

Britain: West Ham United football club given London's £600 million Olympic Stadium for free

Robert Stevens
16 March 2011

Earlier this month the UK Conservative/Liberal Democrat government and Mayor of London Boris Johnson approved the joint bid by Premier League football club West Ham United and Newham Council to take over the Olympic Stadium following the 2012 games.

The stadium will be the centrepiece of the 2012 games and is based in the newly created Olympic Park in Stratford, east London.

The ratification followed the decision last month by the 14-strong board of the Olympic Park Legacy Company (OPLC) to select the West Ham United/Newham bid in preference to that of the joint bid of Tottenham Hotspur Football Club and entertainment conglomerate Anschutz Entertainment Group.

Under the agreement West Ham United will move from their Boleyn Ground in nearby Upton Park and become the main occupier of the Olympic Stadium beginning with the 2014-15 football season. This will follow a post-games conversion to a 60,000 capacity venue to make it suitable for football. West Ham is expected to agree to a 250-year lease on the stadium, to be shared with UK Athletics.

The exact financial terms and legal contracts of West Ham United's occupancy are currently being negotiated, but it is understood that the football club and the council will share future profits 50/50 from events to be held in the stadium. This will be carried out via the creation of a stadium company.

The transfer makes a mockery of the assurances from the previous Labour government and current coalition under Prime Minister David Cameron, that the 2012 Olympic Games would help regenerate the socially deprived East End of London. The stadium when completed will have cost UK taxpayers £537 million. A further £95 million will then be spent to convert the stadium for joint football and athletics use, as well as other sports and the staging of concerts.

The £95 million is not being raised privately by West Ham. Once again the public purse is being raided. Some £35 million will be handed over in public funds, from a post-games "conversion" fund run by the OPLC. Another £40 million is being borrowed by West Ham from Newham Council, repayable at very low interest rates. Newham Council has, in

turn, borrowed from the Treasury on "Prudential Code" terms (at far lower interest rates than West Ham could have secured with a private bank). The remaining £20 million is expected to be raised from the sale of the land on which the club's present stadium is sited.

In total, more than £600 million in public funds is being handed over to a privately owned football club.

Taking over the stadium will further enrich the already mega wealthy owners of West Ham United. Due to its close proximity to the City of London, and future sponsorship and corporate hospitality revenues, the move will lead to a vast increase in the share value of the club. The majority of West Ham United's shares are in the hands of two multi-millionaire businessmen, David Gold and David Sullivan. The Gold family is estimated to be worth £360 million while Sullivan was listed as the 114th richest person in the UK 2009 Sunday Times Rich List, with a personal fortune of £450 million. Both Gold and Sullivan made their fortunes from pornography.

A West Ham United source told *ESPNsoccernet*, "There is a chance the value of the club could go from £100 million to £500 million, to £700 million over five years when we move. There are only four big clubs in London: Spurs, Chelsea, Arsenal and West Ham, and West Ham is by far the cheapest. Yet it has great heritage and a huge fan base and, with the Olympic Stadium, it can become a top-five club in the future."

Within hours of the decision, it was reported in the *Daily Mail* that West Ham United "are already turning their attention to renaming the [Olympic] stadium at a price that could generate around £150 million in an auction between blue-chip companies."

The original plan for the stadium when London won the bid for the Olympic Games was for it to be converted into a 25,000 to 30,000 seat athletics stadium, complete with a sports training, science and medicine centre. In 2003, government minister Tessa Jowell launched the Olympic bid and told parliament the games would cost £2.3 billion. At that point, a football club taking over the stadium was strictly ruled out.

In 2005, on winning the bid, a pledge was made by the government to the International Olympic Committee on that

basis. In March, 2006 then Labour London Mayor Ken Livingstone said, “The deal we made [with the International Olympic Committee] is that it’s an athletics stadium and we have a legally-binding contract which is more like an international treaty.”

By 2007, the Olympic Games budget had risen to £5.3 billion. The anticipated final cost is £7.3 billion. In July 2009, Jowell stated that the stadium would be retained for athletics only, adding, “We are not retro-fitting Premier League football into the Olympic stadium.”

With the costs of staging the games rapidly mounting, a concerted media campaign, backed by sections of the Labour and Conservative parties, swung into operation. Citing fears of a “white elephant” being left empty after the three week event, they demanded that a top flight club be allowed to take over the stadium. Last September, the London Assembly’s Economic Development, Culture, Sport and Tourism Committee reported that the pledge made in 2005 to reduce the Olympic Stadium into a 25,000-seat athletics arena was “flawed”. Chairman Len Duvall said, “The only sustainable future for the stadium is regular, high capacity events and realistically that means football or rugby.”

He added, “Put simply, an elite 25,000 seat athletics stadium is not, and was never going to be, in the long term interests of the East End or of the taxpayer.”

The “interests of the tax payer” were never a factor behind the squandering of public funds on a vast scale by successive governments. The planning of the London Olympics has been rigidly beholden to private interests for which the taxpayer must now foot the bill. In 2009 Labour ministers approved a £461 million public bailout of the London Olympics, when private investment in two of the biggest venues on the east London site failed to materialise. The funding of the £900 million Athletes’ Village and a £355 million media centre had to be nationalised, following the global financial crash, as the collapse in property prices put off commercial backers.

In March that year both projects were due to run out of money. The Labour governments’ Chancellor, Alistair Darling, was forced to release £400 million of a £1 billion contingency fund reserved for “force majeure”.

Following the approval of the West Ham/Newham bid, it was revealed that the borough’s population of nearly 250,000 will be forced to pick up the bill if West Ham defaults on the £40 million loan. The council also admitted that it does not know how long the loan will take to pay back. Newham is officially the most socially deprived borough in London.

The handing over of £40 million to a Premier League club was carried out with barely even the pretence of a public debate by Newham Council in January. The council is run by the Labour Party. The councillors accepted without question not being able to scrutinise the deal beforehand, due to “commercial sensitivity”. The BBC reported that it was only minutes before they voted unanimously in favour of the deal,

that they even saw “ten large background papers thought to detail the liability”.

Newham Council is imposing massive cuts in jobs and social services. This month the council passed a budget containing more than £47 million in cuts for this year alone (16.4 percent of its budget). Some 200 council staff will lose their jobs. A freeze on recruitment has been implemented, as well as cuts to some care services. More than 800 jobs have already been cut. It is estimated that another 600 jobs could go by March 2015, as the council looks to cut £100 million in total from its budget.

Tottenham Hotspur, which lost the bid to take over the stadium, also looks set to receive public funds and government assistance in the near future. Its Olympic Stadium bid was essentially based on a land grab and access to the new transport links built for the Olympic Games, including new rail links from Stratford to continental Europe. Tottenham’s bid proposed to demolish the Olympic Stadium and build a new purpose-built football stadium in its place.

Just prior to bidding for the Olympic Stadium, the club stated that it was no longer financially viable for them to remain in the London borough of Haringey due to the estimated £450 million cost of stadium and local redevelopment.

Immediately following the loss of the Olympic Stadium to West Ham, Lord Alan Sugar, former Tottenham Hotspur owner and business advisor to the previous Labour government, called on Haringey Council to hand over public funds to the club. He said, “If Haringey want us to stay in Haringey—and [Labour Member of Parliament] David Lammy has lobbied vociferously for it—they have to come up with some financial backing to keep us in the borough.

“If Tottenham is the central thing in Haringey then they’ve got to put their hands in their pocket. They need to find us a mortgage we can pay back over 25 years that doesn’t affect our playing budget. Tottenham must not put ourselves in a position where we’re paying loads of money to service a debt instead of buying players.”

Sugar warned, “If they don’t do that we’re going have to look again at somewhere else to get out of the traditional area.”

As with all London boroughs, Haringey is imposing massive budget cuts. The Labour-run authority has approved £84 million in cuts from a total budget of £273 million over the next three years.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact