

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2257

Title: London Legacy Development Corporation: General financial assistance consent (guarantee) for new E20 Stadium LLP contracts

Executive Summary:

This decision seeks a general consent for the London Legacy Development Corporation ('Legacy Corporation' or 'LLDC') to give financial assistance under sections 213 and 220 of the Localism Act 2011 ('the 2011 Act') to E20 Stadium LLP ('E20 LLP') and its suppliers in the form of a guarantee for, or being jointly and severally liable with E20 LLP under, any contract let by E20 LLP for works, supplies and/or services at the London Stadium with an estimated value of up to £10 million and subject to the other conditions stated in this Director's Decision paper.

Decision:

That the Executive Director of resources approves:

the Legacy Corporation providing financial assistance to E20 LLP and its suppliers pursuant to sections 213 and 220 of the 2011 Act in the form of a guarantee for, or being jointly and severally liable with E20 LLP under any new contract let by E20 LLP for works, supplies and/or services at the London Stadium with an estimated value of up to £10 million, provided that the GLA is notified in writing of any such financial assistance and subject to the other conditions stated in the General Consent attached at Appendix A.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.
It has my approval.

Name: Martin Clarke

Position: Executive Director of Resources

Signature:



Date:

19.6.18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. Section 213 of the 2011 Act states that ‘an MDC [Mayoral Development Corporation] may, with the consent of the Mayor, give financial assistance to any person’. This means the provision of financial assistance from the Legacy Corporation, of whatever size and in whatever form, whatever the source of its funding, must be approved by the Mayor before it is made. This includes the situation where LLDC provides an express guarantee or becomes jointly and severally liable with E20 LLP under, any contract let by E20 LLP. Section 220 of the 2011 Act permits the Mayor to give a general consent, including unconditionally or subject to conditions.
- 1.2. LLDC has a general consent in place for giving financial assistance by grant (DD1245).
- 1.3. The Mayor consented in July 2012 (MD971), under section 212(2) of the 2011 Act, for LLDC to form an interest in a limited liability partnership – E20 Stadium LLP (E20 LLP) – with Newham Legacy Investments Limited (a wholly owned subsidiary company of the London Borough of Newham (“NLI”). The Mayor consented in November 2017 (MD2201) to a change in ownership of E20 LLP, including consent to LLDC entering into any necessary agreements relating to NLI’s retirement from E20 LLP and consented, under section 212(2) of the Localism Act 2011, to the LLDC establishing a subsidiary company, Stratford East London Holdings Ltd, which became a member of E20 LLP following NLI’s retirement from the partnership. As a result E20 LLP is a wholly owned subsidiary of the LLDC.
- 1.4. Approval is being sought for a general consent for LLDC to give financial assistance to E20 LLP and its suppliers in the form of a guarantee for, or being jointly and severally liable with E20 LLP under any new contract let by E20 LLP for works, supplies and/or services at the London Stadium subject to the conditions stated below (which is outside the scope of DD1245).
- 1.5. The conditions referred to in paragraph 1.4 above are:
 - the LLDC has undertaken an assessment of the impact of not providing a guarantee;
 - the LLDC has assessed compliance with all applicable regulations, including any potential State aid rules, before giving the proposed financial assistance;
 - the contract is for any new works, supplies and/or services at the London Stadium;
 - the proposed works, supplies and/or services are within the approved budget;
 - the estimated contract value at the time of award is equal to or less than £10m; and
 - the LLDC has notified the GLA in writing each time financial assistance is given pursuant to the general consent sought under this Director’s Decision paper.

These requirements are set out in the LLDC General Financial Assistance To E20 Stadium LLP Consent 2018 at Appendix A.

- 1.6. Subject to the conditions set out in paragraph 1.4 above and in this Director’s Decision report, the provision of any financial assistance by the LLDC will be at the LLDC’s absolute discretion.

2. Objectives and expected outcomes

- 2.1. E20 LLP will be able to provide financial assurance to suppliers who require it and therefore enable E20 LLP to continue letting contracts for works, supplies and services at the London Stadium to tenderers with the most economically advantageous tenders.

3. Equality comments

- 3.1. LLDC has invested in delivering a multi-use Stadium at the heart of Queen Elizabeth Olympic Park that supports the LLDC's priority themes.
- 3.2. The GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not under section 149 of the Equality Act 2010. 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 Act may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 3.3. No adverse impacts on equalities issues or any protected characteristic groups are anticipated as a result of the proposals set out in this form.

4. Other considerations

a) Links to Mayoral strategies and priorities

- 4.1. This proposal will support the Mayor's commitments to:
- build on the success of the Olympics and attract more global events to the city
 - rebuild our Olympic Legacy, promoting and supporting sport for more people of all ages

b) Impact assessment and consultations

- 4.2. LLDC has consulted the GLA on the matter. 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 provision of a guarantee by LLDC is conditional as set out in paragraph 1.5 which includes that the proposed works or services are within approved budget. As principal funder and 'lender of last resort' of LLDC the GLA is already exposed to any financial risks and LLDC does not consider that this increases its commercial risk.

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, and the fact that E20 LLP is now a wholly owned subsidiary of the LLDC, giving a general consent to LLDC to provide financial assistance as proposed in this Form is considered to also fall within section 201 of the 2011 Act.
- 6.2. Section 213 of the 2011 Act provides that a Mayoral Development Corporation may, with the consent of the Mayor, give financial assistance to any person. Financial assistance under this section may be given in any form, including by way of guarantee. It is considered that that the request 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, and satisfying the conditions set out in paragraph 1.4 above, before giving any financial assistance.
- 6.4. The giving of Mayoral consent on a general standing basis to LLDC under section 213 of the 2011 Act involves the exercise of a "Mayoral power". Under Mayoral Decision Making in the GLA refers, approved by the Mayor under MD2085, the giving of the Mayor's consent under section 213 falls within the General Delegation to specified Senior members of GLA staff listed at Appendix 3 of that document. The Executive Director is listed as such and so may give consent under section 213.

7. Planned delivery approach and next steps

- 7.1. If required, and subject to the conditions stated in this Director's Decision paper, LLDC will provide financial assistance to E20 LLP and its suppliers in the form of a guarantee for, or being jointly and severally liable with E20 LLP under, any contract let by E20 LLP for works, supplies and/or services at the London Stadium.

Activity	Timeline
General consent for financial assistance in the form of guarantee granted	June 2018

Appendices and supporting papers:

LLDC General Financial Assistance To E20 Stadium LLP Consent 2018

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? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

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:

Tim Somerville has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 18 June 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. BlG

Date

19.6.18

Localism Act 2011

LONDON LEGACY DEVELOPMENT CORPORATION

LLDC GENERAL FINANCIAL ASSISTANCE TO E20 STADIUM LLP CONSENT 2018

1. In accordance with sections 213(1) and 221(1) of the Localism Act 2011, and under the authority delegated to me by the Mayor of London¹, I hereby give Mayoral consent to the London Legacy Development Corporation ("LLDC") to provide financial assistance from time to time in the form of a guarantee to:

- E20 Stadium LLP ("E20 LLP") and/ or
- any person or body contracting with E20 Stadium LLP to provide works, services or supplies

at or in relation to the operation of the London Stadium provided each of the conditions in paragraph 2 are fulfilled.

Consented guarantees

2. Consent is given in the following circumstances:
- (a) the LLDC has undertaken an assessment of the impact of not providing a guarantee;
 - (b) the LLDC has assessed compliance with all applicable regulations, including any potential State aid rules, before giving the proposed financial assistance;
 - (c) the contract is for works, supplies and/or services at or in relation to the operation of the London Stadium;
 - (d) the proposed works, supplies and/or services are within the LDC's and E20 LLP's approved budgets;
 - (e) the estimated contract value at the time of award is equal to or less than £10 million; and
 - (f) the LLDC has notified the GLA in writing each time financial assistance is given pursuant to the general consent sought under this Director's Decision paper and undertakes to endeavour to do so in advance wherever practicable.

Other matters

3. The consent given by this document shall continue in force until varied or revoked in accordance with section 221(3) of the Localism Act 2011.
4. This document confers consent for the purposes of section 213(1) of the Localism Act 2011 only and only as regards the provision of financial assistance by means of a guarantee only. It does not confer consent for any other type of financial assistance the LLDC may wish to provide.

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Dated: June 201

¹ Mayoral Decision Making in the GLA refers, approved by the Mayor under MD2085.