



**Glasgow City Council**  
**City Administration Committee**

## Item 9

29<sup>th</sup> November 2018

**Report by Executive Director of Regeneration and the Economy**

**Contact: Ian Robertson**

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### **Proposed Discharge of Floating Charges held over Queen's Park Football Club (QPFC) and The National Stadium (TNS)**

#### **Purpose of Report:**

To outline the background and seek authority to discharge the Floating Charges held by Glasgow City Council over the assets of Queen's Park Football Club (QPFC) and The National Stadium (TNS) subject to conditions and other ancillary agreements as detailed.

#### **Recommendations:**

It is recommended that the committee:

1. notes the content of this report;
2. grants authority for the discharge of the floating charges held over the assets of QPFC and TNS subject to a minute of agreement being entered into with the SFA maintaining the terms contained within the minutes of the Policy and Resources Committee of 7th March 2000;
3. grants delegated authority to the Executive Director of Regeneration and the Economy to:
  - a) agree the terms of and enter into the Discharge and the Minute of Agreement referred to above,
  - b) issue a letter of consent to QPFC and TNS allowing them to grant a standard security to the SFA subject to the agreement for the Discharge and Minute of Agreement being in place .
  - c) agree the terms of any ancillary agreements and consents associated with the transfer of the Stadium by QPFC and TNS to the SFA,

all in terms satisfactory to the Director of Governance and Solicitor to the Council and the Executive Director of Finance.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

## 1.0 Introduction

- 1.1 The requirement for this report relates to the agreed sale of Hampden Stadium from Queen's Park Football Club (QPFC) and The National Stadium (TNS) to the Scottish Football Association (SFA). QPFC and SFA are seeking the discharge of floating charges held by the Council over the assets of QPFC and TNS, the background to which is set out below.

## 2.0 Background

- 2.1 In the late 1990's, grants totalling £1,800,000 were made by Glasgow City Council to QPFC as a contribution towards the major redevelopment of Hampden Stadium which was then underway. This grant wasn't conditional upon a floating charge.
- 2.2 A further grant of £200,000 was approved at Policy and Resources Committee meeting of 23<sup>rd</sup> November 1999 due to increasing costs. A further grant of £600,000 was subsequently approved by the Policy and Resources Committee on 7th March 2000. These grant awards were made subject to the following conditions, which were regulated by the floating charge over the assets of the companies:
- (a) a final and agreed estimate of the outturn costs for the project and evidence of 100% funding to complete;*
  - (b) a new structure for the management and governance of the national stadium;*
  - (c) a business plan which had regard to the position of the SFA, was robust and demonstrated that the stadium was viable as a going concern but that secured the project purpose;*
  - (d) arrangements be put in place to allow city-wide community access for the use of sports, medical and other facilities at Hampden Park on a guaranteed basis;*
  - (e) there be a floating charge in favour of the Council (ranking behind the Royal Bank of Scotland plc and Sovereign);*
  - (f) the Council be given representation on the Board of the SFA subsidiary company which would be established to manage the stadium; and*
  - (g) a guarantee be put in place that the Museum of Football would be housed at Hampden Park;*

Of these conditions, d, f and g currently remain as continuing obligations but these would fall when the sale of Hampden is completed.

- 2.3 Mentioned above are the two principle funders, who lie first and second in a ranking agreement respectively, namely The Royal Bank of Scotland and Sovereign. However the Council is advised that these loans have been repaid in full.
- 2.4 Three other funders form the third rank of secured creditors alongside the Council. At a recent meeting, those other three secured lenders indicated they were of a similar mind, in that the purpose of the original grant had been fulfilled and they were agreeable to grant the request for discharge, but not without condition. Sports Scotland had already requested sight of a business case from the SFA showing the viability of the stadium going forward, also an agreement that Hampden would remain the National Football Stadium and museum. The discharge would only be granted when these were received and were considered satisfactory.
- 2.5 The Floating Charge held by the Council has little general effect. The funds provided were in the form of a grant so it was never anticipated that these monies would be repaid. The main benefit of the floating charge is that it would give the Council some control should the stadium experience financial difficulty.
- 2.6 The current proposal is for the actual transfer of title to the stadium to pass on 1<sup>st</sup> August 2020. The reason for this early request for authority arises from the intention of the SFA to advance substantial funds to QPFC to allow a redevelopment of Lesser Hampden and have that available for use by the time the main stadium ownership transfers. That advance of funds is to be secured by QPFC granting a Standard Security to the SFA over the Stadium. There is also to be a transfer of shares in TNS. The floating charge held by the Council does mean that the Council's consent is required to permit those transactions.
- 2.7 Given the time restraints of the deadline of 15<sup>th</sup> December 2018 to progress the first phase, the redevelopment of Lesser Hampden, it has not been possible to agree all the detail of the minute of agreement and other legal documentation in advance of the committee hence the request for delegated authority to agree such details and put the legal agreements in place, including the requirement to secure ongoing commitment to the conditions set out in the Policy and Resources Committee minute of 7<sup>th</sup> March 2000.
- 2.8 It is therefore recommended that the Committee grants authority to discharge the floating charge, on the basis that the Discharge will only be granted subject to the SFA entering into an agreement which secures their ongoing commitment to the conditions linked to the original grant of money. The authority being sought, to enter into such an agreement, would mean the Council adopting a position similar to that of Sports Scotland.

### 3 Policy and Resource Implications

#### Resource Implications:

<i>Financial:</i>	<i>No implications</i>
<i>Legal:</i>	All transactions will be subject to review and conclusion by Glasgow City Council Corporate Services.
<i>Personnel:</i>	no implications
<i>Procurement:</i>	no implications

**Council Strategic Plan:** Securing the continuing use of Hampden with all of its inclusive facilities will satisfy the following theme:

#### **A Vibrant City**

which fully satisfies the stated outcomes namely:

Glasgow is a world class destination for tourism, culture, sport, events and heritage.

Glaswegians are active and healthier.

All citizens have access to the city's cultural life and its heritage.

Glasgow acknowledges and promotes its history, heritage and culture.

In particular, this report will support and assist in achieving the following Council priorities;

13. Maintain Glasgow's reputation as a world class city for heritage and events building on the legacy of 2014 and support Glasgow to become more active and meet the outcomes set for an Active Scotland.

15. Deliver the Glasgow Tourism and Visitor Strategy.

18 Develop an events strategy including how we measure the success and impact of events.

#### **Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2017-22* An equality impact Assessment (EQIA) is not required for this project.

*What are the potential equality impacts as a result of this report?* no significant impact

*Please highlight if the policy/proposal will help address socio economic disadvantage.* N/A

### **Sustainability Impacts:**

*Environmental:* N/A

*Social, including Article 19 opportunities:* N/A

*Economic:* N/A

**Privacy and Data Protection impacts:** N/A

## **3 Recommendations**

3.1 It is recommended that the committee:

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  - a) agree the terms of and enter into the Discharge and the Minute of Agreement referred to above,
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