

**MILLENNIUM STADIUM PLC – CHANGES TO ARTICLES OF  
ASSOCIATION AND ASSOCIATED FINANCIAL  
ARRANGEMENTS**

**FINANCE, MODERNISATION AND PERFORMANCE  
(COUNCILLOR CHRIS WEAVER)**

**AGENDA ITEM: 6**

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*Appendix A to this report is exempt from publication pursuant to the  
Local Government Act 1972, Schedule 12a Part 4 Paragraph 14*

**Reason for this Report**

1. To enable the Council as the Special Shareholder in Millennium Stadium plc to consider granting its consent to proposed changes to the company's Articles of Association and associated financial arrangements.

**Background**

2. Millennium Stadium plc was set up in 1996 to develop and operate a stadium in Wales for the millennium, as a multipurpose national stadium to promote a variety of sporting and non-sporting events. The development of the stadium was supported by £46 million in grant funding from the Millennium Commission.
3. Cardiff Council was designated as the Special Shareholder in the company in order to safeguard the public interest and in recognition of the pivotal role played by the Council (and its predecessor authority, the former South Glamorgan County Council) in helping to secure the funding from the Millennium Commission.
4. Millennium Stadium plc is owned by the Welsh Rugby Union (WRU), but the Council holds one Special Share in the company and has a number of associated Special Shareholder rights, which are set out in Article 4.3 of the company's Articles of Association ('the Articles').

## **Issues**

5. In accordance with the Council's Special Shareholder rights contained within Article 4.3 of the Articles, the WRU is seeking the consent of Cardiff Council, as Special Shareholder, to proposed changes in the company's financial arrangements and associated amendments to the Articles to reflect these changes, as well as other minor updates and drafting improvements, in accordance with the requirements of Article 4.3(a).
6. There are two proposed amendments to the Articles that the Council, as Special Shareholder, needs to consider. These relate to two changes in the Council's consent rights. Firstly, under the existing Articles (Article 4.3(q)), the Council's consent, as Special Shareholder, is required if the company wishes to increase its indebtedness over a certain threshold. The WRU is proposing to increase this threshold. Secondly, the Council's consent, as Special Shareholder, is required if the company wishes to enter into a guarantee or debenture (Articles 4.3(l) and (m)) in the future. Further details relating to the financial arrangements are set out in the legal and financial implications contained in confidential Appendix A to this report (*exempt from publication*).
7. As Special Shareholder, the Council must consider whether the proposed changes are in the public interest and only grant consent if it is satisfied in this regard.

## **Reason for Recommendations**

8. To discharge the Council's responsibilities as the Special Shareholder of Millennium Stadium plc.

## **Financial Implications**

9. There are no outstanding financial matters of any monies owed between WRU and Cardiff Council. In addition, the Council's Special Share has a nominal value of £1, which means that the Council's liability for the company's debts is limited to £1. Further implications are set out in confidential Appendix A to this report (*exempt from publication*).

## **Legal Implications**

10. The Council's role as Special Shareholder is to protect the public interest in the maintenance and operation of the Millennium Stadium. Members will need to be satisfied, having regard to the financial advice, that the proposals are financially sound and do not represent undue financial risk to the company or the public interest in its continued operation. Further implications are set out in confidential Appendix A to this report (*exempt from publication*).

## RECOMMENDATION

Cabinet is recommended to approve the granting of consent on behalf of the Council, as the Special Shareholder of Millennium Stadium plc (as required under the company's Articles 4.3 (a), (l), (m) and (q)), to the proposed changes to the company's Articles of Association and associated financial arrangements. This includes consent for Millennium Stadium plc to have the ability to increase its indebtedness up to a revised threshold and for the company to enter into a guarantee and/or debenture in the future, subject to approval by the company's board.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRISTINE SALTER</b> CORPORATE DIRECTOR RESOURCES
	7 December 2018

*The following appendix is attached:*

Confidential Appendix A: Financial Arrangements – Legal and Financial Implications (*exempt from publication*)

*The following background papers have been taken into account:*

- Millennium Stadium plc Articles of Association – draft amendments
- Facilities Agreement – draft
- WRU Annual Report 2018