

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2271

Title: Consent to LLDC providing continued loan funding support to E20 Stadium LLP

Executive summary

In July 2017 the Mayor provided consent (MD2149) for the London Legacy Development Corporation (LLDC) to provide loan funding to E20 Stadium LLP (E20) for its working capital requirements in 2017-18.

LLDC has agreed to continue to support E20 in 2018-19 through loan funding which would be provided in phases through the year, based on progress with the restructuring of E20. Accordingly, Mayoral consent is now sought to extend MD2149 until the end of the 2018-19 financial year to allow LLDC to make this further loan funding available to E20, subject to any subsequent guidance that may be provided by the Mayor.

Decision

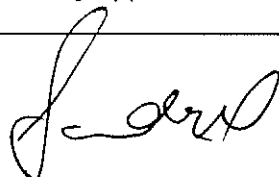
That the Mayor consents to LLDC providing continued support through loan funding to E20 Stadium LLP in 2018-19 as described in, and subject to the conditions set out, in this Mayoral Decision paper.

Mayor of London

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:



Date:

29/3/17

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 The Mayor consented in July 2017 (MD2149) under section 213 of the Localism Act 2011, for LLDC to provide funding to E20 Stadium LLP (E20) by way of a loan. The loan funding enabled E20 to avoid insolvency and deliver a full event schedule in 2017-18.
- 1.2 During 2017, the Mayor of London and the Mayor of Newham met to discuss the long-term options for the future of the stadium partnership. Consequential to the Mayors' meeting, further work between the parties resulted in the retirement of Newham Legacy Investments Limited (a wholly owned subsidiary of London Borough of Newham) from the partnership on 30 November 2017.
- 1.3 LLDC intends to continue to support E20 in 2018-19 through loan funding. This will be provided in phases through the year at LLDC's discretion, based on progress with the restructuring of E20. It is proposed, therefore, that Mayoral consent is given to extend MD2149 until the end of the 2018-19 subject to (a) any subsequent guidance that may be provided by the Mayor; and (b) given the proposal is to use loan funding, that any other financial contribution from LLDC to E20 will require the prior consent of the Mayor.

2. Objectives and expected outcomes

- 2.1. The availability of the proposed loan facility will enable E20 to continue operating in the short term whilst it develops and implements its restructuring plan.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not¹.
- 3.2. No adverse impacts on equalities issues or any protected characteristic groups are anticipated as a result of the proposals set out in this Form. LLDC has invested in delivering a multi-use Stadium at the heart of Queen Elizabeth Olympic Park that supports all of the LLDC's priority themes and E20 remain committed to the Community Benefits Agreement with London Borough of Newham, which delivers a number of positive equalities outcomes.

4. Other considerations

a) Key risks and issues

- 4.1. LLDC has identified the key risk that it is actively seeking to mitigate through robust mitigation plans and continuous monitoring as:
 - Budget risk: there is a risk of further cost increases due to risks materialising in the operation of the business; these risks are set out in the latest partnership business plan.

¹ This may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people; and encouraging them to participate in public life, or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Compliance with the duty may involve treating people with a protected characteristic more favourably than those without the characteristic.

b) Links to Mayoral strategies and priorities

4.2. This proposal will support the Mayor's priorities:

- Business, prosperity and opportunity;
- A fairer and more equal city;
- Making the most of arts, culture and creativity; and
- Making London a world capital for sport.

c) Impact assessment and consultations

4.3. The LLDC Board approved a loan facility on 22 March 2018.

4.4. It is not considered that the Mayor need undertake any additional impact assessment or consultation in respect of this decision.

5. Financial comments

5.1. The loan balance as at 31 March 2018 is expected to be £14.4m, including accrued interest. The draft 2018-19 E20 budget presented to the E20 Board on 21 March 2018 identified a cash funding requirement of £19.5m (£21.6m including risks and opportunities) for E20 in 2018-19.

5.2. LLDC has budgeted £25.5m for Stadium (excluding Transformation and Discretionary Fund costs) in its 2018-19 capital budget; however, as noted above, funding will only be provided to E20 under the loan facility, at the discretion of LLDC and subject to E20 reaching certain restructuring milestones.

5.3. MD2149 also permitted LLDC to fund the loan to E20 from its capital funds provided by the Greater London Authority (GLA). However, in line with the Local Authorities Capital Finance and Accounting Regulations, the loan funding provided by LLDC to E20 can only be treated as capital expenditure to the extent that E20 uses the loan towards expenditure which would, if incurred by LLDC, be capital expenditure. Where the loan is not used towards capital expenditure by E20 (e.g. for operational working capital) then it will be treated as revenue expenditure by LLDC (and therefore funded from its revenue resources). This assessment for classification will be applied to loan funding provided to E20 in 2017-18 and to any loan funding provided in 2018-19.

6. Legal comments

6.1 The London Stadium is located within the LLDC's mayoral development area. The running of the London Stadium by the LLDC's wholly-owned subsidiary, E20 Stadium LLP, is consistent with the LLDC's statutory objective to secure the regeneration of its mayoral development area (section 201 of the 2011 Act). In light of this, the proposed loan from the LLDC to E20 Stadium LLP is considered also to fall within section 201 of the Localism Act.

6.2 Under section 213, the LLDC can provide financial assistance by way of – amongst other means – loan, subject to such terms and conditions as it considers appropriate, including provision for repayment with or without interest. However, the Mayor's consent is required for the LLDC to exercise its powers under section 213. Furthermore, the Mayor's consent is required pursuant to the Governance Direction of 2013, as the loan will involve the commitment to expenditure in excess of £10 million (see paragraph 5.1 above). It is considered that for the Mayor to provide such consent would be consistent with the LLDC's statutory regeneration objectives.

6.3 LLDC has committed to securing compliance with all applicable regulations, including any potential State aid rules, before making the proposed loan.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

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. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

It relates to the financial status of the E20 and the potential restructuring of the business, which is commercially sensitive. If released at this stage, the information may harm the commercial interests of E20 by hampering its ability to operate as a going concern and its ability to restructure its arrangements. Publication of the material herein could also potentially harm the commercial interests of E20 creditors. Contingent on adoption of a viable E20 restructuring plan, publication is proposed to be deferred until 31 March 2019; this should be reviewed at this date to confirm that there are no further commercial sensitivities.

Until what date: **31 March 2019**

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tom Middleton, Head of Finance & Governance, has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Martin Clarke, Executive Director, Resources has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy, Mayor's Chief of Staff has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 26 March 2018.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

ML D. Clarke

Date

26.3.18

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date

26/3/2018.