

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1662

Title: Approval of LLDC's Ten Year Plan and 2016-17 budget

Executive Summary:

The London Legacy Development Corporation ('Legacy Corporation' or LLDC) seeks Mayoral consent to the LLDC Board's decision to approve the Legacy Corporation's updated Ten-year Business Plan, incorporating its one year budget for 2016-17. The Board approved the Plan and budget at its meeting on 10 March 2016, the Mayor's Final Draft Budget having been passed without amendment by the London Assembly on 22 February 2016.

Mayoral consent is required under Paragraph 4.2 and 4.3 of the LLDC Governance Direction 2013 (MD 1227). It was agreed between LLDC and the Greater London Authority that consent would be sought following rather than prior to the Board's approval of the Plan.

Decision:

The Mayor consents to the London Legacy Development Corporation Board's decision to approve its updated Ten-year Business Plan, incorporating its capital and revenue budgets for 2016/17.

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:

30.4.2016

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

Decision required – supporting report

1. Introduction and background

- 1.1. The LLDC Governance Direction 2013, approved under MD1227, states at Paragraph 4.2 and 4.3 that Mayoral prior consent must be obtained to approve the core business plan. In this case, it was agreed to seek the Mayor's consent to an updated Ten-year Business Plan, incorporating the 2016-17 budget, following approval of the Business Plan and capital and resource budgets for 2016-17 by LLDC's Board at its meeting on 10 March 2016.
- 1.2. LLDC's annual budget for 2016/17 and revised Ten-year Business Plan have already been included in the Mayor's draft final consolidated budget, which was considered by the London Assembly on 22 February 2016 and subsequently published by the Mayor.
- 1.3. This updated Ten-year Business Plan sets out the specific details of the overall plans for Queen Elizabeth Olympic Park (QEOP) over the next ten years. It also sets out the long-term operating context, objectives and financial projections of LLDC (see part 2 for detailed financial forecasts). These projections reflect confirmed funding of £151m from Government for the Olympicopolis project.
- 1.4. The plan is intended to be a publicly accessible statement of intent. A separate 'Resource Plan' supports the Ten-year Business Plan and will be updated at least every three years.
- 1.5. GLA officers have been consulted throughout the development of the updated Ten Year Plan and 2016-17 budgets, and comments have been taken into account.

Summary

- 1.6. LLDC's capital budgets over the next ten years are concentrated on delivering Olympicopolis and enabling development of new neighbourhoods in and around the Park; expenditure net of capital receipts is funded by borrowings from the GLA, which are repaid in full over the long term, generating significant surpluses. Receipts from the sale of development land are currently forecast to repay the Lottery agreement in full (by 2036-37).
- 1.7. Revenue budgets support development of revenue streams from venues, rent and fixed estate charges, events, sponsorship and planning fees to fund expenditure on management of the Park, regeneration programmes, running the planning authority and corporate overheads.
- 1.8. The 2016-17 budget is balanced after delivery of savings targets. In the following three years, LLDC currently projects significant, albeit reducing, shortfalls of £9m, £7m and £6m and will seek additional savings and increased commercial income from sponsorship and exploitation of the Park to mitigate these. However, this will not bridge the funding gap and additional funding will have to be agreed with the GLA prior to the final December 2016 budget submission.
- 1.9. Over the long term, beyond the ten year horizon of this plan, LLDC's strategy seeks to achieve financial sustainability independent of public subsidy.

2. Objectives and expected outcomes

- 2.1. The previous Ten-year Plan focuses on three key objectives: Park, Place and People. These have now been reframed as three strategic outcomes:
 - **Opportunity:** to stimulate economic growth and improve life chances for people in and around the Park
 - **Community:** to create a cluster of places on and around QEOP that have been designed with people at the heart ('urban place-making'), and to do so in a way that is seen as exceptional

- **Destination:** to create the basis of a new metropolitan heart in east London that attracts people from across London, the UK and beyond
- 2.2. Acting as a catalyst and partner, LLDC will lead regeneration in and around QEOP through five business objectives:
- LIVE - Establish successful and integrated neighbourhoods, where people want to live, work and play
 - WORK - Retain, attract and grow a diverse range of high quality businesses and employers, and maximise employment opportunities for local people
 - VISIT - Create a diverse, unique, successful and financially sustainable visitor destination
 - INSPIRE - Establish a 21st century district promoting cross-sector innovation, education, culture, sport, aspiration and participation in east London
 - DELIVER - Deliver excellent value for money, and champion new models and standards which advance the wider cause of regeneration, in line with LLDC's core values.
- 2.3. The Plan as proposed supports LLDC's business objectives by investing in developments that will support regeneration, generate capital receipts, provide housing and other necessary infrastructure for the local area. The Olympicopolis development in particular supports the Corporation's regeneration objectives and will generate 3,600 additional jobs, bringing £2.8bn net economic activity to the area.

3. Equality comments

- 3.1. QEOP lies in one of the most diverse areas of the UK. LLDC, as a public body, has a responsibility to promote equality, tackle discrimination and promote good relations between different groups of people with protected characteristics. For this reason, LLDC is about to undertake a strategic equality impact assessment on its renewed priorities, including its emerging five year organisational strategy and the Olympicopolis plans. As part of this process the Legacy Corporation will be consulting with equality groups and testing whether its approach is helping to promote its equality priorities and in accordance with its public sector equality obligations in section 149 of the Equality Act 2010.
- 3.2. As a GLA functional body, LLDC will also need to consider how it meets the Mayor's objectives within its work. This includes, in particular, the Mayor's Equal Life Chances for All strategy, where its objectives align with those of the Plan.

4. Other considerations

a) key risks and issues

- 4.1. The Ten-year Plan projections are highly sensitive to changes in development market conditions (eg. rates of house price and build cost inflation and developer appetite for risk), actual operating conditions in QEOP (eg. actual costs and revenues of the Park and venues, events programme and naming rights), and tax assumptions. These projections will be reviewed on an annual basis to inform future plans. The Ten-year Plan does not make any assumptions in respect of the payment of Corporation Tax. Further financial risks are set out in Part 2 of this Form.

b) links to Mayoral strategies and priorities

- 4.2. The Mayor's London Plan states that: 'The Mayor will work with partners to develop and implement a viable and sustainable legacy for the Olympic and Paralympic Games to deliver fundamental economic social and environmental change within East London, and to close the deprivation gap between the Olympic host boroughs and the rest of London. This will be London's single most important regeneration project for the next 25 years.'

4.3. Approval of LLDC's Ten-year Business Plan is business critical to enable it to drive forward its ambitious plans for legacy and growth, and enable QEOP to act as a major economic driver to regenerate the wider area, which is essential to the delivery of this policy.

c) impact assessments and consultations

4.4. As set out in the Ten-year Plan, the LLDC's priority themes run through all its programmes, including:

- promoting convergence, employment and community participation championing equalities and inclusion
- ensuring high quality design
- ensuring environmental sustainability

4.5. Relevant GLA officials have been consulted, have provided feedback to the LLDC, and agreed revisions that have been incorporated into the updated Plan. The Legacy Corporation has consulted with its Investment Committee, prior to presentation of the updated Ten Year Plan, incorporating the annual 2016/17 budget to the LLDC Board on 10 March 2016, where it was approved without amendments.

5. Financial comments

5.1. The capital and revenue budgets and associated borrowing limits for 2016-17 to 2018-19 in the Ten-year Plan were included within the approved Mayor's Final Consolidated Budget for 2016-17. GLA revenue support for core activities in 2016-17 is £17.2 million. The projected funding shortfalls of £9 million and £7 million in 2017-18 and 2018-19 respectively are based on assumed on-going GLA core support of £14 million per annum.

5.2. The GLA is also required to fund the Corporation's net capital requirements, including an estimated £46 million in 2016-17, and is underwriting funding for Olympicopolis. Capital support is provided as loan funding which is repayable over the long term from capital receipts. Additional comments on financial risks, the long term capital position and revenue funding are included in part 2 of this report.

6. Legal comments

6.1. Under the terms of LLDC's Governance Direction 2013, the Mayor's prior consent is required for the Legacy Corporation's three-year Plan. In this case, it was agreed to seek the Mayor's consent to a Ten-year Business Plan, incorporating the 2016-17 budget, following approval of the Plan by the Legacy Corporation's Board at its meeting on 10 March 2016.

6.2. The Mayor's consent is also required for the disposal of long-term interest in the land originally acquired by London Development Agency (and subject to the National Lottery Repayments Agreement). His consent will be sought before development agreements are finalised.

7. Investment & Performance Board

7.1. The Plan and budget were considered and endorsed by IPB on 19 April. The Board noted that sign off of the Ten-year Plan would be subject to the views of the incoming Mayor.

7.2. The Board also discussed funding requirements for the development of Hackney Wick station and was advised that a plan to cover additional costs was being developed.

8. Planned delivery approach and next steps

Activity	Timeline
Approval of Ten Year Plan and 2016/17 budget by LLDC board	10 March 2016
Mayoral consent for Ten Year Plan and 2016/17 budget	April 2016
Full opening of the Stadium	June 2016
Construction begins at East Wick and Sweetwater neighbourhood	2017
IAAF and IPC Athletics World Championships held at the Olympic Stadium	Summer 2017
Olympicopolis start on site	Early 2018

Appendices and supporting papers:

LLDC's Ten Year Plan 2015/16 - 2024/25
Part 2

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 – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tim Somerville has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

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.

✓

Sponsoring Director:

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

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. B. C.

Date

29.4.16

CHIEF OF STAFF:

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

Signature

Edward Lister

Date

29:04:2016