

GLA Oversight Committee, 24 March 2015

Transcript of Item 12: Royal Albert Dock

Len Duvall AM (Chair): All right. We are reconvening the Greater London Authority (GLA) Oversight Committee to discuss an item on the regeneration of the Royal Albert Dock. We have been joined by two further Assembly Members, Murad Qureshi and Nicky Gavron. I am mindful as Chair that I might allow them to join in the questioning at some stage, providing GLA Oversight Committee Members get priority first.

We are also joined by Sir Edward Lister in his new role as Board Chairman of London & Partners (L&P) - Sir Edward, we might ask you some questions as Chief of Staff as well following the information that has been provided to us today at some stage - and also by David Lunts, Executive Director of Housing and Land, GLA, and Gordon Innes, Chief Executive of London & Partners (L&P). Mr Lunts is going to be assisted by his Assistant Director, Simon Powell, Strategic Projects and Property. We have Doug Wilson [Head of Financial Services], who is going to advise you. You wanted to bring an adviser on to deal with due diligence, which we agreed. Mr Innes and Sir Edward, you are going to be supported by Andrew Cooke, who is - let us just read into the record - Chief Operating Officer and Deputy Chief Executive of L&P.

Just for clarity, which organisation was in the lead for the procurement of the development partner for the Royal Albert Dock? You might want to talk about formal bodies and so I will direct that to Mr Lunts first.

David Lunts (Executive Director, Housing and Land): The process began with the London Development Agency (LDA), which began the process in 2011 and we at the GLA inherited that at the end of March/beginning of April 2012 when the LDA was abolished and its functions were transferred to the GLA. We took over a process that the LDA had begun and we completed that a year or so later.

Len Duvall AM (Chair): Just to help the Committee Members, 2011 was the formal tendering process or was that a period before?

David Lunts (Executive Director, Housing and Land): No, the formal process was a full Official Journal of the European Union (OJEU) competitive dialogue process. From memory, it was May 2011 when the LDA began the process with the initial invitation to tender.

Simon Powell (Assistant Director – Strategic Projects and Property): Sorry, if I could just add, it was an OJEU competitive dialogue process started by the LDA, as David said, in May 2011. It started with a prior information notice and then the formal contract notice was issued later on that year.

Len Duvall AM (Chair): Can you supply any further information about your predecessors in the LDA prior to June 2011? Was there any other relationship with Advanced Business Park (ABP) or the work that was undertaken on this site? There have been some - and I will quote them for you but you may already be on top of this; I would expect you to be - of the things about earlier dates of ABP's involvement on the Royal Dock. Can you talk to us of the role that the LDA might have had prior to 2011?

David Lunts (Executive Director, Housing and Land): The LDA had contacts in China certainly before 2011. We know that. They had an office, which was subsequently taken over a little later on by L&P. They were in touch with a whole range of organisations with a potential interest in investing in London. Just for

reference, the lease on the building at the Oriental Plaza began in 2006 and ABP joined, insofar as they were sharing office space there, in February 2011.

Len Duvall AM (Chair): OK. We will come back to that. Let us go to L&P. We will come back to you in a minute in terms of the role of the LDA/GLA further after.

L&P, thank you for supplying the information. Many Members will not have an opportunity to fully read this and so we might actually, depending how this session goes, either call you back or provide some written questions to you for further answers.

You have provided us with a covering email that has been sent to Members and also a forensic audit that you have carried out. When did you commission that forensic audit? Sorry, can you just clarify that for me?

Gordon Innes (Chief Executive, London & Partners): That audit was commissioned following the Channel 4 documentary.

Len Duvall AM (Chair): It was following the Channel 4 programme that you did the audit?

Gordon Innes (Chief Executive, London & Partners): Yes.

Len Duvall AM (Chair): Why could you not provide Channel 4 with some of the answers that were in this document? One of the main thrusts of their argument is about your accommodation and the sharing of accommodation and whether you have received some subsidy. You could have effectively killed off one of the taints, really, about your organisation's involvement in this affair. Why could you not provide that information to the press?

Gordon Innes (Chief Executive, London & Partners): I was not personally approached by the press in relation to that but, as I said, the report was commissioned after the Channel 4 documentary. Our Board was very concerned about the allegations that Channel 4 had raised and wanted to assure itself that there was nothing untoward in anything that we had done; hence that report was commissioned by, as you said, an independent forensic auditor.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): We did issue a press statement clarifying that we had no involvement in the procurement process and we paid a fair rent for our office space.

Len Duvall AM (Chair): Do you not think the information included in the forensic report would have actually made the story that appeared slightly different?

Gordon Innes (Chief Executive, London & Partners): It is worth recalling that the allegations were made at a time when the predecessor organisations to L&P were being either wound up or folded into the new company. The new company was being created. I had not yet come on Board as the Chief Executive. The Board was being formed at that point and so it was --

Len Duvall AM (Chair): Sorry, I am not asking about that. I am asking about the time when the press was asking you questions and the response to those questions about the information. You inherited it. We all have to live with what we inherit sometimes in organisations, but you had information that could have effectively changed the shape -- it might not have completely altered the content, but a very serious accusation had

been made against your organisation, our organisation, the GLA family, in terms of the activities that you were undertaking. That might have changed the story.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): As I said, we issued the press statement. We then carried out the review. That review was completed on 20 January 2015, as you will see from the date of that Moore Stephens' [auditing company] report, at which time the media interest had died away. It was not a story that we particularly wanted to revisit and have the media go over it all again.

Len Duvall AM (Chair): Are you aware that the Audit Panel met and discussed this issue following the Channel 4 programme and, as well, it was the subject of a question to the Mayor? When they were presented with the GLA's internal audit in terms of the situation, did you not feel it was worth reconvening a Board or at least getting a Chair's action to share what information you had with GLA colleagues about this line of questioning in terms of this affair?

Gordon Innes (Chief Executive, London & Partners): At that stage, I do not recall the exact date of that hearing, but we were going through the process of commissioning this report and of getting the information from this report. It was a report commissioned by our Board for our Board. It was then considered at the next Board meeting that took place and the Board was satisfied that nothing had happened, we had done nothing wrong and our role had been appropriate in relation to the Royal Albert Dock process. From their perspective, that was the end of the matter.

Len Duvall AM (Chair): We have a report that was prepared after the Channel 4 programme and only yesterday you sought permission from your Board to provide it to this Committee. Can someone advise me when you were told that we had asked you to come and talk to us?

Katie Smith (Head of Scrutiny & Investigations, GLA): It would have been 17 March.

Len Duvall AM (Chair): 17 March. Why was this produced late yesterday for this meeting?

Sir Edward Lister (Board Chairman, London & Partners): There was a Board meeting that was completed on Monday morning to gain authorisation to release the report. The report had not even been reported in detail to the Board itself because there had not been a suitable meeting. This only took place on Monday. On Monday it was discussed. On Monday it was released. It was a matter of just getting the timing in what has been not a lot of time between 17 March when you actually convened this and today.

Len Duvall AM (Chair): Let us get back to the main business before us. Can you tell us, then, what is L&P's involvement in terms of this affair? What do you do? How does it work? How does L&P work? It is not your core business, is it, this piece of work that you undertake on behalf of the GLA? Set the picture.

Gordon Innes (Chief Executive, London & Partners): It is one of our core businesses. In relation to the Royal Albert Dock development and our role, we were requested at the time by the LDA to promote the Royal Albert Dock opportunity widely. We undertook that exercise. It was over a four-month period --

Len Duvall AM (Chair): What date was that?

Gordon Innes (Chief Executive, London & Partners): That was July 2011. It was the predecessor organisation to L&P, which was folded into the company Think London. L&P, as I said, was being formed at

that time. We had promoted the opportunity widely. We had promoted it in the Far East, in China, in India and in Australia. We have overseas teams in China and in India and we used those local staff. We also visited those markets.

Our role was to engage potential investors and bidders who have both the patience and the ability to undertake long-term developments. This was a large-complex site. It was to explain the potential opportunity and the context. When a potential investor was identified, it was to introduce that organisation to those responsible for the site or to potential commercial partners. That is a role that we have continued to play in relation to the sites that the GLA has identified as priorities for regeneration and for investment and I can mention other examples where we have played that role in the last couple of years.

There was, however, always a very clear demarcation between our role, which was around promotion, and the GLA's role or in some cases the boroughs' roles where they are the landowners or the planning authorities. Our role was very much the promotion and it stopped. We do not get involved in any commercial negotiations. We do not have any role or say in relation to long-listing, short-listing, assessment of tenders, etc.

Len Duvall AM (Chair): OK. In some ways, the first one is about the promotion of this opportunity across your networks. That is quite clear. Then what? If I put my hand up in one of your networks and say, "That sounds interesting", what happens to me, then?

Gordon Innes (Chief Executive, London & Partners): We will then introduce you to the landowner or the agent who is operating on behalf of the landowner.

Len Duvall AM (Chair): You are like a broker in this relationship?

Gordon Innes (Chief Executive, London & Partners): Essentially, yes.

Len Duvall AM (Chair): In that sense, in terms of any actions you have been asked to undertake on this project, there was some email exchange between you and the GLA in terms of the work you have been asked to undertake?

Gordon Innes (Chief Executive, London & Partners): The original commission was at a meeting, as I understand. I think, Andrew [Cooke], you are aware of the details. As I said, I was not in the company at the time.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Yes. There was a conversation with the LDA in terms of us supporting the marketing activity and helping arrange particularly meetings with companies in China, which took place in September. There was a subsequent meeting in October that I attended with the Chief Executive of the LDA in terms of how we could continue to support by providing information to potential bidders and contacts that they could potentially partner with or the professional advisers that could support them in their bids.

Len Duvall AM (Chair): In amongst all that very important information you gave me, this is all set down between you? There is an audit trail of the exchange of email issues around this work that you have been asked to undertake?

Gordon Innes (Chief Executive, London & Partners): I have not personally looked at every piece of documentation. However, we made available to Moore Stephens all emails, all correspondence and all

documents. They were also able to interview all staff that are still in the organisation. Therefore, they had full access to any information on the basis that they wrote the report --

Len Duvall AM (Chair): Will you be making that available to GLA officers?

Gordon Innes (Chief Executive, London & Partners): Not the documentation itself. Obviously, we have released the audit report in full without any redaction to you.

Len Duvall AM (Chair): Why?

Gordon Innes (Chief Executive, London & Partners): The governance and the way that we are set up as a public-private partnership means that we are governed by the Board and some of the information that we hold is confidential and some of that is subject to data protection laws, etc. We are not an agency of the GLA. We are not a department of the GLA.

Len Duvall AM (Chair): Sir Edward, are you going to ask your Board to release that information subject to all the legal issues to allow the GLA officers, who were present at the Audit Panel but never had access to that information?

Sir Edward Lister (Board Chairman, London & Partners): Of course, all this exchange of emails should actually be mirrored here in this building because it was all an exchange of emails between the GLA and L&P. In theory, every piece of correspondence should have been available to the Audit Panel, if you do not mind me saying so.

Len Duvall AM (Chair): It was not.

Sir Edward Lister (Board Chairman, London & Partners): I do not actually understand the reason for that. It is true to say that the LDA was in the mix here and that there was a period of time when some of the records were difficult to obtain from that organisation. Certainly I am quite happy to go back to L&P and go back to the Board about providing that data provided there is no third party in any of this, but in that case it is the normal redaction process that we would normally follow.

Len Duvall AM (Chair): Of course, we will pursue that through the GLA mechanisms as well and see if we can shine a light on the exchange. We can confirm that you do hold records of meetings with ABP and other bidders? You do have those records of what you, L&P, undertook on behalf of the GLA?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): We did not undertake any meetings on our own with ABP or other bidders.

Len Duvall AM (Chair): You must have prior to the formal tendering process because I must have stuck my hand up, if I was one of the bidders. I must have met with you. I must have talked to you about my ambitions and the size of my wallet. You told me what the lie of the land was, as in what was expected in terms of that. I have never done business in this country. You must have had meetings. Do you have records of them?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Specifically with ABP, we did not have any contact prior to the meeting in September with the LDA. There may have been meetings with other companies where we have mentioned the opportunity and there would be notes of meetings with those companies.

Len Duvall AM (Chair): Prior to the formal tendering process - and I think the date was established in 2011 - you never had any contact with ABP at all prior to that period of time?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): About Royal Albert Dock? That is correct, yes.

Len Duvall AM (Chair): About Royal Albert Dock or any issues. What is the relationship that you have had with ABP prior to 2011?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): That was the first meeting we had with them.

Len Duvall AM (Chair): You had never had any contact with them at all, yet they appear to have been on the London scene. We have had documents, newspaper articles and websites saying 2008 and so that may well be a predecessor organisation. However, L&P never had any contact at all with ABP in its former name, Dauphin Holdings?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Not that I am aware of.

Len Duvall AM (Chair): Any of their agents or Xuelin Black [former adviser to ABP], as she is now known?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Not that I am aware of.

Len Duvall AM (Chair): Finally, I just want to wrap up this session before I pass on to someone else. Just for the sake of it, can you describe the staffing issue? Thank you for the information in the forensic report. You sort of clarify issues, but it makes it a bit messier in some ways for understanding the relationships. Just tell us about the staff that you do have in China at this time. Who are they?

Gordon Innes (Chief Executive, London & Partners): We have an office in Beijing and an office in Shanghai. Our chief China rep is based in Beijing and she runs the team out of Beijing and Shanghai, which has now six people.

Len Duvall AM (Chair): What is the role of Mr Tongbo Liu [General Manager for Overseas Affairs, ABP]? Is he your employee or is he someone else's employee?

Gordon Innes (Chief Executive, London & Partners): I can understand why you would ask. This is slightly complicated, so please bear with me as I take you through. When the LDA was merged into the GLA, Tongbo Liu, as I understand it, had been an employee of the LDA in China. He was not an employee of Think London or of our predecessor or of L&P.

When the LDA was merged into the GLA in 2012, the GLA wished to retain the services of Mr Liu. The GLA, however, was not permitted to operate and to employ staff in China. Therefore, as I understand it, they discussed this - and I have GLA colleagues here, obviously - with Chinese authorities and a pragmatic solution was suggested, which was that Mr Liu was put on L&P's books. We are allowed to operate as a private company in China. He was notionally employed by L&P. That was approved by a Mayoral Decision, which also

made it clear that Mr Liu was the GLA's chief representative in China and would be managed by the GLA. Therefore, he was no more than a notional employee of L&P. It was a pragmatic solution for the GLA.

Len Duvall AM (Chair): Who was the line manager of Mr Liu?

Gordon Innes (Chief Executive, London & Partners): The line manager was, as I understand it, within the international team at the GLA.

Len Duvall AM (Chair): Sorry, someone help me here.

Sir Edward Lister (Board Chairman, London & Partners): Chair, can I come in, perhaps? It might be helpful. Tongbo [Liu] was, prior to the demise of the LDA, an LDA employee and he worked for the LDA directly. He worked for a firm called Foreign Enterprise Service Corporation (FESCO). All Chinese nationals who happen to be working for Western companies have to be employed by FESCO. The contract is with FESCO and FESCO then employs him. It is the route you have to follow to employ a Chinese national and, indeed, I suspect it is the same for the L&P staff that they will be also via FESCO. It is like a government agency that is the employer, for want of a better word.

In the demise in 2012 of the LDA, Tongbo [Liu] moved over to the international team. When he moved over to the international team, a decision was taken here at that time that he was to be retained because we were of course in the run-up to the Olympics and he was primarily being used to identify individuals that it would be important to invite to the Olympics as part of a hosting programme. He was used very extensively in the run-up and in the preparation and indeed, going back in time to his LDA days, he was very much involved in the lobbying by the previous Mayor and indeed by this Mayor for the Olympics to be taken over. He was then used in all the liaisons that took place over the Olympics.

The Olympics came and went in 2012 and then there was a question mark as to his future and that was an ongoing dialogue with him. He was well aware for many months that he was likely to be terminated in early 2013 at the end of the financial year and so this was all known about. He continued to work via L&P for the international team, again following through requests for information, mainly to do with inward investment, and using his contacts. He is a very well-connected individual. It was his contacts that people were using.

Len Duvall AM (Chair): Can we outline his role in dealing with ABP during the time of whoever he was working for? Let us say it was a secondment back from the GLA to L&P. Presumably, that means you were line managing him and his work. You were not line managing him?

Sir Edward Lister (Board Chairman, London & Partners): He was line managed from here.

Len Duvall AM (Chair): The first question I am going to ask is: why are we paying double-bubble for L&P to do some work and have someone else then, who is being line managed, out there doing this type of work? Mr Liu, by his admission in his exchange with members of the media, says that he working on ABP before he took up a position with ABP. It is a bit bizarre and strange that we have only just found out yesterday through the forensic audit report provided by L&P. It is strange.

Sir Edward Lister (Board Chairman, London & Partners): The thing was that Mr Liu was employed primarily for the Olympics. That was why his employment continued into 2012. That was his primary role. Once the Olympics were gone, he was then used for various things until his contract could be terminated,

which was in the early part of 2013. He was worked to alongside L&P in identifying potential tenderers and, indeed, to get the message out there that there were various investment opportunities in London.

Len Duvall AM (Chair): His contract was terminated by the GLA following the Olympics? It was not that he went to take up a job with ABP?

Sir Edward Lister (Board Chairman, London & Partners): His contract was terminated in March 2013. From every check I have done, nobody was aware that he then took employment with ABP until long after he had taken that employment. Indeed, there was nothing we could have stopped him doing because he was released.

Nicky Gavron AM: When did he take employment with ABP?

Sir Edward Lister (Board Chairman, London & Partners): In April/May 2013. He left in March.

Len Duvall AM (Chair): Why was this information not given to Channel 4? One of the central charges against this organisation is that someone working on the inside of our organisation and working with ABP was then allowed to take up a job with ABP, not just take up a job but also move desks into the offices we are sharing with ABP, which are within L&P's offices. Why was that not told to Channel 4 in terms of creating more clarity?

Why was the Mayor not briefed on that issue? I posed specific questions to the Mayor about Mr Liu's role and about his movement and his job. Why was the Mayor not briefed then - because he had his internal report - about that issue? It seems to me it is quite a central issue that could have killed off one avenue of this story that Channel 4 used and actually darkened our character and our dealings with the private sector. I am asking you because you are here. Why did you not at that time provide that information to Channel 4 and other media outlets? It was quite a key issue during Mayor's Question Time. Why was the Mayor not able to rebut the issues that I was reasserting following the programme? We have had two opportunities to deal with this issue.

Sir Edward Lister (Board Chairman, London & Partners): Can I just reiterate that he was not working for ABP? Tongbo [Liu] went and joined ABP after he left the employment of City Hall. He left, as I say, in March 2013 and he joined ABP, to the best of my knowledge, in the April/May period and then continued to be an ABP employee. There is nothing we could have done to stop him.

Why was that not made clear? I do not think this was clear to anybody at the time. I do not think the Mayor realised. I do not think we realised particularly that he was working for ABP until this story started to come out. There was no reason for us to know this.

David Lunts (Executive Director, Housing and Land): As far as I am aware, Tongbo Liu really was not doing any work for us at all regarding the position with ABP, which was obviously evolving during the course of 2012 and 2013. I have checked with his line manager here to understand in a bit more detail exactly what he was working on during the year that he was, effectively, employed by the GLA. I have had a detailed account from the line manager here about the work that he was involved in and I can tell you it did not involve working specifically at all on the Royal Albert Dock project or with ABP in regard to the Royal Albert Dock project. That was not the focus of these activities during the period that he was employed by the GLA.

Len Duvall AM (Chair): That is not what he told the media.

David Lunts (Executive Director, Housing and Land): I cannot comment on that because I have not spoken to him directly.

Len Duvall AM (Chair): There has been no denial.

David Lunts (Executive Director, Housing and Land): What I am saying is that I have just checked the records and have had an account from his line manager here, who spoke to him on a regular basis, once a fortnight or thereabouts, and agreed his work plan and his work schedule. He has confirmed that he was not working on the Royal Albert Dock project.

Sir Edward Lister (Board Chairman, London & Partners): He at no stage was involved with any of the detailed negotiations on the Royal Albert Dock project. He was used as a door-opener, no more, no less. That was the be-all and end-all of his employment or involvement with this project.

Joanne McCartney AM: This question is to L&P and it is looking at any current projects that you have at the minute or in the future where you may be promoting sites to foreign investors. Do you actually have any clear parameters set out as to what your role should be?

Gordon Innes (Chief Executive, London & Partners): Yes. We have been tasked by the GLA and also we work with boroughs to compile a portfolio of the important regeneration projects and the opportunities for investment. That is consistent with the Mayor's 2020 Vision, the London Plan and the priorities that have been identified. Our role is to promote those on the international market in order to accelerate the development of those sites by bringing in developers and bringing in finance quicker than might otherwise happen. Our focus is on larger complex projects that the market will not necessarily deliver itself and therefore our role is to go out and to explain the benefit and the context, to market those and to broker introductions, as we talked about earlier.

Joanne McCartney AM: Is your role limited to marketing and promotion? If there is further advice about wider business opportunities or detailed information, you would then pass that on to a partner?

Gordon Innes (Chief Executive, London & Partners): Yes, we work hand-in-glove with the GLA teams: the Regeneration, Development, Land, Housing and Planning teams. We pass on that information and those contacts. In some cases, we have travelled to markets together with the Deputy Mayor for Planning [Sir Edward Lister], now my Chairman, and talked to potential investors.

Joanne McCartney AM: Apart from the Royal Albert Dock, could you give us an example of what assistance you have provided recently and what your role was in that?

Gordon Innes (Chief Executive, London & Partners): Sure. In the last year, we have been helping in terms of the development sites at the Royal Wharf, meeting and introducing the Singapore-based Oxley group, which did a joint deal with Ballymore to develop that site. We also had a role in relation to the Greenland investment. Greenland is a Chinese state-owned enterprise, which has invested both in the Ram Brewery and also at Canary Wharf. We had a number of meetings with Greenland to talk them through the portfolio and talk them through how investment takes place. We have specialist staff who are experts in this area. We had joint meetings with Sir Edward [Lister] and with Greenland to encourage them to come and invest here in London.

Joanne McCartney AM: One of the questions that has been raised – and it has some answers in the report you sent us – was that there was concern about the fact that L&P seemed to be asked for the first time to assess, as part of the procurement process, ABP’s claims that it could deliver occupiers for the site. Looking at this report you sent us at section 6, you set out that you did a ring-around of a set number of companies to ask them whether they were currently renting from ABP, whether they wanted to set up in London and whether they were interested in ABP’s potential office. Was that the first time you had been asked to do that?

Gordon Innes (Chief Executive, London & Partners): Yes.

Joanne McCartney AM: Did you think you had the necessary skills to do that, given you are a promotional body rather than a --

Gordon Innes (Chief Executive, London & Partners): We were not asked to make any assessment or evaluation. Given that we have the foreign language skills because our staff are Chinese and given that we had the local connections because we were based in the country, we were asked to answer three factual questions about 47 companies, which we did by telephone with our staff in China and our 20 staff based in London as well. We were asking, “Was the company located in an existing ABP development? Did the company have intentions to establish a presence in London in the next few years? Were they aware of ABP’s proposal for development?” We recorded the answers that they gave us. Moore Stephens, who looked at this, concluded that they were recorded in a factual and neutral way. No further opinion or view was given and we handed that back to the GLA.

Joanne McCartney AM: Since this, have you been tasked with doing similar assessments with any other sites at all?

Gordon Innes (Chief Executive, London & Partners): No.

Joanne McCartney AM: Perhaps I can ask Sir Edward Lister. That has given rise to some concerns. It looks like it was a close relationship and perhaps it is just the proximity of actually sharing offices that gives rise to close relationships. That has created some concern. Had L&P been asked by the GLA before to undertake this work or how would you normally go about it?

Sir Edward Lister (Board Chairman, London & Partners): If I may, I do not think there was another site that has ever been marketed in this way. Every other site has been marketed straight through the OJEU process. It has largely been done through London agents of one sort or another and so this never arose. This is the first time that a piece of real estate for London was marketed in this way around the world.

Gordon Innes (Chief Executive, London & Partners): For every other site that we are marketing in our portfolio, the developer has already been selected.

Joanne McCartney AM: In the future, if there are similar sites that need to be marketed in different ways, would you use L&P again to do that?

Sir Edward Lister (Board Chairman, London & Partners): I am not sure we would. Time has moved on. We now have the links. These things are always a moment in time, but most of the large London property surveying companies – JLL, CBRE and all of those – now have quite extensive offices in-country. Therefore, I suspect that if we were doing that kind of audit process again we would go to one of those. It would seem logical. However, one can never say never because at the end of the day L&P employs six Chinese-speaking

individuals. If you have the right questions and if you know whom they are to contact, you can get the answers. That is all I would say.

Could I just make a point? We do not really have that many. You have to remember that that particular site was not one that the market was rushing for. There was very little interest. That was actually the big problem.

Joanne McCartney AM: Were these questions asked to other bidders as well or had other bidders dropped out by this stage?

Gordon Innes (Chief Executive, London & Partners): I think they had dropped out because, as I understand the timeline, there were two bidders other than ABP, Muse and Wrenbridge, and they both dropped out by June.

David Lunts (Executive Director, Housing and Land): One dropped out and one was eliminated.

Gordon Innes (Chief Executive, London & Partners): One was eliminated and one dropped out, yes. This was after that.

Len Duvall AM (Chair): In terms of when you did your promotion of the site, I have seen some documents - I do not have them here - where you had at least eight to ten interested Chinese organisations wishing to look at the Royal Albert Dock or investment in London. I am not quite clear from the documents I have. Why do you think that a number dropped out at that stage? You ended up with only one that came forward, which was ABP.

Gordon Innes (Chief Executive, London & Partners): I would defer, if I may, to David [Lunts]. That is really a question about the economics and the opportunities around that site that we were promoting.

Len Duvall AM (Chair): Did you participate in the open day?

Gordon Innes (Chief Executive, London & Partners): I did not personally, no.

Len Duvall AM (Chair): Not you personally, but L&P, the organisation?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): We participated in the visit to China in September. I am not sure which open day you are referring to.

Len Duvall AM (Chair): The United Kingdom (UK) open day held on 15 September 2011.

Gordon Innes (Chief Executive, London & Partners): I am guessing that one of our local staff would have been there and would have been supporting, whether that was logistics or whatever. I do not know what wider role they had.

Len Duvall AM (Chair): Mr Liu did not participate in ringing around any of the 47 organisations at all?

Gordon Innes (Chief Executive, London & Partners): No.

Len Duvall AM (Chair): You can confirm that?

Gordon Innes (Chief Executive, London & Partners): Yes, I can confirm that and he had no access to any of our systems..

Len Duvall AM (Chair): Sorry, Simon. You wanted to confirm something?

Simon Powell (Assistant Director – Strategic Projects and Property): Yes. Our information confirms that L&P was involved in the UK bidder day.

Nicky Gavron AM: L&P in the Mayoral Decision notices is called a ‘stakeholder’. At the Audit Panel I asked David Lunts what that meant. At that stage you were not sure, but can anyone tell us what it means that L&P was a stakeholder in this process? What you have said so far today is that you were involved in only being a cheerleader or a promoter. What does it mean to be a stakeholder?

David Lunts (Executive Director, Housing and Land): Can I tell you what I meant by my answer at the time? It was a stakeholder, yes, in the sense that L&P was involved with us in helping to promote the opportunity. The LDA was very clear that it wanted this to be a globally marketed opportunity. As Sir Edward Lister said, this was a site that was quite a difficult site in many ways and it was being marketed at a time when we were coming out of quite a deep property recession. The LDA’s view - and it was certainly a view that the GLA at the time concurred with - was that this really needed to be a very extensive and proactive marketing operation.

Clearly, L&P’s involvement in China and its engagement more widely internationally was potentially quite a useful asset to the LDA and subsequently the GLA in terms of promoting that opportunity. In that sense, they were stakeholders in that initiative. They were not involved - just to confirm again - in any formal sense whatsoever in the adjudication, evaluation or scoring in the procurement process. They were involved purely and simply in the marketing, the promotion and some market intelligence feedback for us in terms of potential occupiers that ABP had referred to us. In other words, they were our eyes and ears and feet on the ground and operated in that capacity only, not as part of the evaluation process.

Murad Qureshi AM: Can I firstly just declare that I have been to ABP’s offices in the Royal Dock and Newham Council’s offices at the regeneration site meeting?

Subsequent to that regeneration site meeting, I was made aware that there is another part of the Royal Dock that is being marketed, Albert Island. It is going to go through marketing this summer. Are you not going to be involved in this at all? You had not listed it at all with the sites you mentioned earlier.

Gordon Innes (Chief Executive, London & Partners): We are not currently.

Murad Qureshi AM: Also, if there is a different marketing strategy, why?

David Lunts (Executive Director, Housing and Land): Albert Island is an interesting site. You are right. It is in the Royal Dock. You have obviously visited it. There are some quite significant constraints there because it is under the flightpath for City Airport and other things.

There is, as you may be aware, interest in getting some more extensive boatyard, repair and building facilities in east London. Albert Island has been identified as a possible location for such a use. We have agreed to embark on the initial stages of a market-testing exercise, which may lead to a procurement process, to see whether there is a commercially viable boatyard use perhaps as part of a wider mixed-use development for

Albert Island. That is the strategy that we are proposing. It is not necessarily that we will get a boatyard there because we need to find out whether anyone in the marketplace can actually make that pay, but if they can we are quite interested in seeing if we can include that at least as part of a procurement that we will be launching during the course of this year. At the moment, there is no particular involvement at all from L&P, no.

Murad Qureshi AM: They are being kept separate from the approach you took with the rest of the Dock?

David Lunts (Executive Director, Housing and Land): Yes.

Murad Qureshi AM: OK. Just finally, given that they are based so locally, are you expecting ABP to take an interest in this future tender, given that it basically clears the whole of the Dock?

David Lunts (Executive Director, Housing and Land): I have not had any conversation with ABP that would suggest it has an interest in Albert Island. Simon, have you heard anything?

Simon Powell (Assistant Director – Strategic Projects and Property): No.

David Lunts (Executive Director, Housing and Land): No. I do not know if they do boatbuilding.

Murad Qureshi AM: It would be interesting. Who knows?

Len Duvall AM (Chair): L&P, you will not have it in front of you and so you are just going to have to bear with me, but this is something you might want to check and clarify to this Committee. Back on 31 May 2013, your press release from L&P says – and you almost boast; that is my word, not what you say – that the assistant you provided ABP on the Royal Dock. This is the bit that you quote in your own press release:

“London & Partners were also responsible for advising ABP on every aspect of locating and doing business in London to enable their vision for the Royal Dock.”

That is why, if you were a bit perturbed by the line of questioning, you should just think about what your relationship with them is. It is your own press release that said that. You just might want to reflect on that. It might be one of the issues that you might want to write to this Committee about.

Gordon Innes (Chief Executive, London & Partners): We will certainly take a look and we will reflect on that. That would have been written by my communications team. Obviously wanting to put L&P in a good light for our contribution. It does not change the fact that our role was to market and promote the site, which includes engaging with ABP and others to explain the opportunities and how the system works in London and to provide the context.

Sir Edward Lister (Board Chairman, London & Partners): The GLA would never pass out those detailed negotiations to another party to do. They would always be done within the Housing & Land team here at City Hall. There is a very clear dividing line between L&P and the Housing & Land team. All decisions would be taken by the Housing & Land team not --

Len Duvall AM (Chair): If only there was clarity about the people working for us and who they worked for in terms of the guidelines that they are working on.

Sir Edward, I want to go back. You mentioned a date of when Mr Liu [General Manager for Overseas Affairs, ABP] left the organisation. I think you quoted something like 2013?

Sir Edward Lister (Board Chairman, London & Partners): 2013.

Len Duvall AM (Chair): I have an email from Mr Liu saying he left L&P in March 2012. He says "London & Partners". I do not say that. He says that. There is a bit of confusion about who he thought he was working for, to be honest, even though he might have been getting some direct supervision here at the GLA. We might want to exchange some information around that because I will provide this and what he said in his own language.

Valerie Shawcross CBE AM: The Assembly's Budget Committee made some very clear recommendations about future transparency in this situation. They specifically recommended that an organisation that was more than 50% funded by the GLA or where the Mayor was appointing the Chair or members of the Board should basically have required of them the same standards of transparency as the rest of the GLA family of organisations. The Mayor wrote back to the Budget Committee and indicated that he accepted that recommendation and that:

"Future grant agreements with L&P under the bodies would include more rigorous requirements relating to decision-making, planning, gifts and hospitality, senior pay, etc."

We very much welcome that commitment. Would you like to tell us, Sir Edward, what arrangements are being made to ensure that L&P is becoming much more transparent for the future? What do you expect this new regime of transparency to look like?

Sir Edward Lister (Board Chairman, London & Partners): Can I say I have only just taken over as Chairman, literally within a few days, and so --

Valerie Shawcross CBE AM: Yes, but I am asking you now, Sir Edward, as the Chief of Staff, your other hat.

Sir Edward Lister (Board Chairman, London & Partners): As Chief of Staff, fine. As I was going to say, I am going to answer it, I am afraid, from this side of the house, so to speak.

Valerie Shawcross CBE AM: No, that is what we want --

Sir Edward Lister (Board Chairman, London & Partners): The transparency has to be about the agendas and minutes of meetings. It has to be about the senior officers' pay and terms and conditions. It is all of the normal stuff that we here at the GLA are used to.

That is not a conversation that I have had in the kind of detail that I would have to have it with L&P. There is a great deal of nervousness, to be fair, amongst the Board of L&P about what this means. That is a misunderstanding because they do not need to be nervous about it. There are ways in which commercially confidential items are dealt with so that they remain commercially confidential and no one is suggesting for one minute that one would want to breach any confidentiality.

It is ongoing work but, as far as the Mayor is concerned, he has made it absolutely clear that that is what he expects. He made that commitment to the Assembly.

Valerie Shawcross CBE AM: We would expect details of gifts and hospitality to be published?

Sir Edward Lister (Board Chairman, London & Partners): I would regard that as all being part of the same transparency arrangement that we are all used to.

Valerie Shawcross CBE AM: What about arrangements for granting rights of access to casefiles to auditors? We understand there are issues of commercial confidentiality, but if the GLA wishes to send in auditors to look at a piece of work and how it has been conducted and how the money has moved around, is that something that you as the Mayor's man in this would be requiring from --

Sir Edward Lister (Board Chairman, London & Partners): I have to understand that one a bit better than I do at this meeting. I do not actually quite know what you are aiming at with that.

Valerie Shawcross CBE AM: Currently, we have been told, the GLA's auditor has no powers and has no *vires* over L&P and therefore cannot dig in and ask questions, even when there is an issue of concern regarding GLA funding. Where would the line be drawn that would stop the GLA sending in, requiring or asking for auditors to have access to L&P?

Gordon Innes (Chief Executive, London & Partners): Would it be helpful just to explain the context? The way that we were structured and the way that we were set up as a public-private partnership means that we are a company limited by guarantee. The Mayor has put in place corporate governance arrangements that mean that I report to a Board. Sir Edward is the Chairman and then there are some very senior businessmen and women on that Board who make sure that we operate in a commercially-minded way, which allows us to achieve a lot more for London than we would be able to do as an agency or as a department of the GLA. That is shown in the sort of revenue that we raise and the sort of funding that we raise from the private sector, which is significantly more than our national counterparts, for example.

What we have tried to do - and we appeared before the Budget Monitoring Sub-Committee meeting on 22 January 2015 - was to ask how we can deliver our obligations around transparency to the Assembly, which we want to do, without undermining those governance arrangements that have been put in place, which are very beneficial and helpful in terms of us doing our job. We identified a range of areas, which were welcomed by that Committee, including publishing information our business plan, our procurement policy, our travel expenses policy, our gift and entertainment policy and quarterly key performance indicators, which we will share. We have declarations of interests. We also have provided salary bands and information about our remuneration policy. That is all published now.

Len Duvall AM (Chair): I was part of being briefed when you were being set up by the GLA. I take that as a given about your business plan. That is about the conditions of grant. I was assured by GLA officers that that is what you would be doing anyway. Can you just alert the Committee to the percentage that the GLA provides for your activities and what you raise yourself? Primarily, that is from the tourism aspect of your business.

Gordon Innes (Chief Executive, London & Partners): No, we raise funding across all aspects of our business. The GLA provides just over £11 million. Last year we have raised about £7.5 million.

Len Duvall AM (Chair): What is the percentage?

Valerie Shawcross CBE AM: It is more than 50%, is it not?

Gordon Innes (Chief Executive, London & Partners): It is more than 50%, but we are looking to make that 50:50.

Len Duvall AM (Chair): Without the GLA money, you could not continue your business activities, whatever structure you use?

Gordon Innes (Chief Executive, London & Partners): We have £7.5 million of our own income and so we would continue it on a smaller scale.

Len Duvall AM (Chair): You would be very reduced?

Valerie Shawcross CBE AM: Can I just point out that of course Mr Innes is talking about publication? The question I was asking was actually about access of the GLA internal auditors to look at what is going on within L&P.

It does relate back to this point about condition of grants. Whilst accepting that you have a particular public-private partnership structure and there are areas and activities where there are lots of very good reasons for confidentiality, it seems to me to be wrong that either everything is completely behind closed doors or in the public gaze and is published. There has to be a space for technical audit where the GLA as an entity - I am not just talking about the Assembly - and the Mayor as a grant-giver can be reassured about the activities and the processes within L&P.

What is wrong with that being a requirement of grant-aiding, provided there are suitable protections around confidentiality?

Gordon Innes (Chief Executive, London & Partners): In exchange for the grant, which is paid on a quarterly basis, we are required to provide information to the GLA about how that money is being used and the impact that it is having. In relation to our commercial operations - for example, Dot London - we have open-book accounting with the GLA. Those processes are in place to give satisfaction and confidence to the Mayor.

Valerie Shawcross CBE AM: OK, but there is a difference, Mr Innes, between you telling us what you want us to know or telling the Mayor what you want him to know and an auditor coming in as an independent forensic expert and taking a look. I seem to remember that one of the first things the Mayor did at the LDA was to send in so-called independent forensic experts because he felt that that was missing. What is wrong with that proposal?

Gordon Innes (Chief Executive, London & Partners): We have an independent auditor --

Valerie Shawcross CBE AM: Sir Edward, is that not something that you are proposing to do here?

Sir Edward Lister (Board Chairman, London & Partners): What I was going to end up saying just now was that we need to ascertain exactly where the line from one audit finishes and another one begins. Of course, we are perfectly able as the GLA to request the existing auditors of L&P to review something if we have concerns about it. I am quite sure that the Board itself would accept that.

Should we also be able to impose the Mayor's Office for Policing and Crime (MOPAC) team on to them in the same way that we do any other part of the organisation? That is a conversation that Gordon [Innes] and I have

to have and we have not had that conversation. I do not know the reasons why we should not be in that position, but that conversation just has not taken place.

Valerie Shawcross CBE AM: Would it be helpful, Chair, then, if Sir Edward could write back to us --

Sir Edward Lister (Board Chairman, London & Partners): Yes, I will do that.

Valerie Shawcross CBE AM: -- and give some flesh to the agreement of the Mayor when he talks about how "future grant agreements ... would include more rigorous requirements"?

Sir Edward Lister (Board Chairman, London & Partners): I am happy to do that.

Valerie Shawcross CBE AM: Can you give us the detail of what the grant-giving arrangements would be? That would be quite helpful.

Does it raise an issue, Sir Edward? I understand you are being an honest broker in all of this, but does it raise an issue if L&P very clearly places itself as an independent public-private partnership and you are clearly representing the Mayor's interests? Are there any conflicts of interest in this role for you?

Sir Edward Lister (Board Chairman, London & Partners): No, there are no conflicts of interest, but there is a tension. There is undoubtedly a tension. That tension is there. It is there both ways. The Board of L&P has to some extent a concern about how much the Mayor calls the tune, to put it bluntly.

Tony Arbour AM (Deputy Chair): He is the piper.

Jennette Arnold OBE AM: Of 60%.

Valerie Shawcross CBE AM: An £11 million tune, I think.

Sir Edward Lister (Board Chairman, London & Partners): Indeed, there has been a reason for one or two people not wanting to be part of the L&P organisation because they feel it is too City Hall-dominated. On the other side, we are putting in - as you quite rightly say - £11 million and, very clearly, L&P is tied with an umbilical cord to City Hall that cannot be severed. These things are there. That is all in place.

We have, anyway, a right of audit because of our £11 million and so, if there was a big issue, I am quite certain - and perhaps I could ask Doug [Wilson, Head of Financial Services] to help me on this - and I am pretty sure that City Hall has the power to send in auditors if there were major concerns on our part.

Len Duvall AM (Chair): We were told differently. Sorry, you [Doug Wilson] were at the meeting. We were told differently at the Audit Panel that you had no right. You commissioned the auditors to go in. We have the transcripts here. With all due respect, that is what you told Members, "We have no right to go in", even though I questioned at that meeting that we were a substantial grant-giver of that money and that we had a right to check that that money was being used properly.

Doug Wilson (Head of Financial Services, GLA): We do.

Len Duvall AM (Chair): Blow me down. We will follow that up outside the meeting in terms of the transcript and that discussion. We were told as Members that we did not. One of the issues was the original audit issue that was raised with the Mayor. He had four comprehensive audit reports, but when we got to the Audit Panel we were told that he could not have access to any of that figure-work or any of the work that was undertaken by L&P.

Gordon Innes (Chief Executive, London & Partners): In terms of our governance, it is very important that when we look at our governance we do not throw the baby out with the bathwater. Our ability to operate in an agile commercial manner means that, for example, in my tourism team, 50% of the fully loaded costs of that operation come from the private sector. Visit Britain is not able to achieve that. If you look at the last campaign we did, we leveraged up the GLA grant 4:1. Again, our national counterparts typically lever 1:1. Some of the staff who do our foreign investment work, again, are partly funded through the private sector. Therefore, it is important that we do not lose the opportunities to operate in that way and to deliver value for money.

Valerie Shawcross CBE AM: Chair, is Mr Innes arguing against the proposition? Are you arguing to say that the GLA should not be able to demand levels of transparency from your organisation?

Gordon Innes (Chief Executive, London & Partners): No, not at all.

Valerie Shawcross CBE AM: Are you telling us this because you do not think the Mayor ought to be able to send in auditors if he so wishes?

Gordon Innes (Chief Executive, London & Partners): No, not at all.

Valerie Shawcross CBE AM: In that case, what point are you trying to make?

Gordon Innes (Chief Executive, London & Partners): No, there are two points I am trying to make. Firstly, the governance that was put in place was carefully balanced between being able to operate in that matter and being fully accountable and transparent.

Secondly, the point from the report that we shared with you yesterday is that we have been found to have done nothing wrong or untoward in our activities. Therefore, there has been no cause for concern in the way that we have been operating.

Len Duvall AM (Chair): At the time, legitimate questions were being asked by the media and by us and you failed to provide that information. You failed.

Gordon Innes (Chief Executive, London & Partners): We answered every question that Channel 4 asked us and we provided a factual response to the questions that they asked us.

Len Duvall AM (Chair): You might well do that, but maybe a good use of your money is revamping your press operations. You could have saved a lot of grief for yourselves and for the GLA by answering some of those questions clearly. That may have affected the outcome of that programme.

Gordon Innes (Chief Executive, London & Partners): We will take that on board. We have done that here today with you.

Len Duvall AM (Chair): I have in front of me some excerpts of what was said to the Audit Panel and said to London Assembly Members about the powers of our audit and I will be following that up outside the meeting.

Sir Edward Lister (Board Chairman, London & Partners): Yes, of course.

Valerie Shawcross CBE AM: Just to finish my question, it makes the point that what we need is something back in writing that codifies exactly what the Mayor is going to require and what the transparency situation is.

Sir Edward Lister (Board Chairman, London & Partners): I am quite happy, Chair, to provide that in writing to the Committee.

Gordon Innes (Chief Executive, London & Partners): That is in this year's grant agreement, which I presume is available to the Assembly.

Jenny Jones AM: I am starting to regret being in this meeting because of course in the future, if there are any problems arising from this, we are all going to be held accountable. It is not just you being held accountable. It is us who can get accusations thrown at us if we are not seen to be scrutinising the whole process and composition as much as possible. I now have a vested interest, which I did not before this meeting. Thanks.

Jennette Arnold OBE AM: We are in this together.

Caroline Pidgeon MBE AM: I want to pick up some issues around the procurement process, but I just want to clarify some things before I get into a couple of questions from what I have heard this morning.

Let us ignore the press release for the moment but I would like to hear back because I have to say, Mr Innes, your comment was, "That was written by my communications team". Anyone who has ever worked in communications - and I have in the past - knows that something like that goes up probably to the Chief Executive or equivalent to sign off. Communications staff do not just send out whatever they think. It would have been signed off at the highest level and so that is unfortunate.

Gordon Innes (Chief Executive, London & Partners): I take responsibility for all the press releases.

Caroline Pidgeon MBE AM: Thank you. Let me be very clear. You and Mr Cooke said this morning that your job was to promote the Royal Albert Dock widely and that you had your overseas teams in China, India and other places working on that. Your job was to introduce investors to the landowner or the agent on behalf of the landowner and help to arrange meetings and broker introductions. Then you went on to say that you had not had any meetings on your own with ABP or the other bidders.

Can I just be very clear? I will start off with L&P. Did you have any meetings whatsoever on anything with ABP?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Yes. Before ABP became a joint tenant with the LDA in February 2011, there was no engagement between ABP and L&P's predecessor, Think London, which later became L&P. The first formal meeting between L&P and ABP was in September 2011 during the marketing campaign for the Royal Albert Dock project.

Caroline Pidgeon MBE AM: Your first formal meeting was in September 2011. Were there any informal meetings or telephone conversations between L&P staff and ABP?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): ABP was sharing the office from --

Caroline Pidgeon MBE AM: Quite. Yes.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): -- whenever that was, February 2011, and there would have been, clearly, conversations within that office, but I cannot tell you what those conversations were.

Caroline Pidgeon MBE AM: There were conversations going on at the tea-point, effectively, in the office and potentially on the phone, but there is no record whatsoever of any of those conversations?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): We share offices in China. We share offices in London. Our staff respect client confidentiality. They understand how to conduct themselves in terms of not sharing any confidential information. We were not part of the procurement process, as Moore Stephens has identified.

Caroline Pidgeon MBE AM: Would you have required your staff out there to do timesheets so that they can say what they have been working on? Presumably there are a number of investments they are working on. In most legal practices, you record every six minutes of your time. Would they be required to keep any sort of record of the amount of time they spend in any conversations or meetings they have?

Gordon Innes (Chief Executive, London & Partners): We focus in our management on outputs and delivery rather than activities, primarily. However, they would obviously use our client relationship management (CRM) system, a database, to manage relationships. At any one time, we are talking to over 1,000 companies around the world.

Caroline Pidgeon MBE AM: Yes. On that system, would it have any contacts that your staff have made with different companies?

Gordon Innes (Chief Executive, London & Partners): Yes, it would.

Caroline Pidgeon MBE AM: Are you able to print off any contacts you had had with ABP?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): That is information we provided to Moore Stephens for its audit.

Caroline Pidgeon MBE AM: Is that information available to us at all?

Gordon Innes (Chief Executive, London & Partners): That is information about the discussions with ABP. One of the things we always say and how we build a relationship and trust with the companies and the investors we are acting for is that our conversations with them are confidential and so we would not be providing that information from our CRM system. That would undermine our operation.

Caroline Pidgeon MBE AM: OK, but your CRM system would not have, let us say, any tea-point conversations that your staff, because they were sharing an office, could have or would have had?

Gordon Innes (Chief Executive, London & Partners): No.

Caroline Pidgeon MBE AM: That is rather unfortunate. OK. I think you said there were half a dozen or so staff in China. Do you have any other staff on retainers who work with companies? I remember a few years

ago when I met L&P we talked about how you had people on retainer who then were paid if they secured a deal. Do you have staff outside of that half-dozen or so who work like that?

Gordon Innes (Chief Executive, London & Partners): We have largely moved away from that model and we have found it is more cost-effective to take staff in-house. Our China team is larger now with six people than it was back then.

Caroline Pidgeon MBE AM: Did you have any staff at that point on retainer?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Not in China.

Gordon Innes (Chief Executive, London & Partners): Over in Europe.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Europe and Australia, yes.

Caroline Pidgeon MBE AM: OK. Did any L&P staff have any conversations or meetings with Xuelin Black, whose name has also been mentioned as linked potentially to this ABP deal?

Gordon Innes (Chief Executive, London & Partners): The first time I met Xuelin Black was following the procurement process. I was introduced to her at a lunch. I do not know the date, but sometime after the procurement process had ended. That was the first time I had met her. I did not know who she was or her role.

Caroline Pidgeon MBE AM: Are you able to give a date around that?

Gordon Innes (Chief Executive, London & Partners): I think it was following the signing ceremony. I cannot remember. I can find out.

Caroline Pidgeon MBE AM: What about the rest of L&P? Did any members of your staff have any meetings, phone conversations or tea-point conversations with Xuelin Black?

Gordon Innes (Chief Executive, London & Partners): Not to my knowledge, no.

Caroline Pidgeon MBE AM: Andrew?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): No, I am not aware.

Caroline Pidgeon MBE AM: You are not aware of any?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): No.

Caroline Pidgeon MBE AM: OK. If I can move over to the GLA team, I will do Sir Edward [Lister] afterwards, but it is the same question. Outside of the formal process, did you have any other meetings or conversations with ABP or staff here at City Hall?

David Lunts (Executive Director, Housing and Land): Conversations? Speaking personally, I met Mr Xu [Xu Weiping, Chairman, ABP] at some point when Steve Kennard [former Director, Land & Development, LDA], who was then at the LDA, introduced him to me when he was in London. That was an informal meeting. I cannot recall exactly when that would have been.

Caroline Pidgeon MBE AM: Did you keep a record of all these meetings?

David Lunts (Executive Director, Housing and Land): That was prior to the closure of the LDA. I did not meet Xuelin Black until after the process was over and after ABP was appointed.

Simon Powell (Assistant Director - Strategic Projects and Property): I personally came into this role two years ago and so February 2013 was the first time I met Mr Xu or anybody from ABP.

Caroline Pidgeon MBE AM: What about your staff? What I am trying to get at - and I will come on to it in my other questions - is that there is a perception of preferential treatment. That is why I am trying to clarify who has had conversations and meetings and whether anyone had that extra tip-off information or whatever. Did you keep a log, David, you and your team? Obviously this is an important area.

David Lunts (Executive Director, Housing and Land): There were meetings with ABP, as we have already said, in September 2011 as part of the process in the visit to China delegation. At that point there were another eight or nine meetings that took place with that organisation that were expressing an interest in bidding through the process. There was also, I believe, a meeting with ABP in the UK as part of the UK bidder day. Again, that opportunity was offered to other organisations that were interested.

Caroline Pidgeon MBE AM: You are not aware of any other meetings or conversations outside of that that could have given them an advantage?

David Lunts (Executive Director, Housing and Land): No.

Caroline Pidgeon MBE AM: You have no records of that? No. What about your office, Sir Edward?

Sir Edward Lister (Board Chairman, London & Partners): I met ABP only after the contract was agreed with the Royal Dock. I met them on two occasions. The first occasion was when I went to China in readiness for the Mayor's visit to China. I actually went down to their site. They have a very large development on the west side of the city. I went there along with a representative of L&P and also with Dominic Hurley from our international office. I will have to confirm that back to you. I cannot actually remember. I will confirm exactly who was there. I went to the site. I was shown around the site and that was all.

Then on the second occasion I went with the Mayor when he went to the site and visited it. They also had a dinner that evening, which I attended and the Mayor attended. This is all after the contracts were signed.

Caroline Pidgeon MBE AM: What about Xuelin Black?

Sir Edward Lister (Board Chairman, London & Partners): I have met her on two occasions. I am struggling to remember exactly when I met her. I do not think I actually ever met her in conjunction with ABP but she has come in with other Chinese investors into City Hall. I am struggling to remember who they are. I would have to try to check.

Len Duvall AM (Chair): Was it the Crystal Palace development? She was on a joint working party with the GLA.

Sir Edward Lister (Board Chairman, London & Partners): It might have been. I am sorry I am sounding vague because I actually cannot remember.

Caroline Pidgeon MBE AM: Has the Mayor met Xuelin Black at all?

Sir Edward Lister (Board Chairman, London & Partners): I do not believe he has ever met her.

Caroline Pidgeon MBE AM: Will you be able to look back over records to check that?

Sir Edward Lister (Board Chairman, London & Partners): I will do a check when I go upstairs. If he has it will have been in the margins of something else. It will not have been a direct meeting.

Caroline Pidgeon MBE AM: That is helpful. Moving onto the procurement, I was looking through some of the stuff that came out in the very thin audit report, a very narrow remit given to it.

Len Duvall AM (Chair): I want to clarify as people have gone through the issue of when ABP comes into contact with the respective organisations. Both on their website and in an *Evening Standard* article, which I am happy to provide to you, they talk about their active interest in the site in 2008. If there was active interest, they must have gone to your predecessors in terms of being linked with an interest in a site. On their own website, which was taken down rather quickly after the Channel 4 programme, they stated the project of ABP London was planned in 2009.

Is there any way in the respective organisations - just before we move on to Caroline's questions - you can do a trawl about what was your contact outside this formal process and the tendering issue with ABP? If they were around in 2008, they must have come to your organisation or the predecessor body and so there must be some records. Clearly you in the GLA must have some records of their dealings because they are quite clear and fulsome in what their ambitions are. Their ambition is only for the Royal Dock in terms of their interest.

Gordon Innes (Chief Executive, London & Partners): We can absolutely do that. It is very unlikely they would have come to us because our role at that time was foreign direct investment; it was not supporting investment into regeneration projects. This was the first time we had played that role that we have subsequently taken on. We were tasked by the LDA to get involved in July. We first met with ABP in September. Prior to that we did not have a remit in this area and so there would be no reason to meet with them.

Len Duvall AM (Chair): The reason I ask is if I make contact with somebody you must have some historical records of my active interest. They are part of that network that you were referring to. It must be recorded somewhere if I have shown an interest in investing in London. When you took on that role, presumably historic records were passed to you because they would be active cases.

David Lunts (Executive Director, Housing and Land): If I can be helpful, I am aware that Mr Xu had taken quite a long-term interest in the Royal Albert Dock site. That was known to me. Mr Xu is a regular visitor to London. My understanding is that his daughter is educated in London. This is someone who is quite familiar with London and travels here very regularly. My understanding from ex-colleagues at the LDA is that indeed he had over a period of time shown an interest in it. When the formal procurement process began it did

not come as a huge surprise that ABP was very quick to show a formal interest in that process because Mr Xu's personal interest in the site was known to them.

What I do not have is very detailed records of individual conversations that he may have had with ex-staff at the LDA. As I say, it was fairly well-known that he had an interest in that particular location.

Caroline Pidgeon MBE AM: To pick up, then, we are looking at the procurement process. We had three bidders; ABP, Muse and Wrenbridge. It was all going forward. Then suddenly in May 2012 you changed the selection criteria - and this was picked up in this very thin audit report - that meant the early development criteria became a pass/fail test for the evaluation. Therefore, basically, the other two had to drop out because they could not meet the criteria. Can you explain why they were refined and explain for a layperson how that could not be seen as something that was giving one of the bidders a preferential opportunity over the others?

David Lunts (Executive Director, Housing and Land): I will say a word about this and Simon [Powell, Assistant Director - Strategic Projects and Property] may want to jump in as well. In fact, when the process began there were more than three bidders, but it was fairly quickly whittled down to three, as you say.

When the GLA took the process over in April 2012 we were down to three; that is absolutely right. We were keen to get that to a position where we could take a properly informed view about the deliverability of the scheme. What we were looking for was someone who would commit to building phase one of this quite challenging project, effectively on a speculative basis. In other words, there was not going to be too much conditionality around their pledge to build out phase one. That was the first thing. The second thing is that as part of the compliant competitive dialogue process it is not particularly unusual to make some minor adjustments to the scoring matrices as you work through the process. We can furnish you the legal advice, if you need it, that informed our decision to make those small adjustments.

The adjustments that we made when we took the process over were really to try to drill down in a bit more detail and get some assurances about the commitment to early delivery. We increased elements like managing the town planning risks. That was quite deliberate because we needed to know that whoever we selected could actually navigate their way through a complex planning process. Indeed, that was a particularly important thing perhaps for a development company that had never developed outside of mainland China before. We wanted to know a bit more and we consequently weighted a bit more highly the occupier strategy. Obviously, if you are going to commence a speculative development which is largely around business and employment use it is quite important to know that there is a robust and sustainable occupier strategy, otherwise you are unlikely to secure project finance.

We made a few of those early delivery adjustments. That was done in an open way. The bidders were very well aware of it. There was no challenge to that process. Indeed, that helped us get to a position relatively quickly where one of the three bidders dropped out and effectively it went to a pass/fail arrangement. At that stage ABP was successful.

Caroline Pidgeon MBE AM: You call them 'minor adjustments'. It sounds quite significant if the early development criteria basically meant you either passed or failed this. Effectively, one dropped out, probably realising they would not meet it, and one did not meet it. You were paving the way for ABP to become the preferred developer.

David Lunts (Executive Director, Housing and Land): There was absolutely no intention to, if you like, rig the scores in favour of any the shortlisted bids, none whatsoever. In fact, the adjustments to the scoring were

no more than 5% in each case. They were significant only at the margins. I do not think, if we had our time again on this, we would do it any differently, frankly. It was important for us to know that having gone through a very lengthy and a very high-profile procurement process, whoever we selected could indeed commit in a properly evidenced way to building out phase one of the scheme and not just sit there and wait for the site to accrue value with nothing happening. That was what lay behind those adjustments that we made. I repeat the point: this is not uncommon in a competitive dialogue process. It is not a step that we took without securing proper legal advice.

Simon Powell (Assistant Director - Strategic Projects and Property): At the end of December 2011 the long list from the expressions of interest scoring was eight. I have what was called the 'invitation to participate in dialogue outline solution stage' document here, which was issued in December 2011. As David reiterated, this is a normal course of events for a competitive dialogue. It explicitly states that during the course of the competitive dialogue the weighting is likely to change.

David already picked up on this point, but essentially when these changes were made for effectively three of the criteria there was a minimum threshold that had to be achieved. It was not an explicit pass/fail, but it was a minimum threshold in terms of the scoring that those parties had to achieve. At that point, as David said, one party decided to withdraw and the other party did not make the cut.

Caroline Pidgeon MBE AM: Before you made those changes, did you either formally or informally - you or any of your team - do any rough assessments to work out on the existing criteria who would effectively become the preferred partner or developer?

David Lunts (Executive Director, Housing and Land): Do you mean did we score it without making those adjustments?

Caroline Pidgeon MBE AM: Did you do some scoring, have a look and then make some adjustments?

David Lunts (Executive Director, Housing and Land): I am not aware that we did but I was not part of the formal scoring and the evaluation panel.

Caroline Pidgeon MBE AM: I am not using the correct language as a layperson in this area, but just to understand whether you might have had a look, done some scoring and thought, "They would come out on top", and then decide you ought to adjust it.

David Lunts (Executive Director, Housing and Land): I was not part of the evaluation panel and so I cannot give you a complete answer to that. Simon, do you know?

Simon Powell (Assistant Director - Strategic Projects and Property): No, I was not at that time. The way I would have said it is that the decision was made to change and to make the slight amendments to the weighting and that was then communicated and that was part of the next stage. We would not have actually known what the scores were at that time anyway.

Caroline Pidgeon MBE AM: You would not have done any quick calculations before adjusting, though?

Simon Powell (Assistant Director - Strategic Projects and Property): They would not have bid against those criteria.

Caroline Pidgeon MBE AM: I am just trying to clarify, because there is a perception out there, even if it is not perhaps reality. I want to move on to due diligence which is you, Mr Wilson. Is that right?

Doug Wilson (Head of Financial Services): Yes.

Nicky Gavron AM: Can I just come in?

Caroline Pidgeon MBE AM: Of course.

Nicky Gavron AM: Chair, with your indulgence, while we are talking about this part of the process and to wind back, a few minutes ago one of you said that something around eight to ten companies were involved in the meeting in China at which ABP was present. How many companies from China made it to the long list?

David Lunts (Executive Director, Housing and Land): One.

Nicky Gavron AM: Only ABP?

David Lunts (Executive Director, Housing and Land): Yes.

Nicky Gavron AM: Out of all the companies you met in China, only ABP was put on the long list?

David Lunts (Executive Director, Housing and Land): Only one submitted.

Simon Powell (Assistant Director - Strategic Projects and Property): As far as I am aware, only one gave an expression of interest and submitted a pre-qualification questionnaire.

Nicky Gavron AM: Only one of those eight to ten was interested in applying and that was ABP?

Simon Powell (Assistant Director - Strategic Projects and Property): Yes.

Caroline Pidgeon MBE AM: Did you want to add anything, L&P? I saw you scribbling notes to each other. Is there anything else to add on that point?

Gordon Innes (Chief Executive, London & Partners): No.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): No.

Caroline Pidgeon MBE AM: No? OK. In terms of due diligence, it is quite clear the internal audit report did not cover that area at all as part of their work. Are there any guidelines, Mr Wilson, on what due diligence should be undertaken on deals of this type?

Doug Wilson (Head of Financial Services): We have guidelines, but due diligence, in my view, varies greatly from situation to situation. What we might do on a UK company will differ from what you do in the case of a foreign entity.

The LDA carried out initial checks on their accounts and found no issues then, which got them through the first stage of due diligence. The GLA then carried out further checks as the procurement progressed, which involved looking at the group structure, looking at the accounts of various accounts in that structure and

having an independent accountant's review of the group to determine its worth. At the same time we were working through the dialogue process. The due diligence fed into that in that one of our concerns was we did not want to be dealing with a company registered in the British Virgin Islands because they are notoriously difficult to deal with. Therefore it became part of the negotiations that there would be a UK entity that we would contract with.

We also established early on that there was some financial viability in the organisation by having them place \$25 million in an account with the UK entity, so we were satisfied early on it was someone who could at least kick-start this process. Again, as negotiations continued we built in mechanisms that would ensure that at any point in time we had security in this country. In simple terms, that involved placing an amount in a bank account on escrow that would diminish as they started to spend money on infrastructure because clearly they did not want to have too much money tied up any one time. We came up with a formula that would ensure that we were adequately protected.

Caroline Pidgeon MBE AM: An overseas company so you have done all these checks and you have made them invest money and set up a UK entity in order to move this forward.

Doug Wilson (Head of Financial Services): Yes.

Caroline Pidgeon MBE AM: Have you done that with other similar projects?

Doug Wilson (Head of Financial Services): This is the only one I have been involved in when we have been dealing with a non-UK entity.

Caroline Pidgeon MBE AM: This is unusual and so you are feeling your way a bit around this. Where did you get advice for setting up this structure?

Doug Wilson (Head of Financial Services): We were not feeling our way. We had advice from Grant Thornton financially and Burges Salmon were our legal advisers. They were involved throughout the process.

Caroline Pidgeon MBE AM: You had professionals advising you to take this forward. I will leave it there because someone else is going to come in on this.

Len Duvall AM (Chair): In your due diligence, on 7 October 2008 London China ABP Ltd was incorporated by Xuelin Black as the sole director. Was that part of establishing a London presence for future due diligence processes? On 20 November 2009 was the first application to strike off London China ABP Ltd by Xuelin Black and there was a second application to strike that off as this organisation presumably tried to make a UK entity. Is this a Chinese company? What is the definition of a Chinese company?

I say this because when you look into Mr Xu's [Chairman, ABP] background, where some of your due diligence would have taken you, the ABP holding company is based in the Virgin Islands. He is a resident of the Seychelles. We know some of the issues around corporate tax issues for that. Companies House substantiates that. Even the Chinese would say this is not a Chinese company.

What do you say? Is this a Chinese company or an international-based property developer company in terms of the due diligence? What did you find and what did you report? Is there a report in existence on due diligence that is just in terms of this company?

Doug Wilson (Head of Financial Services): I am not clear exactly which company you are --

Len Duvall AM (Chair): Let us start again, shall I? I am happy to repeat myself if you want.

Doug Wilson (Head of Financial Services): Yes, but you started off talking about this company that --

Len Duvall AM (Chair): Which you would have found out about, I presume, from your due diligence exercise, its activities and the name of ABP.

Doug Wilson (Head of Financial Services): As far as I am aware, other than sharing the name, it had nothing to do with the ABP group.

Len Duvall AM (Chair): An interesting coincidence.

Doug Wilson (Head of Financial Services): I am not suggesting it is a coincidence; I am saying as far as I am aware it was nothing to do with the group. It appeared to be an attempt to set up a company in this country by Lady Black, which we were not aware of until the issues come out in the press. That, to that extent, was unrelated to anything we have done.

Len Duvall AM (Chair): What sort of due diligence do you do, then?

Doug Wilson (Head of Financial Services): We obtained details of the group's structure and that company did not feature in the group structure. We looked at those companies to establish their worth.

Len Duvall AM (Chair): Is it a Chinese company? Is anyone going to answer that one for me?

Doug Wilson (Head of Financial Services): The holding company is a British Virgin Islands company. There are other companies in the group that are Chinese companies.

Sir Edward Lister (Board Chairman, London & Partners): It is probably fair to say the bulk of its assets are in China. In that sense it is Chinese. If you then were to probe its financial backing, you will find lots of banks and you will find lots of companies. Some of them will be Chinese and some of them will be British.

Len Duvall AM (Chair): The assets will be its record of development in terms of work like the Royal Dock and its past record of achievement?

Sir Edward Lister (Board Chairman, London & Partners): Yes.

Len Duvall AM (Chair): Which is what?

Doug Wilson (Head of Financial Services): In terms of value?

Len Duvall AM (Chair): Which is what? What are its assets? What is its record of achievement in developing projects like the Royal Dock? Is this the first time that this company has ventured into the Royal Dock? What is its history? What is its background?

Doug Wilson (Head of Financial Services): The main development is the one Sir Edward [Lister] visited just outside Beijing.

Len Duvall AM (Chair): Is that their only one or do they have a number?

Sir Edward Lister (Board Chairman, London & Partners): I do not believe it is their only one. I think they have a number. It is the only that I have ever been to. That was a very extensive piece of new development which incorporates a very large hotel and a large number of commercial properties in quite a large floor plate. I am sorry I cannot tell you its size but it is a good 1 to 2 million square feet of office development.

Chairman, may I just go back to one of your earlier questions? I have now some clarification. I have misled you and I wanted to quickly clarify that in case that led to some slightly different questioning of other people here.

When we talked about our ability to send in auditors, what was said at the Audit Panel was correct. We do not have - and I misled you - until next week the ability to send in auditors. The new letter that is going to L&P does have the phraseology in it which does enable us to do that. We have corrected it. I was really referring to what is about to go out rather than what has actually been the past history. I am sorry if I misled you.

Jenny Jones AM: I feel I am going over old ground because you were in front of the Budget Committee. With the due diligence, presumably you look at their tax affairs and where they pay tax and so on?

Doug Wilson (Head of Financial Services): No, we would not normally look at where they pay tax. I would expect the business pays tax in the British Virgin Islands hence the structure.

Jenny Jones AM: Do you not think that ought to be an issue?

David Lunts (Executive Director, Housing and Land): It is not uncommon, Jenny --

Jenny Jones AM: I realise that.

David Lunts (Executive Director, Housing and Land): -- for development projects that are actually under the umbrella of UK-based companies to be organised through special purpose vehicles that are offshore. That is not an uncommon arrangement. It is nothing specific to this.

Jenny Jones AM: I wondered if it ought to be a criterion if we are engaging public money in businesses. I am asking the question. Thank you.

Nicky Gavron AM: Is the Mayor still a joint venture partner in the development of the Royal Albert Dock?

David Lunts (Executive Director, Housing and Land): I guess it depends what you mean by 'joint venture'. No, strictly speaking this is subject to a development agreement. The arrangement with ABP is governed by that development agreement. That covers their obligations. It covers things like overage arrangements, expectations, outputs and milestones. We are not formal joint venture partners in the sense of sharing this 50/50 risk and reward if that is what you are meaning.

Nicky Gavron AM: Will the Mayor be sharing any of it?

David Lunts (Executive Director, Housing and Land): Yes, there is an overage arrangement. Of course, the other factor here - which has not been mentioned yet but it is an important piece of context in terms of

the deliverability of the project - is that the Royal Albert Dock is in the Enterprise Zone. One of the important criteria for us was how quickly can we get activity here that will generate a business rate which will then help to fund the London Enterprise Panel.

Len Duvall AM (Chair): Do you want to explain to Committee Members about how overage arrangements work?

David Lunts (Executive Director, Housing and Land): Do you want to take that, Simon?

Simon Powell (Assistant Director - Strategic Projects and Property): Through the development agreement there is a predetermined agreed land price and then there is a profit hurdle that the developer is entitled to. After that point there is then a provision, called an overage provision, for the Mayor to share in an upside above that and so any superprofit effectively that the developer will get from this site.

Nicky Gavron AM: The Mayor is selling the land?

Simon Powell (Assistant Director - Strategic Projects and Property): Yes.

Nicky Gavron AM: Not keeping the freehold?

Simon Powell (Assistant Director - Strategic Projects and Property): Ultimately, as the development is phased and as development is completed, the leases are drawn down and then ultimately at the end they are freehold. There are five different phases and after phase five, at the very end, the freehold is sold.

Nicky Gavron AM: At the very end the freehold is sold?

Simon Powell (Assistant Director - Strategic Projects and Property): Yes, when it is all built up.

Len Duvall AM (Chair): Are not the words 'joint venture' mentioned in one of the Mayoral Direction sheets?

David Lunts (Executive Director, Housing and Land): 'Joint venture' is one of those terms, a bit like 'stakeholder', that often needs some context or some specific definition. There are different forms of joint venture. This is a joint venture, I suppose, in the sense that we are in it together. We will remain in it together until they have finished building it. It is not a joint venture in the way that some people sometimes refer to joint ventures. In other words, you create a specific corporate entity where you effectively share the risk and the reward and you parcel up the equity together. ABP is the developer of this, not the GLA. I suppose it is a joint venture in the sense that it is a partnership that will endure until phase five is complete.

Nicky Gavron AM: There is a profit agreement?

David Lunts (Executive Director, Housing and Land): And reserved.

Simon Powell (Assistant Director - Strategic Projects and Property): There is potential for an upside.

David Lunts (Executive Director, Housing and Land): There is a share of upside.

Tony Arbour AM (Deputy Chair): Was there not an inevitability that ABP was going to get this deal given that Mr Lunts has told us that Mr Xu had tagged this very long interest in the site, effectively, I suppose,

before it was marketed? In relation to that inevitability, were the final three - before two dropped out - genuine bidders?

David Lunts (Executive Director, Housing and Land): They were genuine bidders. They both invested their own risk capital to get into the bidding process and through the bidding process. In one case they struggled and eventually withdrew because they were really only prepared to commit on the basis that they had a pre-let; in other words they would not build anything unless they had got an agreement to lease. We felt that that placed too much risk around the project because they could not really identify with any certainty where those pre-lets would come from. In the other case, as we have already discussed, when we looked in detail at their pledge to start and their ability to actually see this through they too struggled to identify who the occupiers would be.

At the end of the process we were only left with one appointable candidate. That does not necessarily mean there was an inevitability to the process. Had the other two bidders that went to the final three been willing or able to take more of a speculative view about their bids then they could well have been successful, but they were not. They certainly were not hypothetical bids. They certainly were not, in their own view, wasting their time otherwise I suspect they would not have spent the tens of thousands of pounds that they did.

Tony Arbour AM (Deputy Chair): Tens of thousands in a project which --

David Lunts (Executive Director, Housing and Land): I am assuming.

Tony Arbour AM (Deputy Chair): -- is worth how much? It is a very small investment. If I was a conspiracy theorist and hypothetically making a programme for Channel 4 I might well say to myself that for these other two it would have meant a comparatively small investment - I am only talking hypothetically - of, in Mr Lunts' words, thousands of pounds to set up two other people on the list. Is that entirely fanciful? I am drawing on the fact that the initial thing that we have been told about in relation to this work that L&P did was to ring up all these 47 people to ask them - as I understand it, this is the question you asked the 47 people - whether they were willing to take space in such a development. That was the gist of it, was it not? You were asking the 47 companies that you telephoned whether or not they wanted a piece of this development?

Gordon Innes (Chief Executive, London & Partners): Were they aware of the development and did they intend on purchasing premises in the development.

Tony Arbour AM (Deputy Chair): That is right, but you only asked them about ABP, did you not? You did not ask them about these other two people?

Gordon Innes (Chief Executive, London & Partners): They had dropped out or been excluded by that stage.

David Lunts (Executive Director, Housing and Land): Just to be clear, the other two that went down to the final three with ABP were domestically-based, UK-based developers.

Tony Arbour AM (Deputy Chair): Were they?

David Lunts (Executive Director, Housing and Land): Sorry, just to be clear. They were UK-based. Well known to the GLA, actually.

Tony Arbour AM (Deputy Chair): I pull my programme.

David Lunts (Executive Director, Housing and Land): To be clear on the background, there was certainly no conspiracy.

Tony Arbour AM (Deputy Chair): Thank you.

Nicky Gavron AM: There was only one Chinese company right through?

David Lunts (Executive Director, Housing and Land): There was only one Chinese company.

Tony Arbour AM (Deputy Chair): My line of questioning fails except from the view that ABP were determined to have this.

David Lunts (Executive Director, Housing and Land): They were very enthusiastic. There is no doubt about that. They were very committed all the way through. They were seriously committed to it. That was demonstrated in the final outcome.

It is worth adding as well that on a scheme like this which is a commercial scheme, it is not a residential scheme, it is pretty unusual to see developers committing to build speculatively without a pre-let. It is extremely unusual outside of the core commercial markets of London, and even more unusual coming out of a very deep and difficult recession. Those were some of the reasons why actually - speaking personally and I do not think I was the only one - I was pretty impressed in a way that the LDA and subsequently the GLA managed to get three pretty serious bids. That was pretty good going actually for a site like this that was looking for a large element of speculative investment.

Nicky Gavron AM: You have just said that this is an employment-led site. We all know that. The whole point is that it should be the jewel in the crown, quite rightly, of an important premier enterprise district. I know that the stage one application for planning permission from ABP does include housing. Housing was not in the Opportunity Area Framework, nor was it in the development brief, and now it is in ABP's planning application at stage one. Can you explain that?

Simon Powell (Assistant Director - Strategic Projects and Property): The discussions with us and the local authority during the pre-planning process led to incorporation of an element of housing within the overall scheme, particularly in relation to place-making and making it more of an active place 24/7 rather than what was being led through the employment-led brief.

Nicky Gavron AM: I am only bringing this in at this point because you just said that it was a risk because there was no housing in it. We all know that, as an asset, class housing gives you much more profit than commercial and employment development does. I am interested in the fact that there now is housing in it. You are in this together, as you have just told us.

David Lunts (Executive Director, Housing and Land): Just to be clear, there was never a situation where an element of residential development was precluded from the process. Bidders were free to introduce an element of residential if that is what they chose to do. However, the core requirements and obligations - and they are very clear in the development agreement - are to build a very substantial amount of employment space, commercial development.

ABP have come back and said that they want some ancillary residential. That is not the bulk of what they are going to be doing. As Simon says it is something that we, the London Borough of Newham and indeed ABP's professional advisers all thought would not compromise the commercial employment space but would enhance it. It would mean that the restaurants, the public space and the other facilities would be more sustainable. It would not be one of those dead places after 6.00pm in the evening.

Len Duvall AM (Chair): At that stage another bidder then might say, "Actually, I might like some of that. If you had thought about it earlier, because you knew it was a difficult site by your own admission, why cannot I have put a bid around ancillary housing?" Why have we got to the stage where that might have been there when it was a very difficult site? Why was it not thought about earlier on during the formal tendering issues and then others would have been allowed to participate in that? It seems eminently simple. It would not have taken too much to work out - you said it was a difficult site - that this might well be an issue. Why did we not, to get best value or to get the best possible bids, allow others to access the tender on that basis?

Simon Powell (Assistant Director - Strategic Projects and Property): Two quick things on that. In terms of how it was procured and the objectives set out, as we said it was a heavily employment led mixed-use development. In the actual tender submitted and evaluated from ABP they had an element of serviced apartments.

Len Duvall AM (Chair): Housing was always part of the evaluation?

Simon Powell (Assistant Director - Strategic Projects and Property): It was a small element and it still is a small element essentially of the overall quantum of development. That was in there at the tender close stage.

Nicky Gavron AM: Not in the other competitors?

David Lunts (Executive Director, Housing and Land): Did the others have any?

Simon Powell (Assistant Director - Strategic Projects and Property): I do not know really, no.

Nicky Gavron AM: You do not know. It is not insubstantial the housing. It is getting on for 1,000 homes.

Simon Powell (Assistant Director - Strategic Projects and Property): No, it has increased now.

Nicky Gavron AM: I do not call that insubstantial. I have finished.

Murad Qureshi AM: Another facet of the site is the proximity of City Airport. What did that play in ABP's interest in the whole of the Dock?

David Lunts (Executive Director, Housing and Land): They certainly felt that City Airport was a significant piece of local infrastructure that means the place is obviously well connected. Equally, they have had to organise their detailed design work and their planning application around some of the constraints that the airport introduces in terms of flight path, health and safety and other things. They feel it is a complementary local facility for the scheme.

Murad Qureshi AM: It surprises me and tell me if I am wrong. Did the airport itself make a bid?

David Lunts (Executive Director, Housing and Land): No.

Murad Qureshi AM: Not at all. Essentially it is an infrastructure company. At any airport you go to, actually you have plenty of hotels, plenty of headquarters and what-have-you around them. They did not take an interest in that at all, that is interesting.

Jennette Arnold OBE AM: Chair, my question is to Sir Edward. As Members of this Committee, one of the things we are supposed to leave these meetings with is a sense of confidence in the answers to the questions given and that those people who have got these name tags are in charge and fully up to their task. Can I ask you what advice do you know that your staff received in terms of the expertise? Let me be clear here. China does business quite widely. There are parties going off abroad and the Prime Minister has led them. We all want Chinese investors. We would all know, if we are sensible and of the world, that this is an incredibly complex country to deal with. It is a complex situation and they are newish to the market of coming into the UK. What advice and what expertise do you expect your people to have? How do you check that they are receiving that advice?

It seems to me if we are dealing with a Chinese company it would have been reasonable to know whether or not they were using a special vehicle which is going to be located offshore. It is my understanding that is routinely done. That knowledge and fluency has not come through today. I am asking you, Sir Edward, because other than the Mayor the buck stops with you. You are working on Londoners. How confident can we be that you have the checks within the system enabling your officers, who are clearly not going to be experts in these particularly complex areas, to have that advice?

Sir Edward Lister (Board Chairman, London & Partners): You have first to differentiate between land which is owned by us and land which is owned by others. This is the only site which is owned by us where we have, to the best of my knowledge anyway, a Chinese investor in there. We have been through the procurement process of that. There are other Chinese firms that L&P and the Mayor's Office have worked very hard to bring into London, like Wanda at One Nine Elms, Greenland at Tower Hamlets and in Wandsworth, and Reignwood just across the river there at 10 Trinity Square. I could go on. There is a whole list of big Chinese developers. We are aware of these companies. We worked, through L&P, to encourage them to come here. They have been through the processes. They have employed UK specialists to advise them, planning consultants, land agents and the rest of it. L&P have had arrangements with JLL, which have been able to provide quite a lot of advice.

Jennette Arnold OBE AM: An expert in this field?

Sir Edward Lister (Board Chairman, London & Partners): An expert in this field. All of these Chinese schemes have been so far very successful. I am not going to say every one of them will always be successful. I am sure that will not be the case. The majority so far have been. They are building out some important bits of London real estate, providing many thousands of homes which we need as a city, and commercial premises. We are very happy with them. There is quite a bit of surety, both within GLA and within L&P.

David Lunts (Executive Director, Housing and Land): It is a very fair question. It is a fair challenge. We were very aware of it through the process with ABP. Like a number of the organisations that Sir Edward has mentioned, they are newcomers. There was no doubting the passion, the zeal, the enthusiasm and the vision for the Royal Albert Dock but this was the first time they had really set foot and done a serious development project here. We wanted to be assured that they had the wherewithal, the partnership and the arrangements

to navigate the way through a quite complex set of arrangements in terms of planning, design, building and so forth. We pressed them very hard on that.

One of the reasons was we were very keen to see them work with their appointed development managers, Stanhope. Stanhope is very well regarded. It does an awful lot of work in London. Terry Farrell [British architect] did the design work for them. Savills had done its property advice both here and indeed in China because Savills has a base there. We were very, very keen to lock down quickly with them the assurances we needed that they had that sort of expertise around them. They have acquitted themselves relatively well. They have managed to navigate their way through a quite complex set of processes. They are almost through the planning system now. They would have struggled to have done that, frankly, if they had not had that sort of domestic team around them.

Jennette Arnold OBE AM: Thank you. Can I go back to Sir Edward and pick up an area that Sir Edward did not address? It goes back to the stated importance of trade with China. There was a large delegation led by the Prime Minister. I do not know if you were part of that, Sir Edward, or maybe the Mayor was. Do you have links to, say, the Department for Business, Innovation & Skills (BIS) in terms of conversations with the Chinese Government? They will be at the back of any emerging company moving monies out of China. Can you give us a sense that there is that sort of development and talk?

I only say this because, wearing another hat with a London-based organisation, all these supposed checks were done and a quarter of the way down the road the people were arrested and jailed in this other country, not China, I have to say. For me the missing thing there was the access to honest governmental conversations.

Sir Edward Lister (Board Chairman, London & Partners): I can give you that reassurance. We have extremely good links here with United Kingdom Trade & Investment (UKTI), as indeed does L&P. Indeed, some of L&P's staff are actually UKTI staff on secondment into L&P. The links are very, very solid. Within UKTI they have the Regeneration Investment Organisation (RIO). I am on their Board. Indeed, we see all the papers coming from them. We have regular contact with them. The links are very close to UKTI. All these companies that have come here have been checked out. We do know about them. They are well-known to UKTI. They are very large companies.

I should go on to add that we have also links into the Bank of China, which was quite regularly the funder. It is not usually the only funder, by the way. You usually see an array of British banks at the back of them. HSBC is probably the most common, which is usually there. Usually you find Bank of China in the mix. We do have that close relationship with the Bank of China. We can talk to them if we felt the need to.

Jennette Arnold OBE AM: Chair, thank you. I can give you half a tick so far.

Nicky Gavron AM: Can you just update us on how the joint venture is getting on with bringing in companies?

Simon Powell (Assistant Director - Strategic Projects and Property): Yes, as David [Lunts] mentioned quite recently, Savills is acting for ABP both in the UK and overseas. There has been some significant progress very recently, which unfortunately we cannot divulge yet because it is not contractually committed. We are expecting an announcement to be made of a significant entity coming forward to potentially part-fund and part-provide equity in to the Royal Albert Dock site, and also to actually take some space. As I said, watch this space. Unfortunately, we cannot divulge more than that at the moment.

As we understand it, there is some significant interest out there, as I have said. As with all of these types of developments, the key thing in the very short-term is securing planning consent. It achieved resolution to grant from Newham's Planning Board July last year. We have been working hard and ABP have been working hard to bring that forward in terms of the section 106. It has now been referred, as a stage two, back to the Mayor.

Nicky Gavron AM: It has been referred?

Simon Powell (Assistant Director - Strategic Projects and Property): Yes.

Nicky Gavron AM: When did that happen?

Sir Edward Lister (Board Chairman, London & Partners): I do not think it is actually in front of him yet.

Simon Powell (Assistant Director - Strategic Projects and Property): Sorry, I thought it was.

Sir Edward Lister (Board Chairman, London & Partners): No, I do not think it has arrived.

Simon Powell (Assistant Director - Strategic Projects and Property): It is coming in days.

Sir Edward Lister (Board Chairman, London & Partners): It is on its way through.

Simon Powell (Assistant Director - Strategic Projects and Property): It is not right in front of the Mayor at the moment but it is being referred back into the Mayor.

Nicky Gavron AM: There are issues, are there not, around the section 106s? What are those issues? Can you just quickly tell us?

Simon Powell (Assistant Director - Strategic Projects and Property): As with any development of this type, it takes a while to negotiate the section 106.

Nicky Gavron AM: Around housing and transport?

Simon Powell (Assistant Director - Strategic Projects and Property): Housing and transport are the two specific issues.

Nicky Gavron AM: It is around affordable housing?

Simon Powell (Assistant Director - Strategic Projects and Property): Yes, and safeguarding that. Also the necessary transport provisions and upgrading, particularly of the local Docklands Light Railway (DLR) stations that are required in the area, and specifically as part of this development.

Nicky Gavron AM: Can I just say there was a *Wall Street Journal* piece that said this was going to be a finance and business district. Is that how you would describe it?

Sir Edward Lister (Board Chairman, London & Partners): Yes, I would.

Nicky Gavron AM: It is going to be a finance and business district?

Sir Edward Lister (Board Chairman, London & Partners): It is largely aimed at Chinese companies wanting to set up their European headquarters building. It is a mixture of floor plates of varying sizes and they can move up and down within the complex. That is what is at the back of it.

Nicky Gavron AM: Will it be employing mainly people from South East Asia?

Sir Edward Lister (Board Chairman, London & Partners): No, not necessarily. The principals are likely to be Asian. It is envisaged, certainly by Newham, that a large number of local people will get employment.

Nicky Gavron AM: You must have had discussions with the other two financial and business centres. What would be the impact in terms of trading and finance?

Sir Edward Lister (Board Chairman, London & Partners): They do not feel this is a conflict as far as they are concerned. Both the City and Canary Wharf are dealing with a different scale of operation. These are largely smallish companies that are involved here. You are not dealing with the mega companies that you see in the other sites.

Nicky Gavron AM: I want to land on one point, which is that it is new to me that housing was allowed in the tender process. It was only ABP that had housing in its tender process. If you are tendering in a process that has a development brief and behind that an Opportunity Area Framework saying this is employment-led with no housing, then you probably, unless you were particularly encouraged, would not put housing into it. I am very surprised by that. I do wonder whether that was not behind one changing of the weighting in terms of deliverability. Obviously it is easier to deliver if you have housing in the mix. As you have said, housing makes it less risky.

Simon Powell (Assistant Director - Strategic Projects and Property): As we have said, through the tender process it was about getting early delivery. There was specifically set within the tender process a minimum threshold of quantum of commercial office development that had to come forward. ABP through its tender has now contracted to deliver substantially more than that. There was no minimum housing coming forward. It was all about the commercial development to come forward.

Nicky Gavron AM: You do agree there is something a bit strange about having a development brief - and the Mayor sets this - and an Opportunity Area Framework that says this is not to have housing on it and then housing is introduced?

David Lunts (Executive Director, Housing and Land): To be clear, the planning framework there - and indeed the procurement process and the briefing reflected this - that there is a very strong presumption in favour of employment. That is what it is there for. That does not therefore ultimately and completely exclude any residential development. In fact, I do not think we should make any apology for introducing an element of residential there.

Len Duvall AM (Chair): No one is suggesting that.

David Lunts (Executive Director, Housing and Land): London needs housing.

Nicky Gavron AM: I am not saying that.

David Lunts (Executive Director, Housing and Land): What clearly would be wrong though is if residential had been inserted and they had excluded or removed the obligation to deliver the commercial space. That is not the case.

Len Duvall AM (Chair): It is a question I am going to pose to you again because I think you did not answer it when I originally asked it. The question was other tenderers in the evaluation could have submitted ancillary housing. It would have changed the valuation of this site and would have substantially changed the due diligence issues, as well as some of the financial background. It is not the exclusion of housing, it is the fact that housing has been added in. If I was a bidder was it clear to me that I could have done that in my evaluation? Would that have made an impact? Somewhere in this thought process of what you have told us is a very difficult site which is actually a job related commercial site as its principal, has now moved to a mixed-use site to make a sense of place, if I can quote you. That is what the transcript will tell us. The question we are asking and we want to know is in a tendering process how does that work when you have gone through bidding for A and you are coming out with X with housing? Ancillary housing, as you put it, but housing nevertheless.

David Lunts (Executive Director, Housing and Land): I hope we have made clear that the ABP submission actually included an element of ancillary residential at the outset. They had some serviced apartments included. It is true that during the course of the many months that we have been working on this together with them their plans have evolved. There is now a bigger plan of residential perhaps than there was in the original submission.

Nicky Gavron AM: Surprise.

David Lunts (Executive Director, Housing and Land): Maybe, maybe not. It is entirely consistent with their original vision and their original submission which had an element of residential, and it is entirely consistent with what was always going to be, and always should have been frankly, a process of evolution as you move through the process. There is no reason why any other bidders could not have included an element of ancillary residential on a similar basis. They chose not to.

Len Duvall AM (Chair): How do I know that I'm getting a good deal - generally, not on this one, - how do I know, that we've got a good deal? How do we know that you have done your best for Londoners, and that you have extracted out for this land, both in terms of what is going to be on it for the future and what has been there in terms of a public subsidy, or whatever; how do I know that I have got a good deal? How can you show that to me and demonstrate that to me? How do we know that? We know that these people were busting a gut since 2008, wanting this site. Did we extract a pound of flesh for that? How do we know? What is the judgement? What is the thing that I can base my judgement on, that you have done well by Londoners?

David Lunts (Executive Director, Housing and Land): I guess number one is "Is there a credible project here that has got a good chance of delivering the kind of things that were in the submission?": in terms of jobs; in terms of workspace; in terms of an element of residential; in terms of a business rate revenue stream to the LEP; and in terms of contributing to the wider regeneration story in the Royal Dock and East London. Ultimately, the test of that, clearly, is going to be whether they get through this process and build the whole five phases out. At this point in time, all I can say is that I think ABP have acquitted themselves well, thus far: they have hit all their milestones; it looks very likely that they will start on site some considerable time before their milestone dates; what they have brought to us since appointment has actually become more ambitious

than they were originally planning. As Simon [Powell] says, we are pretty close, we think, to some very positive news about funding and occupation strategy.

I think that we are pretty much 'set fair' at the moment, but none of us here can foresee the future. In terms of where I would have hoped we would have been when we inherited the project back in 2012, I think we are in as good a place as we could reasonably expect to be.

Len Duvall AM (Chair): You've made great emphasis on a part of the tendering process - towards the end of the tendering process - early delivery. Against the backdrop of the planning negotiations going on, are we in the timescales for early delivery that you originally envisaged when you were tendered and chose this potential developer?

David Lunts (Executive Director, Housing and Land): The long stop date for a start on site is August 2016. At the moment, ABP are intending to be on site by the end of this calendar year. So I think we will get there a considerable period of time before they are actually obliged to start onsite.

Murad Qureshi AM: Just going back to the site visits, I was there with [Assembly Member] John Biggs and [Assembly Member] Gareth Bacon. There were two things I learned. Firstly, there was a housing element - Notting Hill Housing Trust presented a shared ownership scheme, that seemed to be part of the parcel and I'm surprised that hasn't been mentioned.

The other thing that was quite interesting was that when I asked ABP about the scale of their ambition - how did they see themselves? - they saw themselves as a mature Canary Wharf. If that says anything to me, it says that the scale of their ambition is much bigger than anything we have reflected here. I have asked the [London Assembly] Regeneration Committee if that is realistic. ABP is going to be here for a long time. That is how they are thinking.

You are quite right that we should emphasise the governance issues here for the GLA. However, this is also, dare I say, a global thing we are dealing with as well, with the recent Chinese intervention setting up the Asian Investment Bank. I understand that the British Government has signed up to that, but the Americans haven't - to the great annoyance of the Americans, it has to be said.

Len Duvall AM (Chair): Everything suggests, in terms of commercial office development surrounding Canary Wharf/Stratford is to be cautious. Greenwich Village comes to mind, in terms of office development: you cannot get closer and have transport infrastructure already in place. This is getting transport infrastructure in place. If it cannot work on something like the Greenwich Village scale, what confidence have we got that the commercial development - whether it is Chinese-backed businesses or niche businesses, coming into it - will work here? What work has been done around those issues?

Sir Edward Lister (Board Chairman, London & Partners): First and foremost, it is of course "buyer beware": they have made a commitment to this site, it is their money that is in it, not City Hall's money. Let's be absolutely clear.

Len Duvall AM (Chair): Turning it into residential.

Sir Edward Lister (Board Chairman, London & Partners): A very small part of it. The first phase of the planning application, which Nicky [Gavron] mentioned, is really the core of the commercial development right at the centre of the site. As you come off the roundabout, it is the area right in the very middle where the

planning application is. That is phase one. It is very much commercial. It is a mixture of floor plated sizes. I cannot remember the square footage --

Simon Powell (Assistant Director – Strategic Projects and Property): The overall development is 4.7m square feet.

Sir Edward Lister (Board Chairman, London & Partners): So 600,000 square feet commercial [space]. Now that is a real commitment to do it. It has got City Airport near it, and that is an asset. It has got all the hotels and the ExCel complex next door, they are feeling very confident about it. [ABP] are building a different type of building. It is going to be at a different rent level: it is not going to be at the rent levels of Canary Wharf, it is going to be a much - well, [ABP] are going to make that decision as to what rent level they are going to travel at. It is different. I don't think you can compare it with Greenwich peninsula, which I think is slightly different.

Len Duvall AM (Chair): I am comparing it to office space and infrastructure, but nevertheless we might return to that. Any further questions from the Committee? We will be writing to both parties, probably including Sir Edward as well, about some follow-up questions. We will take stock once we have seen the transcript. Thank you very much for your attendance here this morning.