and entered in due course.

Activity	Timeline
Engagement with and approval from Public Sector Funders	Jun 2020 to Sept 2020
The FA's legal adviser's preparation of the draft Consent Letter; and review, approval and entry into by GLA and the other relevant parties	Jun 2020 to Sept 2020

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 either be published 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? No

Until what date: (a date is required if deferring)

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under 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:

Abdel Reza Nauyeck has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Leah Kreitzman has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 1 September 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gane

Date

1 September 2020

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

1 September 2020

