

# London Assembly (Plenary) Question and Answer Session with the London Development Agency on 10 November 2010

## Questions for Written Answer

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

Spatial Investment Strategy

Question No: 174 / 2010

[Joanne McCartney](#)

Does London have a clear strategy for spatial investment in economic development and regeneration? If so where can I find it, or is it confined to the London Plan?

### Answer from the Chairman and the Chief Executive (LDA):

London does have a clear spatial strategy for investment and regeneration incorporating the Mayor's Economic Development Strategy (EDS), London Plan and Transport Strategy. The objectives and goals of each document are consistent and are underpinned by the same evidence base. The spatial pattern of new investment will, as it has done in the past, reflect a mix of meeting need and deprivation on the one hand, and on the other, targeting places with the highest potential. The London Plan identifies Opportunity Areas (OAs) which represent locations with the greatest potential for jobs and homes growth, as well as Regeneration Areas experiencing high levels of deprivation.

The EDS and Transport Strategy support these key spatial designations by focusing economic development and transport investment to and within these locations. The Draft Replacement London identifies 33 OA within both inner and outer London. The GLA is continually working with relevant boroughs and key stakeholders to develop planning frameworks within OAs (called Opportunity Area Planning Frameworks) to give further guidance around planning and investment need. Much of the LDA's investment is also focused with OAs particularly in north and east London that demonstrate both high potential for jobs / homes growths but also high levels of deprivation. Examples include the Upper and Lower Lea Valley, the Royals and London Riverside. Chapter 5 of the EDS sets out the spatial priorities in further detail.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

GLA Functions

Question No: 175 / 2010

[Joanne McCartney](#)

Are there any plans to relocate GLA family activities/offices to outer London Boroughs?

### Answer from the Chairman and the Chief Executive (LDA):

The Mayor's Proposals for Devolution set out clear plans for the future delivery of economic development activity in London. The recent Local Growth White Paper has confirmed the direction of travel. At the present time, there are no plans to relocate offices delivering such activities to outer London boroughs.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

## LDA Funding

Question No: 176 / 2010

[Joanne McCartney](#)

What are the implications to London of the drastic cuts announced to LDA funding?

### **Answer from the Chairman and the Chief Executive (LDA):**

Whilst the LDA has not been formally notified of its budget for the Spending Review period, the only clear indication we have received from Treasury is that the contractual commitments and our Olympic obligations will be covered with additional provision for administration, transition and closedown costs.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

## Green Enterprise District

Question No: 177 / 2010

[Joanne McCartney](#)

The North London Strategic Alliance has suggested in its response to the Mayor's Economic Development Strategy earlier this year that the Boroughs of Enfield, Haringey & Waltham Forest would "welcome a full discussion on its inclusion as a Green Enterprise District." Has/will the LDA engage with these Boroughs to take this proposal further?

### **Answer from the Chairman and the Chief Executive (LDA):**

The LDA leads on our work on the Low Carbon Capital and Green Enterprise District and has worked closely with the North London Strategic Alliance (NLSA) throughout the process over the last 12 months. The Chief Executive of the LDA attended the NLSA Leaders' meeting in September where the relationship between the Green Enterprise District and North London was discussed.

LDA officers are following up this meeting with the NLSA to initially support them in further developing proposals for the low carbon economy in North London.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

## Spending in Greenwich

Question No: 182 / 2010

[Len Duvall](#)

Please outline in detail the current spending commitments of the LDA to programmes in Greenwich, including the proportion of funds that go to Greenwich through Londonwide LDA programmes.

### **Answer from the Chairman and the Chief Executive (LDA):**

The LDA is currently forecasting a total spend of £6,984,386 in Greenwich in 10/11.

This is made up of £4,064,625 being directly invested in Greenwich and £2,919,761 through pan London projects.

It is expected that these figures will reduce slightly over the coming weeks as the LDA re-forecasts its expenditure for the remainder of the year.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

## Spending in Greenwich 2

Question No: 183 / 2010

[Len Duvall](#)

What proportion (as an average percentage) of the current spending commitments of the LDA to programmes in Greenwich, including the proportion of funds that go to Greenwich through Londonwide LDA programmes do you expect to be retained in 2011/2012?

### **Answer from the Chairman and the Chief Executive (LDA):**

At the time of writing the LDA has not received formal confirmation from Government of its settlement for the funding review period although it is expected that the reduction in funding will be significant. In managing the challenge of a reduced budget, the LDA adopts a strategic approach in reviewing its existing and planned investments to ensure that funding is allocated appropriately to deliver maximum impact and return for London and Londoners.

The ability of the LDA to reallocate the limited funding available will also be determined by the conditions attached by Government to the settlement. As such the LDA is unable to confirm the extent to which projects will be affected until formal confirmation of its settlement is received from Government. This will then enable the LDA to finalise its review of investments in accordance with the its usual business planning and investment processes.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

## Spending in Lewisham

Question No: 184 / 2010

[Len Duvall](#)

Please outline in detail the current spending commitments of the LDA to programmes in Lewisham, including the proportion of funds that go to Lewisham through Londonwide LDA programmes.

### **Answer from the Chairman and the Chief Executive (LDA):**

The LDA is currently forecasting a total spend of £7,742,680 in Lewisham in 10/11.

This is made up of £4,822,920 being directly invested in Lewisham and £2,919,761 through pan London projects.

It is expected that these figures will reduce slightly over the coming weeks as the LDA re-forecasts its expenditure for the remainder of the year.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

## Spending in Lewisham 2

Question No: 185 / 2010

[Len Duvall](#)

What proportion (as an average percentage) of the current spending commitments of the LDA to programmes in Lewisham, including the proportion of funds that go to Lewisham through Londonwide LDA programmes, do you expect to be retained in 2011/2012?

### **Answer from the Chairman and the Chief Executive (LDA):**

At the time of writing the LDA has not received formal confirmation from Government of its settlement for the funding review period although it is expected that the reduction in funding will be significant. In managing the challenge of a reduced budget, the LDA adopts a strategic approach in reviewing its existing and planned investments to ensure that funding is allocated appropriately to deliver maximum impact and return for London and Londoners.

The ability of the LDA to reallocate the limited funding available will also be determined by the conditions attached by Government to the settlement. As such the LDA is unable to confirm the extent to which projects will be affected until formal confirmation of its settlement is received from Government. This will then enable the LDA to finalise its review of investments in accordance with its usual business planning and investment processes.

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## LDA Funding

Question No: 186 / 2010

[Len Duvall](#)

Please list 2010/2011 LDA funding programme-by-programme and forecasted 2011/2012 funding for the same programmes (presumably administered by the GLA).

### **Answer from the Chairman and the Chief Executive (LDA):**

The Board Approved the budget for 2010/11 on 21 July 2010 and at this meeting an indicative business plan was presented for 2011/12. The table below details the budgeted theme expenditure for 2010/11 and the indicative business plan for 2011/12:

|                                    | <b>2010/11<br/>Total</b> | <b>2010/11<br/>Proportion*</b> | <b>Indicative<br/>2011/12<br/>Total</b> | <b>Indicative<br/>2011/12<br/>Proportion</b> |
|------------------------------------|--------------------------|--------------------------------|---|--|
|                                    | <b>£m</b>                | <b>%</b>                       | <b>£m</b>                               | <b>%</b>                                     |
|                                    |                          |                                |   |  |
| <b>Regeneration</b>                | 33.3                     | 21.4%                          | 31.2                                    | 25.2%  |
| <b>Climate<br/>Change</b>          | 19.9*                    | 12.8%                          | 15.2                                    | 12.3%  |
| <b>Sustained<br/>Employment</b>    | 40.9                     | 26.2%                          | 29.7                                    | 24.1%  |
| <b>Business<br/>Support</b>        | 28.0                     | 18.0%                          | 16.7                                    | 13.5%  |
| <b>International<br/>Promotion</b> | 27.0                     | 17.3%                          | 22.4                                    | 18.0%  |
| <b>Olympic<br/>Sports</b>          | 4.0                      | 2.6%                           | 8.5                                     | 6.9%   |

|  |              |        |              |               |
|--|--------------|--------|--------------|---------------|
| <b>Programme &amp; Project contingency</b> | 2.6          | 1.7%   |              |               |
| <b>Total Themes</b>                        | <b>155.7</b> | 100.0% | <b>123.7</b> | <b>100.0%</b> |
|  |              |        |              |               |

The above theme allocations for 2011/12 are those that were extant prior to the Government's spending review. The LDA has not received formal confirmation of its grant allocation for 2011/12 and future years. We are therefore not able to give a definitive answer as to the way in which the grant will be allocated.

Initial indications suggest that the settlement will cover the LDA's contractual commitments. As such the LDA is unable to confirm the extent to which projects will be affected until formal confirmation of its settlement is received from Government. This will then enable the LDA to finalise its review of investments in accordance with its usual business planning and investment processes.

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

#### Exit liabilities

Question No: 198 / 2010

[John Biggs](#)

Can you summarise, as a list with current liability for each of the next three years, all projects and other continuing liabilities for the agency?

#### **Answer from the Chairman and the Chief Executive (LDA):**

The Agency is required to provide quarterly monitoring returns to BIS, identifying:

- Legally contracted expenditure
- Near legal commitments
- Projects awaiting final approval
- Business planning projects not included above.

As at 30 September 2010, the legally contracted expenditure across themes was identified as follows:

|                      | 2010/11      | 2011/12      | 2012/13      | 2013/14     |
|----------------------|--------------|--------------|--------------|-------------|
|                      | £m.          | £m.          | £m.          | £m.         |
| Olympic Land         | 64.5         | 102.0        | 103.0        | 50.0        |
| Sustained Employment | 32.5         | 15.9         | 1.7          |             |
| Regeneration         | 24.4         | 11.2         | 7.7          |             |
| Climate Change       | 19.0         | 9.8          | 0.4          |             |
| Business Support     | 25.1         | 11.6         | 2.5          |             |
| Business Other       | 26.2         | 8.5          |              |             |
|                      |              |              |              |             |
| <b>Total</b>         | <b>191.7</b> | <b>159.0</b> | <b>115.3</b> | <b>50.0</b> |

The nature of our business means that contractual commitments will change on a continuous basis. New commitments are made and liabilities against existing contracts will flex and contract as performance and outcomes are monitored.

In light of the indicated settlement (the LDA has not received final confirmation of its budget for the spending review period), the LDA is undertaking a process of due diligence on all its contractual commitments to ensure that maximum flexibility is identified to support the highest priority economic development projects for London. This includes an analysis of existing commitments which the Agency may wish to re-negotiate.

The LDA Board has made it clear that it is up to the Mayor to decide which of the LDA's projects best meets London's development needs. Over the next few weeks the Mayor and his advisors will be reviewing each of the LDA's themes to determine future priorities taking into account the resources available to us and the wide range of complex issues that London currently faces.

The Mayor remains in active dialogue with Government to ensure a fair settlement for London. The outcome of these discussions will not be known until the LDA and GLA settlements are formally announced in the next few weeks. Once the final funding availability for economic development in London is determined, the LDA will be in a position to advise on projects to go forward.

In respect of other continuing liabilities, these relate primarily to debt repayments and compensation payments in respect of the Olympic land assembly. Based on our current Olympic funding strategy, and in line with our obligations under the OPLC land transfer deal, the forecast debt liabilities at the end of the current and each of the next three financial years are as follows:

|                           | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---------------------------|---------|---------|---------|---------|
|                           | £m.     | £m.     | £m.     | £m.     |
| Forecast Debt Liabilities | 600     | 349     | 267     | 229     |

The funding to meet debt repayment obligations comes from forecast capital receipts and grant. It is believed that the indicative grant settlement for the LDA includes the sums to meet the Olympic debt repayments although this cannot be confirmed until details of the settlement have been received.

The timing of the Olympic land assembly compensation payments are largely outside of the control of the LDA and current forecasts indicate the following expenditure pattern. The cost of these payments are largely funded by borrowing and this will need to be drawn down, in advance of need in the current financial year as 2010/11 is the last year in which the LDA can use borrowing as a financing tool. On this basis, it is expected that there will be sufficient funds in the settlement to cover these obligations, however should these costs and those of other CPO payments exceed the estimated figures this will need to be a call on the Agency grant. The current forecast payment schedule is set out below:

|                                    | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|------------------------------------|---------|---------|---------|---------|
|                                    | £m.     | £m.     | £m.     | £m.     |
| Olympic Land compensation payments | 34.1    | 41.2    | 34.3    | 4.4     |
| OPLC contribution                  | 5.0     | 5.0     | 5.0     | 5.0     |

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Mayoral Directions

Question No: 199 / 2010

John Biggs

Can you list the projects funded by the LDA on a Mayoral direction and the amount budgeted, for each of the next three years?

**Answer from the Chairman and the Chief Executive (LDA):**

The following Mayoral Directions have been received by the LDA and require funding over the next three years as set out in the table below. The LDA has not received formal confirmation from Government of its budget for the spending review period and as such the LDA is not currently able to confirm whether or not there will be sufficient resource to ensure that all of the Directions are fully funded.

| Direction                        | 2011/12<br>£m | 2012/13<br>£m | 2013/14<br>£m |
|----------------------------------|---------------|---------------|---------------|
| Non Accredited Media Centre      | 2.6           | 2.2           | -             |
| Mayors Trees and Parks Programme | 0.5           | -             | -             |
| London Food Programme            | 1.0           | 0.2           | -             |
| Academies                        | 0.4           | 0.4           | 0.4           |
| Olympic Sports Legacy            | 8.5           | -             | -             |

Harvey McGrath (Chairman, LDA) and Peter Rogers (Chief Executive, LDA)

**Early Termination**

Question No: 200 / 2010

John Biggs

Can you list projects you propose to close early or have given notice of early termination to, in the past year?

**Answer from the Chairman and the Chief Executive (LDA):**

The following projects were closed in August 2010:

- Official Sports London
- London Leisure Academy

The following projects are due to close on 31 March 2011:

- Manufacturing Advisory Service (MAS) - negotiated withdrawal of LDA funding by 31 March 2011. Originally due for closure 31 May 2012
- Integrated Skills Brokerage - issued 6 month notice of early termination in September 2010 for withdrawal of LDA funding by 31 March 2011. Originally planned for closure 31 May 2012

Given the LDA's expected funding settlement, it is possible that other projects will be subject to early termination. The LDA is unable to confirm the extent to which projects will be affected until formal confirmation of its settlement is received from Government. This will then enable the LDA to finalise its review of investments in accordance with its usual business planning and investment processes.

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