

AGENDA ITEM:

REPORT TO:	MERSEYSIDE FIRE AUTHORITY
DATE:	23RD JANUARY, 2007
REPORT NO.	CFO/13/07
REPORTING OFFICER:	KEIRAN TIMMINS
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SUBJECT:	WORLD FIREFIGHTER GAMES SPONSERSHIP CONTRACT WITH NORTH WEST REGIONAL DEVELOPMENT AGENCY

Purpose of Report

1. To inform Members of the contents of a draft sponsorship agreement between North West Regional Development Agency (NWRDA) and WFG08 Ltd (The Company) and its implications to the Authority if agreed.

Recommendation

2. That the Authority consider agreeing to act as “Guarantor” to the Company (WFG08 Ltd) as defined in the draft contract.

Game’s Governance Arrangements

3. Governance for the Game’s is currently by means of a company limited by guarantee – WFG08 Ltd, created specifically for the purpose of delivering the Games in 2008. There are just two existing company personnel, K Timmins, a director and M Manning, company secretary. The vast majority of the 80+ staff currently working on the games, in one capacity or another, are Merseyside Fire & Rescue staff. It could be argued therefore that the Games is in fact being delivered by the Authority as opposed to the company.
4. Members will receive a further report shortly on the overall management arrangements/governance for the Games, which will address the issues in more detail.

The Contract

5. NWRDA are prepared to support the Games by providing a total cash payment of £120,000, spread across five payments linked to key project milestones.

6. However, NWRDA are extremely reluctant to contract with WFG08 Ltd because it is such a new company with no track record and little in the way of assets. NWRDA would however, be prepared to contract with WFG08 Ltd, provided that the Fire Authority act as a form of Guarantor in relation to the Company's obligations as defined in the contract. This would be a tripartite contract between NWRDA, WFG08 Ltd and the Authority. Whilst this is considered to be a low risk commitment by the Authority, it does impose some responsibility that members should be aware of.
7. Specifically, the Authority would have to guarantee against the following obligations placed on WFG08 Ltd (in italics):
 - *In consideration of the NWRDA entering into this Agreement, the Company (as primary obligor and not merely as a surety) unconditionally and irrevocably guarantees as a continuing obligation the proper and punctual performance and observance by the Rights Holder of all of its obligations to the NWRDA under or pursuant to this Agreement or any agreement or document entered into pursuant to this Agreement.*
 - *The Company shall indemnify and keep indemnified the NWRDA on demand against all losses, liabilities, claims, costs, demands or expenses suffered or incurred by the NWRDA as a result of the failure by the Rights Holder to observe or perform any of its obligations under this Agreement or any agreement or document entered into pursuant to this Agreement.*
 - *The Company's liability under this guarantee shall not be affected, discharged, modified or impaired by:*
 - *any amendment to or variation of this Agreement or any agreement or document entered into pursuant to this Agreement;*
 - *any release, waiver or time or other indulgence granted to the Rights Holder or any third party;*
 - *any insolvency, liquidation, administration, receivership or winding-up or dissolution of the Rights Holder;*
 - *any act, omission, event or circumstance which causes any of the obligations of the Rights Holder to be or become void, voidable, invalid or unenforceable for any reason;*
 - *any change of control or sale of the Rights Holder; or*
 - *any other act or omission or any other event or circumstance (whether or not known to the NWRDA) which would or might (but for this paragraph) operate to impair or discharge the Company's liability under this guarantee.*

- *The Company shall make any payments due from it under this guarantee in full, without any reduction or withholding in respect of any claim (whether by way of set-off, counterclaim or otherwise) asserted from time to time by the Rights Holder against the NWRDA under or pursuant to this Agreement or any agreement or document entered into pursuant to this Agreement, or in respect of any other matter or thing, except as required by law.*
- *The NWRDA may claim under the guarantee without making any claim or taking any proceedings against the Rights Holder or taking any action to claim under or enforce any other right or security or other guarantee which it may hold from time to time in respect of the obligations of the Rights Holder under this Agreement or any agreement or document entered into pursuant to this Agreement.*
- *The guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Rights Holder under this Agreement or any agreement or document entered into pursuant to this Agreement, regardless of any intermediate payment or discharge in whole or in part.*
- *This guarantee shall remain in force and effect until the Rights Holder has performed, observed and discharged all of its obligations under or pursuant to this Agreement or any agreement or document entered into pursuant to this Agreement.*

Equality & Diversity Implications

8. There is an opportunity to recruit volunteers for the running of the Games from minority and excluded groups and from youth diversionary programmes being undertaken by MF&RS at present. In this way the Games can provide a lasting legacy for the city and region.

Financial Implications

9. Failure to agree a contract with NWRDA would result in non-receipt of the £120, 000 and would severely impact on our ability to deliver “the best games ever”. The £120,000 has been assumed as income in the current business plan for the games.

BACKGROUND PAPERS