

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2005

### Title: Wembley Stadium: Maintenance Reserve Account & License to Occupy

#### Executive Summary:

The GLA provided consent in September 2015 to a refinancing of the English National Stadium Project, Wembley (Stadium) as proposed by the Football Association (FA) (MD1550). This included entering into a Deed of Amendment between the GLA, the FA subsidiary Wembley National Stadium Limited (WNSL) and various public and private sector funders in relation to the amendment of an Intercreditor and Security Trust Deed. The GLA is one of three 'Public Sector Funders' which provided stadium construction grants. WNSL is required to maintain a maintenance reserve, which is currently held in three separate accounts. The FA group may wish to consolidate its bank and treasury accounts and prior written consent to moving the maintenance reserve account(s) to another bank(s) is required by the Public Sector Funders. WNSL also requires the Public Sector Funders to provide consent to WNSL conferring a non-exclusive licence on Tottenham Hotspur Football & Athletic Co Limited (THFC) for THFC to occupy certain office space at the Stadium.

#### Decision:

The Mayor approves the following:

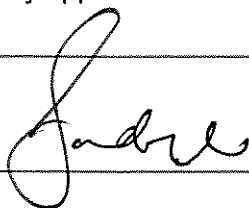
1. The GLA providing such consent as may be required by it in relation to minor technical changes to the maintenance reserve account(s) held by Wembley National Stadium Limited (WNSL) under an intercreditor agreement relating to GLA's construction grant for Wembley stadium (Stadium).
2. The GLA providing such consent, as may be required by it pursuant to the intercreditor and grant arrangements referred to above, to WNSL conferring a non-exclusive licence on Tottenham Hotspur Football & Athletic Co Limited (THFC) for THFC to occupy certain office space at the Stadium.
3. The Executive Director of Resources (and any senior officer nominated by him for such purposes) agreeing on behalf of the GLA the form of such consents, agreements and documentation as may be required to facilitate matters referred to in this Mayoral Decision.

#### 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:

30/11/16

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 In September 2002, a financing package for the construction of the English National Stadium project, Wembley (Stadium) was put in place with Wembley National Stadium Limited (WNSL), a special purpose subsidiary of Football Association Limited (the FA). The now dissolved London Development Agency (LDA) provided grant funding of £21 million under a funding agreement with WNSL (the Funding Agreement) and was one of three “Public Sector Funders” providing grants. The GLA assumed the role of provider of the LDA grant pursuant to the LDA statutory transfer scheme, the grant having been paid to WNSL in full prior to completion of construction of the Stadium. An Intercreditor and Security Trust Deed governing the terms between WNSL, the FA, the Public Sector Funders and lenders was entered into.
- 1.2 In October 2015, the FA sought to refinance the current financing arrangements with new corporate facilities that would be simpler, less onerous and which would generate an overall lower cost to the FA Group, with one of the main aims to release additional funding to better assist the FA in financing its long-term strategic priorities. As one of the Public Sector Funders, the GLA was required to give its consent to the refinancing arrangement and this included entering into a Deed of Amendment between the GLA, the FA, WNSL and various public and private sector funders in relation to the amendment of an Intercreditor and Security Trust Deed. This was approved via Mayoral Decision MD1550.
- 1.3 In line with the Intercreditor and Security Trust Deed, the FA now requires the Public Sector Funders to consent to two unrelated initiatives; one being a minor amendment to the maintenance reserve accounts required by the Intercreditor and Security Trust Deed and the other being a non-exclusive licence for Tottenham Hotspur Football Club & Athletic Co Limited (THFC) to occupy certain office space at the Stadium.

#### **2. Objectives and expected outcomes**

##### Maintenance Reserve Account

- 2.1 As part of the refinancing of the WNSL and FA debt facilities, WNSL is required to maintain a fixed amount in a Maintenance Reserve Account under specific conditions noted within clause 7.9 of the Intercreditor Security Trust Deed. The Maintenance Reserve Account is currently held in an account at one bank. The FA group may wish to consolidate its bank and treasury accounts to another bank. The proposed Maintenance Reserve Account would otherwise be held under the same terms as the current arrangement, which means there would be no changes to how the fixed amount in the reserve is used and treated.
- 2.2 As required by the Intercreditor and Security Trust Deed, the Security Trustee requires consent from all the Public Sector Funders prior to making technical amendments to clause 7.9 (a) of the Accounts Agreement, changing the bank account details.

##### Non-exclusive licence to occupy– Tottenham Hotspur Football Club

- 2.3 WNSL has entered into a venue hire agreement with THFC for the staging of matches of the senior men’s team representing THFC (THFC Team) at the Stadium while its own stadium, White Hart Lane, is refurbished. Under the terms of the proposed Venue Hire Agreement (VHA), THFC has a right to request the grant of a non-exclusive licence to occupy certain office space at the Stadium.

2.4 As part of the Intercreditor and Security Trust Deed, WNSL is not permitted to share occupation or confer any licence to occupy any part of the Real Property (i.e. the land that Wembley Stadium is situated on) without the consent of the Security Trustee (who would be acting on instruction of the Public Sector Funders). Consequently, the GLA is requested to provide consent to THFC having a licence to occupy certain office space at the Stadium.

### **3. Equality comments**

3.1 There are no direct equalities implications arising from this decision. However, under section 149 of the Equality Act 2010, the GLA has a responsibility to give due regard to advancing equality of opportunity in all its activities, including financial administration and decision-making.

### **4. Other considerations**

4.1 As the GLA is one of three Public Sector Funders of the construction of the Stadium, the FA has been in direct contact with GLA officers with regard to the Maintenance Reserve Account changes and the licence to occupy proposals for THFC. This includes the review of the proposals and the requirement for each Public Sector Funder to formally provide its consent to the proposals.

### **5. Financial comments**

5.1 There are no direct financial implications to the GLA arising from this report.

5.2 It should be noted, however, as per MD1550 the original grant of £21m provided by the LDA to WNSL was paid in full, with WNSL having met the conditions of the grant to date as per the Funding Agreement. However, the FA is still required to continue to comply with the information and reporting obligations as part of the Stadium project and the terms of the Funding Agreement. Additionally, the Funding Agreement makes provision for certain clawback of funds should there be any 'Disposal' of the Stadium and WNSL would have to notify the GLA on each and every occasion any clawback on Disposals occurs, liaising with GLA officers as required. A 'Disposal' means any freehold transfer or the grant or transfer of any leasehold interest in the Stadium. The current proposals with respect to THFC do not involve a freehold and/or any leasehold transfer in the Stadium and so there are no Disposals under these arrangements.

### **6. Legal comments**

6.1 Pursuant to property undertakings contained in Schedule 6 to the Intercreditor and Security Trust Deed, WNSL must not share occupation or confer any licence to occupy any part of the Stadium without the consent of the Security Trustee acting on behalf of the Public Sector Funders.

6.2 Pursuant to clause 28.1(f) of the Intercreditor and Security Trust Deed, the prior written consent of the Public Sector Funders is required to amend clause 7.9(a) of the Accounts Agreement and this clause refers back to the definition of Maintenance Reserve Account which provides a specific account number.

6.3 As mentioned under paragraph 5.2 above, there is no 'Disposal' for the purposes of the Funding Agreement under the proposed arrangements with THFC.

6.4 The GLA's exercise of functions in respect of the Funding Agreement and Intercreditor and Security Trust Deed (including the provision of the relevant consents required by this decision) 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, namely, promoting economic

development and wealth creation, promoting social development, and promoting the improvement of the environment in Greater London.

- 6.5 Section 34 of the GLA Act allows the GLA, acting by the Mayor, to do anything which is calculated to facilitate, or is conducive to, the exercise of any functions of the GLA exercisable by the Mayor. In this case, the consents referred to above, requested of the GLA, may reasonably be seen as being calculated to facilitate the GLA performing its functions as described above.
- 6.6 The Mayor may, under section 38 of the GLA Act, delegate the exercise of the GLA's functions to the Executive Director of Resources as proposed.

## 7. **Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Approval of Mayoral Decision	Nov 2016
Negotiation of and entry into consent documentation relating to the THFC venue hire agreement and changes to the maintenance reserve account details by the GLA and other Public Sector Funders	Nov 2016

### **Appendices and supporting papers: MD1550**

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

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

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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 have been consulted on the final decision.

✓

**Sponsoring Director:**

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

✓

**Mayoral Adviser:**

David Bellamy 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 the 28 November 2016.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Ollé*

Date

*28.11.16*

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

*28/11/2016*

