

Return to an Address of the
Honourable the House of Commons dated
19th December 2001 for the

English National Stadium Review

Interim Report

December 2001

Patrick Carter

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Patrick Carter's covering letter to Tessa Jowell MP, Secretary of State for Culture, Media and Sport

19 December 2001

Dear Secretary of State,

English National Stadium

Following the failure of the Wembley project to secure the necessary financing, a review was commissioned to establish whether an English National Stadium could be funded and managed at Wembley, or if not, at another location in England. The initial phase of the Review identified a number of realistic options available for the development of a new Stadium. It also noted that there could be no prospect of a successful project if the role and commitment of the three key stakeholders – the FA, Sport England and the Government – was not clearly understood. Accordingly you asked me as the next phase of the Review to hold discussions between the stakeholders as to the way forward as the first step towards delivering the project. This has now been done.

The interim report of my work to date is enclosed. I have removed commercially sensitive information for ease of publication. The report identifies four main reasons why the original project failed. First the design as conceived was over-ambitious and contained many non-core elements whilst at the same time failing to meet the needs of the premium seat holders. Secondly the premium seat income, upon which financing mainly depends, was not sufficiently secure. Thirdly the sponsor WNSL, a wholly owned subsidiary of the FA, was not then perceived as credible. In short the stadium was too expensive, the income stream too insecure and the management unconvincing. Irrespective of any consideration of location, these remain the critical issues today. Finally the Government was perceived as interfering in the project to its detriment and the very public difference of opinion between Government and the FA led to a loss of confidence on the part of potential lenders.

The Review therefore sought to determine the feasibility of various lower cost stadiums, to clarify the revenue stream generated by the premium seats and to assess the role and capability of the FA in any new project.

In determining which option is the most viable, consideration has to be given to the sources of funding. Apart from funding received from the Sport England Lottery Fund, the FA and sponsorship, it was always anticipated that the remaining funding would be met by borrowing. The revenue stream that will provide for the servicing and repayment of the debt will be the premium seat income. The economics of the National Stadium project are such that the premium seats account for one sixth of capacity but over two thirds of income.

The Review has identified and the FA has accepted that it is the only realistic and credible sponsor. However, for the project to succeed, Government and Sport England must be seen to support them. In addition all parties accept the need to provide strong direction and control of the project through the appointment of a suitably qualified board and management.

As project sponsor and provider of risk capital, the FA should have the final decision as to location and design, which must be based on a robust financial case. The FA favours the revised WST design at Wembley due mainly to its more advanced status.

It should be said that, whilst the FA has significant income, it distributes all of it annually and sees its main role as football's governing body rather than as a stadium developer and operator. The Rate of Return it would receive from its investment in the National Stadium is below that which providers of private equity would require. The total cost of the WST scheme is approximately £715m. This would be financed by £100m equity from the FA plus debt support of £7m per annum (capitalised at £70m), £120m from Sport England, £270m of debt, £14m from WNSL, £21m from the London Development Agency and £100m from leasing, sponsorship, pouring/catering rights and upfront sales of premium seats. The Government contribution would be £20m – some 2.8% of the project cost. The WST scheme is capable of accommodating an athletics deck and complies with the requirements of the Lottery Funding Agreement. Sport England, the FA and WNSL have agreed, on this basis, that no repayment would be due to Sport England in respect of the removal of athletics.

What is being proposed now differs from the FA's submission of last April in four key respects. First the scope of the project has been reduced and more accurately costed. Secondly the premium seat income has been market tested and an offer of underwriting received. Thirdly the banking figure is significantly reduced and is more realistic. Fourthly the level of non-debt funding has increased. These changes bear out the wisdom of commissioning a review and not proceeding with the original scheme that all parties now recognize was flawed.

The Review Team was also impressed with the proposals put forward by Birmingham City Council and we recommend that, in the event that the Wembley proposal is not taken to final contract within a reasonable timescale, the FA, Government and Sport England give serious consideration to the Birmingham proposal.

A successful project must begin with a clear understanding of the respective commitment of the FA, Government and Sport England. This should be encapsulated in binding agreements that map out the path for the next stage. This next stage will be complicated with many interdependent contracts and it will take some months to work through all the details and resolve outstanding issues.

In the last few days since I completed the attached report the principal stakeholders have raised with me issues in relation to value for money and contract procurement process. This has only served to strengthen my belief that you need to satisfy yourself as to the achievement of Government value for money and procurement standards and any associated accounting issues.

In conclusion, subject to resolution of these issues, I believe we now have the prospect, but not yet the certainty, of delivering a National Stadium at Wembley. There remains much to be done and I would counsel all concerned not to consider this a done deal until such time as legally binding agreements are signed, at which point I propose to deliver my final report.

Yours sincerely

Patrick Carter

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Background Terms of reference

- The terms of reference of the Review were:
'In the light of the FA's announcement on 1 May about the project to develop a new English National Stadium at Wembley for Football and Rugby League, to examine if the project can be funded and managed at Wembley, or if that proved impractical, at another location in England'
- Following completion of the Review's first phase report at the end of August, Government, the Football Association and Sport England agreed on the next steps and Patrick Carter was asked to lead further discussions on the options identified. This report covers both phases of the Review's work
- Appendix 1 sets out the members of the Review Team

Emerging information

- This report is based on the latest information available to the Review Team
- However assumptions have moved throughout the Review. The Review Team does not yet regard any figures in this Review as final

Background Key milestones

Date	Event
February 1995	<ul style="list-style-type: none"> ■ Sport England established a Project Steering Group (comprising Sport England, FA, Football League, FA Premier League, Rugby Football League, British Athletic Federation) to establish brief for project and bid criteria
December 1996	<ul style="list-style-type: none"> ■ Sport England select Wembley as preferred site, decision in principle made to award lottery grant of £120 million towards the project
September 1997	<ul style="list-style-type: none"> ■ ENST apply to Sport England for grant aid and establish ENSDC to design, build, fit out and operate the stadium. ENSDC and ENST begin negotiations to secure both the site and commitment from the event owners (including the FA) and appoint a design team for the project
January 1999 March 1999	<ul style="list-style-type: none"> ■ ENSDC secures event commitment by FA, purchase of site from Wembley Plc and Lottery grant from Sport England ■ ENSDC becomes WNSL
7 October 2000	<ul style="list-style-type: none"> ■ Existing Wembley Stadium closed
October 2000 December 2000	<ul style="list-style-type: none"> ■ Syndication (£485 million) circulated to banks ■ Syndication fails
April 2001	<ul style="list-style-type: none"> ■ FA approach Government for financing
June 2001 August 2001	<ul style="list-style-type: none"> ■ Patrick Carter, appointed by Government, begins to review the options for the English National Stadium ■ First phase of Review completed
December 2001	<ul style="list-style-type: none"> ■ Second phase of Review completed. Interim report covering both phases

Approach

- The key issues the Review Team has sought to address are:
 - Is the original scheme for Wembley deliverable?
 - If not, can an alternative scheme at Wembley be delivered?
 - If not, can a scheme be delivered elsewhere?
 - If a stadium cannot be delivered, what are the implications?
 - The impact of the Sports Lottery Fund grant
- In considering these issues the Review Team has examined:
 - Financial issues including total project costs and funding
 - The commercial position of the Football Association
 - Design issues including size and specification
 - Construction issues including procurement risk
 - Sponsorship and management issues
 - Location issues including availability, planning and infrastructure
- The Review has followed a process aimed at ensuring that all key parties understand what their objectives for participating in the national stadium are, what can be built with the finance available and what is required, in terms of financial commitment and project management, in order to bring any project to fruition
- The Review's objective is to ensure that any decision on a national stadium is made within the right framework of understanding and reflects the balance of interests of the stakeholders
- During the Review it has become clear that the FA is the only realistic project sponsor. In considering the extent of its commitment to the project the FA must put commercial considerations first and as such the decision on whether to pursue a national stadium, and the specification and location of any such stadium must be the FA's
- This approach is set out more fully in Appendix 2

The WNSL 2000 Wembley proposal

- The scheme which was the basis of the FA's approach in April 2001 for £150m from Government was then projected to cost £763m
- Its functional content was ambitious and the m² per seat high

Scheme	m² per seat
WNSL 2000 Wembley	1.97
Stade de France	0.88
Stadium Australia	1.25
Cardiff Millennium Stadium	0.82

- Its funding package was closely linked to the projected income from premium seats, which at that time had not been validated by quantitative or qualitative market research. During the Review it emerged that the April design did not meet the specification required to deliver this income
- The scheme had already failed to attract a commercial funding package, resulting in the request for financial support from the Government. During the Review it became clear that the level of debt funding assumed in the request to the Government for a grant was unlikely to be deliverable
- The Review Team did not consider this scheme to be fundable and moved on to examine alternative Wembley schemes

Alternative Wembley schemes

- The Review Team considered the following alternative schemes at Wembley:
 - A revised version of the WNSL 2000 Wembley proposal, (the 'revised WST scheme')with the hotel, offices and visitor attraction removed, and additional accommodation provided to meet the needs of premium seat holders
 - A new simplified design at Wembley based on the design submitted by the Birmingham bid team
 - A cheaper design at Wembley based on a generic stadium
- The FA does not have confidence that either the generic or simplified design scheme would deliver the level of premium seat income, and consequently debt funding, that the WST scheme would, and believes that the financial returns to the FA would be lower

Scheme	m² per seat
WNSL 2000 Wembley	1.97
Revised WST	1.89
Simplified design at Wembley	1.62
Cheaper generic design at Wembley	1.35

Alternative Wembley schemes - cost

Scheme	Total project cost £m	Indicative funding £m	Gap £m
Revised WST	715	(305)	410
New simplified design	681	(305)	376
New generic design	625	(305)	320

- Total project costs include construction, fit-out, fees, inflation, infrastructure, interest and pre-opening costs
- The WST scheme has been subject to 15 months of refinement. The need for significant design changes emerged during the Review. The current tender was submitted in September 2000 and the scheme has undergone significant changes since that date. The Review Team considers that the project cost cannot be regarded as certain until binding construction and financing agreements have been signed
- The WST scheme is capable of accommodating an athletics deck and complies with the requirements of the Lottery Funding Agreement. Sport England, the FA and WNSL have agreed that, on this basis, no repayment would be due to Sport England in respect of the removal of athletics
- The simplified design is based on an initial design with an elemental cost plan. However, the design is at a very early stage. The Review Team has made an allowance for an additional contingency to reflect this, but this price should not be regarded as certain at this stage
- The generic design is also based on initial design work and a cost plan. The Review Team has again made an allowance for an additional contingency to reflect this, but again this price should not be regarded as certain at this stage
- The total project costs for the new simplified and generic designs shown above include £20m repayable to Sport England for the removal of athletics
- Delivering any revised scheme will require a budget led approach to design and procurement, based on strong project management
- During the course of the Review the Genesis Consortium proposed a scheme, which the Review Team evaluated. The Review Team noted the early stage of the proposal. Based on the Genesis consortium's initial indication of total build costs the Review Team estimated that the total cost of the Genesis proposal would be approximately £575m. Following a preliminary review of the capital costings by the Review Team the consortium increased their capital costs to give a range of project costs of £625m to £640m.

Premium seating

- Premium seat income is crucial. Under any scheme at Wembley the premium seats are forecast to generate over 70% of total stadium income, with the non premium seats providing just 17%
- This income stream is being used to support the debt funding for the national stadium
- To generate the levels of premium seat income necessary to support the proposed funding structure, extensive catering and hospitality facilities must be provided. Under the WST proposals and the new simplified design, in addition to the 1,800 places of sit down catering in corporate boxes, a further 9,000 premium seat holders are assumed to have sit down catering. The remaining premium seat holders would have access to high quality food and beverage concessions on an exclusive concourse

Indicative funding at Wembley

The indicative funding available is analysed below

	£m
FA	100
WNSL surplus from operations	14
Sport England	120
Pouring rights/catering fit-out/sponsorship	30
Leasing	20
London Development Agency funding	21
Total	<u>305</u>

- Sport England have committed £120 million of capital funding
- The FA has offered £100m of capital funding to the project
- It is common for stadium operators to receive up-front capital payments for giving long term pouring and catering rights. In addition it should be possible to attract sponsorship for the scoreboards. The Review Team considers that £30m can be generated from this source
- Certain elements of the fit out of the Stadium can be funded through lease finance. The Review Team considers that £20 million of funding can be generated from this source
- The London Development Agency has made an in principle offer of funding worth £21m towards the project costs, after taking into account interest and inflation

Funding the gap at Wembley

The Review Team and the FA have considered how the funding gap could be met

	£m
Debt funding	270
Up front premium seat receipts	50
Government contribution towards infrastructure	20
Total	<u>340</u>

- The Review Team has held discussions about debt funding with a number of UK and US banks. During the course of the Review the debt funding figures have varied. The Review Team considers the figure of £270m to be a reasonable assumption. There are ongoing discussions between the banks, the FA and the sports marketing agency as to the ability of the stadium cash flows to satisfy the providers of debt finance
- The debt would primarily be supported by premium seat income. A leading sports marketing agency has indicated that it is prepared to provide a level of guaranteed annual income. It is anticipated that there will be £50m income from up-front sales receipts. During the life of the project various levels of revenue underwriting have been sought by and offered to lenders. The Review Team and the FA believe that underwriting of £10m per annum, which the FA has indicated it is willing to provide for the WST scheme, would be affordable by the FA, in addition to their other financial commitments, and is consistent with their financial capacity and responsibilities
- A Government contribution to infrastructure would be in line with the Secretary of State's position as described to the Select Committee on Culture, Media and Sport on 23 October. The infrastructure cost imposed by Brent Council, mainly transport costs, represent £21m of the total project costs after inflation and interest

Alternative Wembley schemes - financial summary

Scheme	Gap £m	Gap funding £m	Remaining gap £m
Revised WST	410	(340)	70
New simplified design	376	(340)	36
New generic design	320	(340)	(20)

- The Review Team believes that the only sources of funding available to close the remaining gap are further support from the FA and the sale of naming rights
- The FA has indicated that it is prepared to provide annual income support to the revised WST scheme of up to £7m for the first 20 years of the Stadium operation. This would support debt of £70m which would close the remaining gap. The FA believes this scheme is at a more advanced stage and represents better value for their money. The Review Team has estimated that the FA will achieve an IRR of between 10% and 15% on its investment depending on whether prudent or optimistic assumptions are used as regards premium seat income
- In the long term a national stadium operation should be very cash generative. After debt has been repaid a national stadium could be capable of generating pre-tax cash flows of up to £30 million per annum depending on which option is chosen
- The Lottery Funding Agreement precludes commercial naming of the Stadium. If this restriction were relaxed there could be significant prospective income. However the premium seat marketing agency believes naming the stadium could compromise premium seat sales
- None of the schemes can yet present a fully committed funding package and signed construction contract
- No fully costed proposal has emerged from any promoter for an alternative design at Wembley
- The FA has declared a preference for the WST scheme, as it believes that this option will provide a first class stadium
- The Genesis Consortium scheme assumes that it is possible to raise debt of between £400m and £440m and equity of £25m to £40m. The financing assumes that the equity and debt investors have a 30 year first call over all income generated from the stadium. After meeting debt service costs and providing a 15% return to the equity investors the Genesis Consortium proposes an equal split of further income between the equity investors and FA. The Review Team believes that further work is necessary to support the Consortium's assumptions as regards premium seat income
- Assuming a total project cost of £625m and debt and equity funding of £450m there is a funding gap of £175m for the Genesis scheme before any Sport England Lottery or other public funding. The Genesis scheme projections show significant equity returns to investors which will make justification of Lottery grant or Government funding difficult

Alternative locations

- The Review Team also considered two schemes elsewhere which had an active promoter: Birmingham and Coventry. Appendix 3 presents further background on location factors
- The Lottery grant of £120m was Wembley specific. If the national stadium were not to go ahead at Wembley, Sport England would claim repayment of the grant from WNSL and the FA, which the FA would dispute. Whatever the outcome of this dispute the Review Team has assumed that, if the project were to proceed at another location, the Wembley project would be closed down, £100m would be made available to the new project, either as a new lottery award following recovery of the Wembley grant or as equity investment by the FA. This is in line with an award at Wembley for a football only stadium.
- **Birmingham** has the significant advantage of a public sector promoter willing to assume planning and construction risk, with a track record of delivering large capital projects. A design, costing, business planning and financing team has been working on their bid. This option also has an established management company - the NEC Group. A scheme at Wembley lacks the advantage of a public sector promoter to drive the project forward
- The Birmingham site is in the greenbelt and planning consent, if granted at all, is unlikely to be available before Summer 2002
- BCC has offered to provide a guarantee against premium seat income to support the debt finance. The level of the guarantee is dependent upon a detailed review of the premium seat market for a national stadium in Birmingham being undertaken by a leading sports marketing agency. Birmingham's offer to provide the income guarantee is dependent on the FA agreeing to share equally any financial risk arising from this guarantee
- The FA's financial commitment to Birmingham is significantly less than at Wembley. This reflects the FA's view that premium seat income will be significantly lower at Birmingham than Wembley. The Review Team has estimated that the FA will achieve an IRR of between 6% and 8% on any investment of £100m depending on whether prudent or optimistic assumptions are used as regards premium seat income

	Birmingham £m
Total project cost, including interest, infrastructure, fees and pre-opening costs	493
New Lottery Award/FA equity	(100)
Pouring/catering/sponsorship	(30)
Leasing	(20)
Debt	(130 – 250)
Central Government	(20)
Advantage West Midlands	(30)
Gap	43 - 163

- The Review Team has assumed a Central Government grant towards infrastructure at a similar level to the £20m proposed at Wembley

Alternative locations

- Proposals were put forward by **Coventry**. However, these proposals were not supported by a business plan, commercial funding proposals or a costed design for a 90,000 seat stadium. In addition Coventry's favoured management company, the NEC Group, would only become involved if Birmingham's project failed. The Review Team has used the cost of the generic stadium design for assessing the location's viability
- Coventry City Council has not shown how the stadium could service its debt. Neither has it provided any proposal to guarantee premium seat income to support debt finance. The Review Team has therefore found it difficult to assess the likely level of debt funding which could be raised but has made an assumption drawing on the advice received on the premium seat market in the West Midlands
- The FA has not committed to providing any upfront funding at Coventry or staging any of its matches there
- Coventry City Council also has other proposals for its site, the Coventry Arena, and will need to progress these to ensure that the project can succeed. The Review Team acknowledges that Coventry City Council should take these forward, because the timetable for a decision on the National Stadium cannot be reconciled to that of its Arena project

	Coventry £m
Total project cost including interest, infrastructure, fees and pre-opening costs	470
New Lottery Award	(100)
Pouring/catering/sponsorship (untested in the market)	(30)
Leasing	(20)
Debt	(130)
Central Government	(20)
Advantage West Midlands	(12)
Gap	158

- The Review Team has assumed a Central Government grant towards infrastructure at a similar level to the £20m proposed at Wembley
- The above excludes any potential European funding

No stadium option

The financial implications of having no national stadium

- Lottery grant – Sport England has paid a grant of £120 million to WNSL, a wholly owned subsidiary of the FA. This met the acquisition cost of the Wembley site and some of the design fees. In the absence of a national stadium this grant would become repayable. The process of recovering the grant is unlikely to be straightforward
- The Lottery grant is secured on the land value which is likely to be only around £30 million, and the value of the 20 year FA Staging Agreement
- Other sunk costs – at the outset of the Review WNSL had incurred costs of £13.8 million on design and professional fees and WNSL operations
- The FA will have to write off the capitalised costs and fixed assets it is carrying on its balance sheet, resulting in net liabilities
- The cost of re-opening Wembley, if WNSL chose to pursue this option, would be significant – circa £40 million for a temporary fix which would only allow the stadium to remain open for five years. Alternatively, the FA and Football League would have to continue taking their games around the country
- A number of other European countries have developed major stadiums. However, these have generally been for major events and most have football clubs as anchor tenants (see Appendix 4)

The non-financial implications of having no national stadium

- Public/media reaction may be hostile - although the recent “England on the road” has been popular
- Ability to host future major international sporting events may be compromised
- The present planning/regeneration strategy for the Wembley area is based on securing a national stadium and an empty stadium will blight the area until an acceptable alternative use is found for the listed building or the site

Moving forward - project credibility

- This is a complex and difficult project with a wide range of stakeholders whose uncertain and disparate commitment prior to the Review has been damaging
- The project had lost credibility with key stakeholders:
 - banks (see Appendix 5)
 - construction market
 - media
 - event owners
 - public
- The scheme was design and content, rather than budget, led, which has resulted in an escalation of cost - this is being addressed
- There has not been and still is no final certainty regarding costs
- The project lacked a credible sponsor – critical to the success of this project is the full acceptance by the FA that they alone can be the credible sponsor
- The stadium's project vehicle needs a strong and credible board and management with the requisite experience to make the project succeed
- Before proceeding to final contract, the FA must demonstrate that it has secured strong contract management capacity
- The presence of Birmingham City Council as a public sector promoter able to drive the project forward has enhanced the credibility of their bid
- The Government's position on the project has been ambiguous
- The FA does not believe that the project can be delivered without Government support
- Any solution requires strong, unified and enduring commitment from the FA, Sport England and Government - without the certainty of this the project will fail
- During the Review the commitment of all parties has become clearer – these commitments must be translated into a new delivery framework for the project

Implementation Conclusions

- During the course of the Review much work has been done by all parties to move options forward and reduce uncertainty. The element of competition introduced by the Review has encouraged this
- The commitment of each stakeholder has also become clearer
- The FA has affirmed its commitment to a national football stadium and has accepted the role as project sponsor
- The FA's primary concern must be the robustness of the financial case
- None of the options can yet demonstrate certainty of delivery and each currently carries a number of risks

Recommendations

- The Review Team believes that the only way forward is to invite the promoters of the WST scheme to present final proposals to design, build, finance and operate a national stadium, such proposals to contain fully committed funding and final design, cost and procurement proposals.
- Should such proposals not be accepted within a reasonable timescale Birmingham should be actively considered
- No final commitment should be made by any party until irrevocable agreements have been reached as regards funding and procurement
- The FA, Sport England and Government should set out the financial and other commitments they are prepared to make to a National Stadium
- Until such time as legally binding contracts are in place the Review Team will not submit a final report

Glossary

AWM	Advantage West Midlands
BCC	Birmingham City Council
CCC	Coventry City Council
ENST	English National Stadium Trust
ENSDC	English National Stadium Development Company
FA	Football Association
FL	Football League
IRR	Internal Rate of Return
SE	Sport England
WNSL	Wembley National Stadium Limited
WST	World Stadium Team

Appendix 1
Review Team members

Appendix 1

Review Team members

- The Review was led by Patrick Carter, assisted by Robert Raine and Stephen Poole of the Department for Culture, Media and Sport. Patrick Carter was also advised by Nicholas Buckworth of Shearman and Sterling and Duncan Cardow, a former senior partner of Architects T P Bennett. KPMG provided structured finance and business planning advice, legal advice was provided by Ashurst Morris Crisp. In addition the Review drew on professional advice from Citex and Davis Langdon Everest on capital costs, Sport Concepts and Arup on design and programme and WMR Consultancy on engineering and procurement

Appendix 2
Review Team approach

Appendix 2 Review Team approach

- The Review Team has examined the prospect of funding and managing a National Stadium at Wembley, and if not at Birmingham and Coventry i.e. sites where there are active promoters, using the following matrix
- The Review Team also considered the 'no stadium' option

Issue	Factors	Options
<ul style="list-style-type: none"> ■ Location 	<ul style="list-style-type: none"> ■ Availability ■ Planning context ■ Infrastructure 	<ul style="list-style-type: none"> ■ Wembley ■ Birmingham ■ Coventry
<hr/>		
<ul style="list-style-type: none"> ■ Design 	<ul style="list-style-type: none"> ■ Size ■ Specification 	<ul style="list-style-type: none"> ■ 90,000 ■ Current design ■ New simplified design
<hr/>		
<ul style="list-style-type: none"> ■ Construction 	<ul style="list-style-type: none"> ■ Form of contract ■ Risk 	<ul style="list-style-type: none"> ■ Re-tender
<hr/>		
<ul style="list-style-type: none"> ■ Financial 	<ul style="list-style-type: none"> ■ Total project costs ■ Operating budgets ■ Funding ■ Return to the FA 	
<hr/>		
<ul style="list-style-type: none"> ■ Ongoing direction and management 	<ul style="list-style-type: none"> ■ Track record ■ Funder requirements ■ Credibility 	<ul style="list-style-type: none"> ■ WNSL ■ NEC ■ Newco ■ Partner

- A number of consultees have pressed the regeneration argument
 - This was not within the Review Team's terms of reference
 - The Review Team has not given detailed consideration to regeneration issues such as jobs created, as there is a lack of robust supporting data, particularly at the net additional jobs level and an absence of any examination of the counterfactual scenarios, i.e. what jobs might be generated by alternative commercial development

Appendix 3
Location options

Appendix 3 Location options

	Birmingham	Coventry	Wembley
■ Site immediately available	✓	Requires negotiation with Coventry City FC	✓ Option land returned to Wembley London Ltd if no start on site by 31.12.02
■ Planning risk	High	Low to medium	Low to medium
■ Offsite infrastructure cost to project	£28.4 million	£36.75 million	£21 million
■ Number of people per hour by rail	10,000	10,000	30,000+
■ Number of car park spaces	7,500 plus access to 15,000 NEC spaces	4,900	3,200
■ Operator with a track record in major facilities	✓ NEC Group	NEC Group, only if Birmingham does not proceed	X
■ Funding available from non FA and stadium sources	£30 million AWM £16 million BCC (land)	£10 million CCC (land) £5-25 million EU (not confirmed) £12m AWM	£21 million LDA
■ Project manager and track record of delivery	BCC <ul style="list-style-type: none"> ■ Millennium Point ■ NIA ■ NEC complex ■ ICC complex 	CCC <ul style="list-style-type: none"> ■ City Centre Regeneration ■ Prologis development ■ Business parks 	WNSL <ul style="list-style-type: none"> ■ First project ■ Will depend on personnel recruited

Appendix 3 Location options

	Birmingham	Coventry	Wembley
■ Planning	<ul style="list-style-type: none"> ■ Site is in greenbelt ■ Neighbouring landowners, residents and environmental groups have expressed concern. Call-in expected per BCC's legal advice ■ Need to demonstrate 'very special circumstances' to justify development 	<ul style="list-style-type: none"> ■ Planning permission exists for a 40,000 seat stadium ■ Likely to require new planning application for a much larger stadium 	<ul style="list-style-type: none"> ■ Planning consent exists, subject to Wembley plc's agreement ■ Revised drawings would have to be submitted ■ Substantive redesign would require a new application and listed building demolition consent
■ Likely timescale for consent from date of application	<ul style="list-style-type: none"> ■ Minimum 9 months 	<ul style="list-style-type: none"> ■ Depends on tendering exercise 	<ul style="list-style-type: none"> ■ Depends on tendering exercise ■ Minimum 9 months
■ Infrastructure	<ul style="list-style-type: none"> ■ Site is 500 metres from J6, M42 ■ Birmingham International Station is less than a mile away ■ Upgrading of the West Coast mainline is under way ■ 7,500 car park spaces proposed ■ 500 coach spaces proposed 	<ul style="list-style-type: none"> ■ Site is half a mile from J3 of M6 ■ Nearest rail station is 4 miles away ■ 4,900 car park spaces proposed ■ 770 coach spaces proposed 	<ul style="list-style-type: none"> ■ Wembley Park tube station upgrade funding now dependent upon inclusion in London Transport plans. Strong support from Mayor of London ■ Two other stations, Wembley Stadium and Wembley Central ■ 3,200 car park spaces leased from Wembley London Ltd for event days
■ Infrastructure costs to be paid by stadium	<ul style="list-style-type: none"> ■ Vehicle/footbridge over M42 ■ Vehicular access from Eastway to stadium ■ New connections from Chester Road ■ Upgrading Middle Bickenhill lane ■ Total cost £28.4 million outturn 	<ul style="list-style-type: none"> ■ Railway, off site highway, on site infrastructure and coach parking ■ £36.75 million (2001 prices) 	<ul style="list-style-type: none"> ■ S106 contribution of £21 million at 2005 prices ■ £100 million funding required for Wembley Park upgrade – not in project costings. Stadium project not dependent on upgrade
■ Site	<ul style="list-style-type: none"> ■ 125 acres ■ In ownership of BCC ■ Prepared to donate to project (value £16 million) 	<ul style="list-style-type: none"> ■ 73 acres ■ In ownership of Coventry City Holdings Ltd ■ Prepared to negotiate sale to ENS - price to be negotiated but estimate made ■ CCC prepared to contribute up to £10m towards land costs 	<ul style="list-style-type: none"> ■ 47 acres ■ 25 acres in ownership of WNSL, acquired with £106 million of lottery funding ■ 22 acres leasehold, under current agreement 7 acres of this would revert to Wembley London Ltd if no start on site is made by 31.12.02

Appendix 4
European stadium provision

Appendix 4

European stadium provision

- The review has highlighted a number of different ways in which national stadiums have been developed in other European countries
- There is a precedent within Europe to build stadiums for major international events, for example the Olympic Stadiums in Munich, Berlin and Rome. However each of these currently has an anchor tenant
- Italy and Spain have developed more than one stadium capable of fulfilling the requirements of major sporting events through a combination of public and private funding. All of these stadium have football clubs as anchor tenants

Country	Stadium	Capacity
Italy	Stadio Olimpico, Rome	80,000
	Stadio Guiseppe Meazza, Milan	85,847
	Stadio San Paolo, Naples	75,000
	Stadio Delle Alpi, Turin	69,041
Spain	Nou Camp, Barcelona	109,815
	Stadio Santiago Benebeu, Madrid	87,000
	Olympico de Barcelona (Montjuic)	55,000

- The FA does not favour having an anchor tenant at the English National Stadium and in any event this is prohibited by the Lottery Funding Agreement

Appendix 4 European stadium provision

- Presented below is a summary of stadiums built or used for major sporting events in ten European countries

Country	Name	Capacity	Anchor tenant	Major events at this Stadium
England	Formerly Wembley	78,000	x	1996 European Football Championships 1966 World Cup 1948 Olympic Games
	Twickenham	75,000	x	1991 Rugby World Cup
France	Stade de France	80,000	x	1998 World Cup
	Parc des Princes	48,527	✓	1984 European Football Championships
Germany	Olympiastadia, Munich	63,000	✓	1988 European Football Championships 1974 World Cup 1972 Olympics
	Olympiastadia Berlin	76,243	✓	1936 Olympics
Holland	Amsterdam Arena	52,000	✓	2000 European Football Championships
Italy	Stadio Olimpico, Rome	80,000	✓	1990 World Cup 1980 and 1968 European Football Championships 1960 Olympics
Portugal	Stadium of Light	92,383	✓	
Scotland	Hampden Park	54,000	x	
	Murrayfield	67,500	x	
Spain	Montjuic Stadium, Barcelona	55,000	✓	1992 Olympics
	Estadio Santiago Benebeu, Madrid	87,000	✓	1982 World Cup
Sweden	Nyha Ullevi, Gothenberg	37,800	✓	1992 European Football Championships
Wales	Millennium Stadium	72,500	x	1999 Rugby World Cup

- Whilst many countries have constructed stadiums for major sporting events, with the exception of those in France and the UK, all are currently occupied by anchor tenants

Appendix 5
Banking

Appendix 5

Banking

- On 24 April 2001 the Chief Executive of the FA wrote to the then Secretary of State for Culture, Media and Sport, Chris Smith MP requesting Government support for the Wembley National Stadium project
- Government assistance for the English National Stadium scheme at Wembley was deemed necessary by the FA following the failure of the syndication process
- The following reasons for the failure of the syndication process were given:
 - Syndication delayed – the delay was unusual and created an impression of problems
 - The syndication document was issued with no signed staging agreement and no signed engineering, procurement and construction contract – these were to follow within two weeks but did not, raising further doubts as to commitment to and readiness of the project
 - Apparent lack of a strong, experienced and committed project sponsor
 - No underwriting group was in place at the time of launch – this would have reassured the market
 - Adverse media coverage surrounding the project created additional difficulties, but these would not have been insurmountable for the right deal
 - Proposed syndication structure was not attractive to the market
 - The market was unsure about the FA's commitment to the project
 - Government was seen to be interfering in the project
 - Concern with regard to design and construction risk still in the project
 - There was insufficient certainty within key elements of the project, therefore there was a large credibility gap

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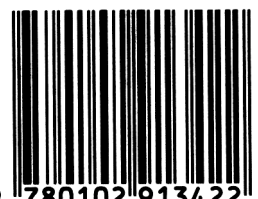
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