

MDA No.: 1299

Title: Response to London Legacy Development Corporation (LLDC) 2020-21 Budget Review

1. Executive Summary

1.1 At the Budget and Performance Committee Meeting on 15 June 2021 the Committee resolved:

That authority be delegated to the Chairman, in consultation with party Group Lead Members, to agree any further responses arising from this Committee's review of the impact of COVID-19 on the GLA's finances.

1.2 Following consultation with the Deputy Chair and party Group Lead Members, the Chairman agreed a letter to be sent to Sir Peter Hendy, Chair of the London Legacy Development Corporation (LLDC) in response to correspondence regarding the Committee's report, *LLDC's finances during the COVID-19 crisis*, as attached at **Appendix 1**.

2. Decision

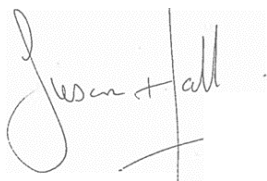
2.1 **That the Chairman, in consultation with the Deputy Chair and party Group Leads, approve the response to the Chair of the London Legacy Development Corporation relating to correspondence regarding the Committee report, *LLDC's finances during the COVID-19 crisis*.**

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

A handwritten signature in black ink, appearing to read "Susan Hall", written over a light grey grid background.

Printed Name: Susan Hall AM, Chairman of the Budget and Performance Committee

Date: 21 June 2021

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

- 3.1 As a result of the anticipated loss of business rates and council tax income due to the COVID-19 pandemic, in June 2020 the Mayor asked the Greater London Authority and its functional bodies to repurpose their agreed 2020-21 Budget.
- 3.2 The Budget and Performance Committee held a series of meetings in September and October 2020 to review the impact on the GLA group, and the meeting on 14 October 2020 was used to discuss future spending plans with the LLDC. Following the meeting, on 12 January 2021, the Chairman, in consultation with then party Group Lead Members and Caroline Pidgeon MBE AM, agreed the Committee's report entitled *LLDC's finances during the COVID-19 crisis*.
- 3.3 On 11 March 2021, a response to the Committee's report was received from Sir Peter Hendy regarding the Committee's report and alleging inaccuracies within its content. A response to the alleged inaccuracies, from the Chairman of the Budget and Performance Committee, is attached at **Appendix 1** for agreement.
- 3.4 The exercise of delegated authority approving the letter in response to the Chair of the LLDC in relation to its finances will be formally noted at the Budget and Performance Committee's next meeting.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): M Burton

Printed Name: Maria Burton, Principal Committee Manager (Interim)

Date: 18 June 2021

Telephone Number: 07842 600832

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not required

Printed Name:

Date:

Telephone Number:

Legal Implications:

Assembly Member Hall has the power to make the decision set out in this report.

Signature (Legal):



Printed Name: Emma Strain, Monitoring Officer

Date: 18 June 2021

Telephone Number: 020 7983 6550

Supporting Detail / List of Consultees:

- Caroline Russell AM, Deputy Chair
- Len Duvall AM
- Caroline Pidgeon MBE AM

4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature:



Printed Name: Gino Brand

Job Title: Senior Policy Adviser

Date: 21 June 2021

Telephone Number: 07511 213765

Countersigned by Executive Director:

Signature: 

Printed Name: Joanna Davidson

Date: 23/6/21

Telephone Number: 020 7983 4428

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LONDON ASSEMBLY

**Susan Hall AM****Chairman of the Budget and Performance Committee**

Sir Peter Hendy CBE
Chair of the LLDC
(Sent by email)

22 June 2021

Dear Sir Peter Hendy,

Thank you for your letter. We take your views very seriously but do not agree with your conclusions on the accuracy of our report on the LLDC's finances. The Committee is happy to discuss these details further but would prefer to work collaboratively to develop a shared understanding of the substantive issues raised by the Committee and look to establish the best way forward for all Londoners. By focusing on the detail your response still leaves the Committee with substantive concerns regarding:

- The proportion of affordable homes delivery which stands at 22 per cent and has fallen from 28 per cent since 2016
- The escalating costs of the East Bank development
- The loss in the value of the park
- The ongoing cost of operating the London Stadium

This Committee's responsibility is to hold the Mayor to account, to ensure that the interests of Londoners are represented, and that value for money is being achieved. I therefore want to take this opportunity to clarify our position. For ease of reading, I have grouped the Committee's comments under the same headings as in your letter.

Housing Delivery

As stated in our report, the LLDC has delivered 22 per cent affordable housing so far (2,270 out of 10,111). As this figure was taken from your own report¹ and confirmed to the London Assembly by the Mayor in December 2020,² it should not be a position of dispute. We understand, as you stated in your response that this “is a result of historic planning applications approved under the previous Mayorality when affordable housing targets were lower.” Under the previous mayorality, the site-wide target for affordable homes was 35 per cent although the LLDC had only delivered a 28 per cent proportion of affordable homes by 2016.³

Our report highlights that the level of affordable housing delivered by the LLDC is showing a downward trajectory and has fallen from an already lower level of 28 per cent in 2016 to 22 per cent in 2020.⁴ I stress that we are not attempting to judge the LLDC relative to the performance of previous administrations, but rather whether you are delivering an appropriate supply of the affordable homes that is in line with the current Mayor’s targets today and the evidence shows that we are right to be concerned.

The Committee is encouraged by the actions taken to improve the proportion of affordable housing planned, through the current levels of approvals, however we remain primarily focused on the level of actual delivery achieved of affordable homes in line with the current Mayor’s targets. **The Committee would like to see the LLDC’s forecast of the cumulative affordable housing delivery going forward based on current and recent planning approvals to understand when and to what degree the proportion of affordable housing delivered will improve.**

East Bank

This Committee still has not established a clear understanding of the funding structure for the East Bank and has requested further details following the budget scrutiny process. Despite this our report clearly references the publicly available sources that it has used: “on 5 June 2018, the Mayor announced he was committing £385 million to the East Bank development.” We appreciate that costs and funding streams for the East Bank are varied and complex and the Mayor’s contribution is just one such stream. The scale of public money being committed makes it critical that Londoners understand how their money is being spent. The Committee has been able to establish that whatever baseline you take that the expected costs for the East Bank have increase by more than £100 million.

As a Committee tasked with holding the Mayor to account, it is his £385 million commitment on the East Bank that is of primary importance to us. The Committee is disappointed that prior to our report being published, the numbers stated in your response were not highlighted in the LLDC budget submission nor provided by our guests in the public meeting. While the LLDC’s budget submission for 2021-22 states that total East Bank capital costs have increased by £114.7 million, it does not make clear where the baseline for this key figure has come from, or critically where the total final

¹ [LLDC, Planning Authority Monitoring Report \(2019-31 March 2020\)](#), July 2020

² [MQT, LLDC: Affordable Housing](#), 17 December 2020.

³ [London Assembly Plenary](#), 14 November 2012.

⁴ [LLDC, Planning Authority Monitoring Report \(2019-31 March 2020\)](#), July 2020

cost of the project now stands. This is a significant concern to the Committee from a transparency perspective. This was a question we put to Lyn Garner and Gerry Murphy at our Committee meeting in December where we were told that the anticipated final cost of the project was £628 million against a “current” budget of £513.5 million.⁵ A budget figure that was never explicitly referenced in the 2020-21 budget report or the quarterly monitoring reports for the year.

It is vital that this information is available in the public domain, in an accessible way, so that we can avoid having disputes about which baseline figures to use and so that Londoners can decide for themselves whether they are getting value for money from this project. **We ask that, going forward, there is a clear analysis of the full East Bank costs included in your Budget submission and quarterly monitoring reports.**

Value of the Park

Thank you for providing detail on the reasons why the LLDC’s net assets have decreased. The Committee is concerned that this includes the planned disposal of assets (including residential properties and land) and this suggests that disposals have been made at lower than the cost or valuation of the assets. It also implies that the value of Stratford Waterfront cultural and education district is valued at less than its cost. The Committee would also expect to see the increase in borrowings to be at least balanced by the value generated by the major capital projects. **The Committee would like to see the details of the asset disposals that have been made for proceeds below their holding value and where borrowings have been utilised for investments with a lower value than the amount borrowed.**

London Stadium

The Committee is familiar with the E20’s lease agreement with West Ham and UK Athletics and that a £200 million provision remains in the LLDC accounts and accepts that the language in our report about ownership was open to misinterpretation, but we remain concerned about the long term financial impact of the onerous contracts which would become more of a burden if West Ham were relegated. Our report is clear that although West Ham United has signed a 99-year lease with the Stadium, should they be relegated from the Premier League, by the LLDC’s own estimates, this could cost a further £1.5 million per annum. Our report rightly refers to issues of operational importance to Londoners.

While I remain appreciative of your letter, I am afraid it raises further questions of concern to this Committee. More than this, it initially appears to give the impression that our report is full of inaccuracies when the detail in your letter does not support this claim. Critically, your response does little to allay the Committee’s serious concerns over the escalating cost of the East Bank, the low proportion of affordable housing delivered and the cost to London of operating the London Stadium that our report highlighted.

This Committee has been open about sharing your enthusiasm and excitement for this project but we believe that work needs to be carried out openly and transparently and with the interest of

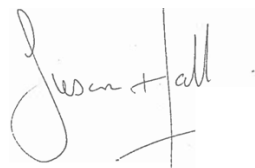
⁵ [Budget and Performance Committee meeting](#), 8 December 2020.

Londoners at its core. As elected representatives, it is our duty to ensure that these interests are protected and it is in this spirit that our report was published.

Finally, I want to thank you for your invitation to the Park, it will be under consideration by the Committee as we move forward into this new mayoral administration.

I look forward your response.

Yours,

A handwritten signature in black ink that reads "Susan Hall". The signature is written in a cursive style with a large initial 'S' and 'H'.

Susan Hall AM
Chairman of the Budget and Performance Committee