

Mr G Bacon AM  
Chairman of the Budget and Performance Committee  
City Hall  
The Queen's Walk  
London SE1 2AA

Thursday, 12 January 2017

Dear Mr Bacon

### Budget and Performance Committee Meeting – 5 January 2017

Thank you for your letter of 6 January 2017 regarding questions from the London Assembly's Budget and Performance Committee meeting. I set out the answers to each of the points below.

1. LLDC's gross borrowing is budgeted to increase by £46.7 million in 2017 - 18 and total debt will be £575 million by 2020-21. Please provide a forecast of the annual interest cost of this borrowing.

The financing costs for the borrowing, as set out in the table on page 41 of the Mayor's Consultation Budget, are:

Financial Year	£m
2017/18	12.2
2018/19	10.9
2019/20	14.2
2020/21	19.3

2. Clarity on whether there is formal agreement for LLDC not to pay interest on its borrowing.

There is a formal loan agreement between LLDC and the GLA and under the terms interest is paid annually in arrears at the prevailing Public Works Loan Board 50 year maturity rate on the date of each advance of loan. Interest costs are funded to the LLDC by the GLA.

3. Detailed assumptions on the Fixed Estate Charge.

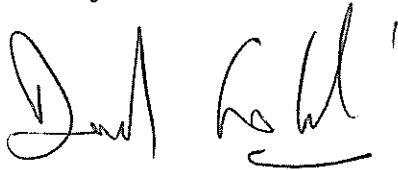
The Fixed Estate Charge was developed to contribute towards the long term cost of maintaining Queen Elizabeth Olympic Park's parklands and its facilities, as an Estate for the enjoyment of all those living on, working in or visiting the Park. It is a fixed charge, the level of which is dependent on the nature of the use, index linked and paid to London Legacy Development Corporation or its successors, which must be utilised to upkeep and maintain the Park under the Mayor's direction and applies to all types of occupier on Queen Elizabeth Olympic Park estate within a boundary.

The assumptions around the charge are £0.50 per square foot for affordable housing, £1 per square foot for private housing and cultural buildings, and £1.50 per square foot for commercial occupants. The charge increases in line with inflation indices.

The Fixed Estate Charge grows over time so that in 10 – 15 years it is forecast to be c£10m per annum, however the growth is linked to the timing, completion and occupation of developments.

I trust this answers your questions. Please contact me should you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Goldstone', with a stylized flourish at the end.

David Goldstone  
**Chief Executive Officer**