

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD689

Title: Mayoral Direction for the Olympic Park Visitor Attraction

Executive Summary:

Due to last minute changes in the terms of the grant agreement between the LDA and Arcelor Mittal Orbit Ltd., and because of the late finish of negotiations, there are some minor changes needed to the direction agreed in MD645. This MD and Direction update the final negotiated position.

Decision:


To approve:

- a) An updated direction with the final position negotiated by the LDA and Arcelor Mittal Orbit Ltd., to capital grant fund to Arcelor Mittal Orbit Limited an amount not exceeding £3.1 million towards the capital elements of the Visitor Attraction, and its issue to the LDA.
- b) The resultant changes to MD645 outlined in this MD.

Mayor of London

The above request has my approval.

Signature



Date

5.10.10

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

Decision required – supporting report

1. Introduction and background

- 1.1 On 29 September 2010, the Mayor signed MD645, which included approval of a direction to the LDA to capital grant fund to Arcelor Mittal Orbit Limited. However a final agreed copy of the grant agreement was not attached to the Direction. Consequently it is necessary that the Direction be reissued attaching the agreed version of the Grant Agreement, and to reflect some changes to the final negotiated position.
- 1.2 MD645 stated that a parent company guarantee would be signed at the same time as the Grant Agreement, due to the formalities involved in signing it though, it is now to be provided by 29 October 2010. Clauses in the Grant Agreement will ensure that any amounts paid before this time will be recoverable if the parent company guarantee is not received by this date.

2. Issues for consideration

- a) Links to strategies and Strategic Plan
- 2.1 The Mayor's draft replacement 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.'* The Visitor Attraction will make a significant contribution to the achievement of this aim.

The Strategic Plan Delivery Form reference number that relates to this proposal is: N/A

- b) Impact assessments and consultation
- 2.2 The LDA has been consulted on the Direction. It supports the project, and is satisfied that a direction is necessary to ensure a timely contribution from the Agency.
- c) Risk
- 2.3 GLA Officers will work closely with all relevant stakeholders, both internal and external, to ensure the mitigation of any risks both to this project and with the Olympic programme.
- 2.4 The key risks to the project are those associated with any construction project. Construction is by definition not a risk free process and the tight deadlines for delivering the Games amplify this. However potential risks have been mitigated by risk allocation between Arcelor Mittal and SRM.

3. Financial Comments

- 3.1 The final grant agreement requires Arcelor Mittal Orbit Limited to submit a fully executed parent company guarantee to LDA by 29 October 2010, but there are safeguards in place to ensure LDA could recover its grant if this does not occur. The final agreement also represents an improvement to the safeguards in which LDA could recover grant LDA in the event that the project was not completed by the date specified. In all other respects there are no changes to the financial comments in MD645.

4. Legal Comments

4.1 The legal implications for this MD are the same as those for MD645.

5. Background/supporting papers

- Mayoral Direction to the London Development Agency in relation to the Visitor Attraction for the London 2012 Olympic and Paralympic Games.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the GLA website within 1 working day of approval. Any facts and advice that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this approval to be deferred? **Yes**

If yes, for what reason: Due to ongoing commercial negotiations associated with the Visitor Attraction. So as to not affect ongoing negotiations regarding the Visitor Attraction structure and responsibilities related to the project.

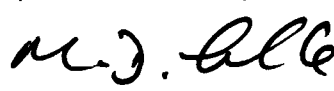
Until what date: Once commercial negotiations are completed: circa. 30 March 2011.

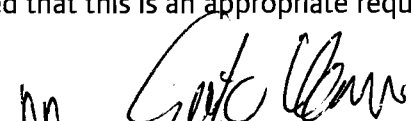
Is there a part 2 form - **No**

ORIGINATING OFFICER DECLARATION:

	<i>Tick to indicate approval</i>
Sponsoring Director: Neale Coleman has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Advisor: Neale Coleman has been consulted about the proposal and agrees the recommendations.	✓
Legal Advice: The Commercial Law and Projects team have commented on this proposal.	✓
Financial Advice: The 2012 finance team have commented on this proposal on behalf of the Assistant Director of GLA Finance.	✓

OFFICER APPROVAL

Executive Director, Resources	
I have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.	
Signature 	Date 4.10.10

Chief of Staff	
I am satisfied that this is an appropriate request to be submitted to the Mayor	
Signature 	Date 5/10/10