

LOCALISM ACT 2011
MAYORAL DIRECTION

LONDON LEGACY DEVELOPMENT CORPORATION
GOVERNANCE DIRECTION 2013

LLDC AND SUBSIDIARIES
FINAL

COMING INTO FORCE: 2 July 2013

LONDON LEGACY DEVELOPMENT CORPORATION GOVERNANCE DIRECTION 2013

BACKGROUND

- A. In order to provide an appropriate degree of scrutiny and accountability for the activities and larger projects of the London Legacy Development Corporation ("LLDC"), the LLDC and the Greater London Authority ("GLA") have agreed to put in place a mechanism by which the GLA will adopt a consultation and approval function for certain matters relating to LLDC's governance, where the consent of the Mayor is required under the Localism Act 2011 and otherwise where it has been agreed that such consent is necessary, including in relation to certain decisions of LLDC's Subsidiaries.
- B. It is now intended to formally record and implement that arrangement by way of a Mayoral direction to LLDC pursuant to section 220 of the Localism Act 2011.
- C. This document ("the Direction") is called the London Legacy Development Corporation Governance Direction 2013.

MAYORAL DIRECTION

In accordance with section 220 of the Localism Act 2011 **I hereby direct** that from 1st day of July 2013 the London Legacy Development Corporation shall exercise its functions so as to comply with the requirements of this Direction, as set out below.

PART 1: INTRODUCTORY MATTERS

Definitions

1.1 In this Direction the following words and phrases are defined as follows unless the context otherwise requires:

"Application" means an application in respect of a consultation under Part 2 below or an application for Consent under Parts 3 or 4 by LLDC either on its own behalf or on behalf of a Subsidiary (as the case may be);

"Consent" means the consent of the Mayor:

- as required by the provisions of the Localism Act 2011 listed in paragraph 3.1 below; and
- in respect of the matters for which Consent is required under paragraphs 3.2, and 4.1 to 4.7 below.

"Executive Director" means the Executive Director of Housing and Land or such other member of GLA staff authorised under the Mayoral Scheme of Delegation (as amended) to exercise the Mayor's powers under this Direction, and the term includes the Mayor should he or she decide to exercise them personally;

"Financial Threshold" means the threshold of £10 million (ten million pounds) for Regulated Commitments referred to in paragraph 4.7 below;

"functions" includes LLDC's powers and duties, whether arising under statute or otherwise;

"General Grant Consent 2012" means the General Mayoral Consent to the Giving of Financial Assistance by Grant 2012 approved under DD854, a copy of which is at Annex 2;

"GLA" and *"GLA Act 1999"* means the Greater London Authority and the Greater London Authority Act 1999 (as amended);

"National Lottery Fund Repayment Agreement" means the agreement between the Mayor and the Secretary of State for Culture, the Olympics, Media and Sport dated 29 March 2012 regarding the return of capital receipts from such disposals to the National Lottery and HM Treasury;

"Regulated Commitment" is as defined in paragraph 4.7 below; and

"Subsidiary" refers (subject to any applicable statutory definition of the term in the Localism Act 2011) to a body which must be treated as a subsidiary of LLDC under CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom as amended from time to time.

- 1.2 A reference to the internal approval mechanisms of LLDC or any Subsidiary includes the approval of that body's board or any committee, subcommittee, member or officer of the body in question acting under delegated powers.

Exercise of powers under Direction

- 1.3 The Executive Director will exercise the Mayor's function under this Direction including:

- a) responding on behalf of the Mayor to consultations under Part 2 below;
- b) processing Applications under Parts 2 to 4;
- c) determining such Applications, including whether to refuse or to grant Consent and what conditions (if any) to impose; and
- d) determining any matter under Part 5 below or otherwise provided for in this Direction.

- 1.4 The Executive Director may generally or specifically waive any requirement under this Direction including a requirement to obtain Consent if not otherwise required by statute.

Application of Direction to LLDC Subsidiaries

- 1.5 Where an obligation to obtain Consent or to comply with some other requirement is imposed by or under this Direction upon a Subsidiary then LLDC is directed by the Mayor under section 220 of the Localism Act 2011 to exercise its control or other powers in respect of the Subsidiary to secure that the latter obtains Consent, complies with any conditions to a Consent has been granted, and does not otherwise breach the terms of this Direction.

Effect of Direction

- 1.6 Where under this Direction:

- a) Prior Consent is required (paragraphs 4.1, 4.3, 4.4 and 4.5 only) then LLDC and its Subsidiaries must obtain Consent before their Boards or other internal

decision-making mechanism gives any binding approval to the matter on behalf of that body;

- b) Prior Consent is not required then LLDC or Subsidiary may (as they wish) take a decision to approve the matter with or without having first obtained Consent provided that
 - i. the decision in question is expressed to be contingent upon Consent under this Direction being obtained; and
 - ii. LLDC or Subsidiary shall not act upon or implement their decision nor enter into any legally binding commitment to do so until Consent is formally granted.

1.7 Any agreement, consent or other approval given by the Mayor in his capacity as chair of LLDC or Subsidiary is not to be regarded as providing Consent for the purposes of this Direction.

1.8 Nothing in this Direction fetters or restricts:

- a) the Mayor's ability to delegate functions to LLDC under sections 38 or 380 of the GLA Act 1999;
- b) the Mayor's ability to give guidance or to give general or specific directions or consent to LLDC as to the exercise of any of its functions under sections 219 and 220 of the Localism Act 2011;
- c) the Mayor's ability require LLDC to furnish him with information to which he is entitled under the GLA Act 1999, including under sections 110 and 395; or
- d) the London Assembly's powers under sections 61 to 63 or section 110 of the GLA Act 1999;
- e) the Mayor's or GLA's obligations under the Freedom of Information Act 2000.

1.9 The arrangements under this Direction are subject to any expectations expressed by Government as part of its grant to the GLA.

PART 2: MATTERS ABOUT WHICH THE MAYOR MUST BE CONSULTED

2.1 The Mayor shall be consulted before:

- a) LLDC adopts or makes any significant changes to its Standing Orders or other rules of procedure;
- b) LLDC adopts or makes any significant changes to its Scheme of Delegation;
- c) LLDC or any Subsidiary approves that body's budget and business plan for the purpose of their formal submission to the GLA as part of the GLA Group's annual statutory budget approval process;
- d) LLDC determines any matter delegated by the Mayor to LLDC under section 38 of the GLA Act 1999 where the delegation in question stipulates that the Mayor shall be consulted first.

PART 3: CONSENTS UNDER THE LOCALISM ACT 2011

3.1 Consent must be obtained under the Localism Act 2011 to the following matters (subject to the relevant provision of that Act in question):

- a) submitting a compulsory purchase order (section 207);
- b) disposing of land for less than the best consideration which can reasonably be obtained or which has been compulsorily acquired under the Act (section 209);
- c) forming or acquiring interests in bodies corporate (section 212);
- d) permitting a Subsidiary to borrow money or raise finance by the issue of stocks and shares otherwise than from the LLDC (section 212);
- e) subject to paragraphs 2.3 below, the giving financial assistance to any person (section 213);
- f) the terms and conditions on which staff are to be appointed (Schedule 21, paragraph 3);
- g) determining the rates and eligibility criteria for staff remuneration, travelling and other allowances and pensions and gratuities (Schedule 21, paragraph 4); or
- h) appointing persons who are not members of the LLDC's board to a committee or sub-committee of the LLDC (Schedule 21, paragraph 6).

Consent to financial assistance by way of grants under section 213

- 3.2 Consent must be obtained under this Direction to any financial assistance by LLDC that does not fall within the scope of the General Grant Consent 2012 or which cannot fulfil its terms.

PART 4: REQUIREMENT FOR CONSENT IN OTHER CIRCUMSTANCES

Appointment of LLDC's Chief Executive

- 4.1 Prior Consent must be obtained to the appointment by the LLDC of a chief executive.

LLDC's and Subsidiaries' core business plans

- 4.2 Before the end of each financial year, and in consultation with relevant GLA officers, LLDC and any Subsidiary shall prepare a detailed core business plan for the following year as part of a 3-year rolling business planning process, including changes to base-line pay for the year covered by the budget, borrowing limits and prudential indicators for the next three years –
- 4.3 Prior Consent must be obtained to the LLDC's or Subsidiary's board or other relevant decision making mechanism considering any draft core business plan for approval.

LLDC's and Subsidiaries' borrowings

- 4.4 Prior Consent must be obtained to any item of borrowing by LLDC or a Subsidiary which:
- a) has not been approved by the Board or other relevant decision making mechanism of LLDC or Subsidiary as part of that body's annual budget; or
 - b) is not within the scope of the prudential borrowing limit approved by the Mayor for the year in which the item arises under section 3 of the Local Government Act 2003.

Land Transactions relevant to the GLA's obligations to the National Lottery and Treasury

- 4.5 Prior Consent must be obtained to any decision by LLDC or Subsidiary to approve a 'Land Transaction' as defined in Clause 2 of the National Lottery Fund Repayment Agreement regarding returns to the Lottery and Treasury and LLDC

shall in advance share with GLA the details of all such anticipated Land Transactions.

- 4.6 Neither LLDC nor any Subsidiary shall do anything to place the Mayor in breach of his obligations under the National Lottery Fund Repayment Agreement and they shall furnish the Executive Director with such information as he considers necessary to ascertain there is compliance with the Agreement.

Regulated Commitments by LLDC and Subsidiaries

- 4.7 Subject to paragraphs 4.8 and 4.9 below, Consent must be obtained to LLDC or a Subsidiary making any individual decision that commits expenditure, creates a contingent liability and/or generates income of a value of £10 million or more ("a Regulated Commitment") where that expenditure, liability and income :
- a) was not contained in the business plan of LLDC or its Subsidiary for the financial year in which it arises, or
 - b) was included in that business plan but the actual value compared to its anticipated value in the plan is 5% or more downwards in the case of income or 5% or more upwards in the case of expenditure or a contingent liability.
- 4.8 For the avoidance of doubt Land Transactions falling within paragraph 4.5 above (National Lottery Fund Repayment Agreement) are excluded from the definition of Regulated Commitment in paragraph 4.7 above and Consent in respect of those transactions should be sought under paragraph 4.5.
- 4.9 In determining whether the value of a project equals or exceeds the Financial Threshold for the purposes of paragraph 4.7 above –
- a) Regard shall normally be had to its total estimated expenditure for the project;
 - b) For projects delivered through partnerships and for which grant is paid to another body, regard shall be had to their estimate of total grant to be paid for the project over its whole lifetime;
 - c) Projects must not be artificially split so as to portray what is properly regarded as a single item of expenditure or a single project as if it were two or more such items or projects each falling under the Financial Threshold;
 - d) Similarly non-project expenditure should not be artificially split;
 - e) Account must be taken of all contingent liabilities, including guarantees to be given, whether during or after the lifetime of the project.
 - f) Non-cash costs including losses on disposal and cost of capital should be included in consideration of whether the Financial Threshold is exceeded; and
 - g) Any receipts received, or expected to be received, in connection with the project and flowing through that body's books (e.g. EU Structural Funds and any funds held in separate bank accounts) shall count towards the total estimated expenditure.
- 4.10 "Project" in paragraph 4.9 above means a unique set of coordinated activities with definite starting and finishing points undertaken by an individual or team, to meet specific objectives with defined time, cost and performance parameters.

PART 5: ADMINISTRATIVE MATTERS

Applications for Consent

- 5.1 LLDC shall provide the Executive Director with a quarterly forecast of all Regulated Commitments, other projects, proposals and matters which it anticipates will require Consent under Parts 3 or 4 of this Direction and, as and when required, shall keep the Director informed about any significant issues affecting them, including any applicable developments, deadlines and dependencies.
- 5.2 Where an Application relates to a matter for which a Subsidiary requires Consent, then LLDC shall make the application on the Subsidiary's behalf and be responsible for handling all matters concerning the application, including liaising between the GLA and the Subsidiary.
- 5.3 Applications shall:
- a) be submitted by LLDC (or by LLDC on behalf of a Subsidiary) in a timely manner and so as to allow sufficient and appropriate time for GLA officials to consider the matter;
 - b) clearly identify the subject matter of the consultation or in respect of which Consent is sought under Parts 3 or 4 by using one or more of the relevant identification codes listed in Annex 1;
 - c) clearly state any relevant deadlines or dependencies;
 - d) be supported by a business case that contains the same information and is in the same format as LLDC or Subsidiary would normally use for its own internal approval processes (provided always that the Executive Director may require such further information or clarification as he or she considers necessary in the circumstances).
- 5.4 The Executive Director shall endeavour to determine the Application as soon as reasonably practicable following receipt, having regard to any relevant deadlines or dependencies stated in the Application and any information to be supplied by LLDC.
- 5.5 If the Executive Director is minded to refuse Consent then he/ she shall consult LLDC or Subsidiary before formally determining the Application.
- 5.6 Any Consent given under this Direction:
- a) shall be confirmed in writing by or on behalf of the Executive Director;
 - b) may be given unconditionally or subject to conditions;
 - c) may be given in relation to a particular case or in relation to such categories or descriptions of cases as may be specified in the Consent, including under a general consent under section 221 of the Localism Act 2011;
 - d) shall, unless otherwise stated in the decision, grant Consent to all the matters for which it was sought in the Application;
 - e) may be varied or revoked by a notice in writing given by the Executive Director to LLDC or Subsidiary (but no variation or revocation may be made in relation to anything which the body in question has already done or where it has already entered into a legally binding commitment upon the authority of a Consent that has been given).

EXECUTION

Signature

A handwritten signature in black ink, appearing to read 'Boris Johnson', written over a dotted line.

Boris Johnson
Mayor of London

Dated

2 JULY 2013

ANNEX 1

Identification Codes

Code

Requirements under Direction

C1	Consultation on significant changes to LLDC Standing Orders	Paragraph 2.1 (a), Direction
C.2	Consultation on significant changes to LLDC Scheme of Delegation	Paragraph 2.1 (b), Direction
C.3	Consultation prior to submission of LLDC's budget and business plan to its Board	Paragraph 2.1 (c), Direction
C.4	Consultation prior to determining matters delegated by Mayor to LLDC	Paragraph 2.1 (d), Direction
D.1	Prior Consent to the appointment of LLDC chief executive	Paragraph 4.1, Direction
D.2	Prior Consent to the submission to the Board of LLDC's core business plan	Paragraph 4.2, Direction
D.3	Prior Consent to LLDC borrowings	Paragraph 4.3, Direction
D.4	Prior Consent to "Land Transactions" under clause 2 of, the National Lottery Fund Repayment Agreement where disposal by LLDC or a Subsidiary	Paragraph 4.4, Direction
D.5	Consent to a Regulated Commitment by LLDC or a Subsidiary	Paragraph 4.7, Direction

Requirements under Localism Act 2011

L.1	Submitting a compulsory purchase order	section 207
L.2	Disposing of land for less than the best consideration which can reasonably be obtained or which has been compulsorily acquired under the Act	section 209
L.3	Forming or acquiring interests in bodies corporate	section 212 (2)
L.4	Permitting a subsidiary to borrow money or raise finance by the issue of stocks and shares otherwise than from the LLDC	section 212(4)

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|-----|---|--------------------------|
| L.5 | Giving financial assistance to any person outside the scope of the General Mayoral Consent to the Giving of Financial Assistance by Grant 2012 (including where its conditions cannot be fulfilled) | section 213 |
| L.6 | Terms and conditions on which staff are to be appointed | Schedule 21, paragraph 3 |
| L.7 | Determining the rates and eligibility criteria for staff remuneration, travelling and other allowances and pensions and gratuities | Schedule 21, paragraph 4 |
| L.7 | Appointing persons who are not members of the LLDC's board to a committee or sub-committee of the LLDC | Schedule 21, paragraph 6 |

ANNEX 2

General Mayoral Consent to the Giving of Financial Assistance by Grant 2012

Localism Act 2011

LONDON LEGACY DEVELOPMENT CORPORATION

GENERAL MAYORAL CONSENT TO FINANCIAL ASSISTANCE BY GRANT 2012

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 to any person by means of the making of grants where the conditions in paragraphs 2 to 4 below are fulfilled.
2. Where the total lifetime cost of the grant in question is between one pound (£1) and nine thousand, nine hundred and ninety nine pounds, and ninety nine pence (£9,999-99) the LLDC's legal and financial advisors (internal or external) must confirm in an auditable form that the decision to provide the grant is made in a fair, open and transparent manner and (if that is the case) there are sound reasons to waive any requirement of the LLDC's Grant Funding Guidance (as approved from time to time).
3. Where the total lifetime cost of the grant in question is between ten thousand pounds (£10,000-00) and one hundred thousand pounds (£100,000-00) the LLDC's legal and financial advisors (internal or external) must confirm in an auditable form that the decision to provide the grant is in full accordance with the requirements of the LLDC's Grant Funding Guidance (as approved from time to time).
4. In all cases the LLDC's legal and financial advisors (internal or external) must confirm in an auditable form that the decision to provide the grant in question is within the LLDC's legal powers and in line with its corporate objectives and approved business plan (as approved from time to time).
5. 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.
6. This document confers consent for the purposes of section 213(1) only and only as regards the provision of financial assistance by means of a grant. It does not confer consent for any other type of financial assistance the LLDC may provide. Additionally, it does not confer any other consent required by or under either (a) the Localism Act 2011 or any other enactment or (b) any direction given to the LLDC from time to time under section 220 of that Act.



..... Neale Coleman,

Director of London 2012 Coordination, for and on behalf of the Mayor of London

Dated: 26.7.12

¹ MD991 dated 27 March 2012 refers.

ANNEX 3

London Legacy Development Corporation General Powers Delegation 2012

5-15-71



Greater London Authority Act 1999

LONDON LEGACY DEVELOPMENT CORPORATION GENERAL POWER DELEGATION 2012

INSTRUMENT OF DELEGATION

BACKGROUND

1. The London Legacy Development Corporation ("LLDC") is a mayoral development corporation established under Section 198 of the Localism Act 2011 ("the 2011 Act", as amended) and the London Legacy Development Corporation (Establishment) Order 2012 ("the Order": SI 2012/ 310) in respect of the mayoral development area ("MDA") described in Article 2 of that Order. The LLDC is also a functional body as defined by Section 424 (1) of the Greater London Authority Act 1999 ("the GLA Act", as amended).
2. The statutory object of the LLDC is the regeneration of the MDA and powers are conferred on the LLDC under the 2011 Act for that and connected purposes.
3. Under, amongst other matters, the Convergence Framework and Action Plan 2011 - 2015 set by the Mayor of London in conjunction with the London Boroughs of Barking and Dagenham, Hackney, Newham, Tower Hamlets, Waltham Forest and the Royal Borough of Greenwich ("the Host Boroughs") the LLDC is to play a key role in the social, economic and environmental regeneration and improvement of the MDA and Host Boroughs in a comprehensive and integrated manner in combination with the Mayor and the Boroughs.
4. To that end the Mayor considers it necessary and expedient to supplement the LLDC's powers under the 2011 Act by enabling the LLDC to exercise the Greater London Authority's ("GLA") general power under Section 30(1) of the GLA Act to do anything that will further any one or more of the principal purposes described in Section 30(2) of that Act in relation to the MDA itself, and/ or the remaining areas of the Host Boroughs and/or (where appropriate) Greater London generally.
5. By virtue of Section 38(7) of the GLA Act as a result of this Instrument the LLDC will have the power to exercise the functions delegated below, whether or not it would have the power to do so apart from this Instrument and irrespective of the nature of the function delegated.
6. This Instrument is called the London Legacy Development Corporation General Powers Delegation 2012.

DELEGATION

7. In accordance with Section 38(1) and (2) of the GLA Act, I hereby delegate to and authorise the LLDC to exercise such of the following functions of the GLA as the LLDC

considers necessary or expedient in relation to the MDA itself, and/ or the remaining areas of the Host Boroughs and/or (where appropriate) in Greater London generally:

- a. power under Sections 30(1) and 30(2) of the GLA Act to promote economic development and wealth creation, social development and the improvement of the environment in Greater London (including as those provisions are amended from time to time);
- b. power under Section 34 of the GLA Act to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any of the functions of the Greater London Authority exercisable by the Mayor, in as far as necessary for the exercise of the powers delegated under a. above;

("the functions") subject to the conditions set out in paragraphs 8 to 13 below.

CONDITIONS

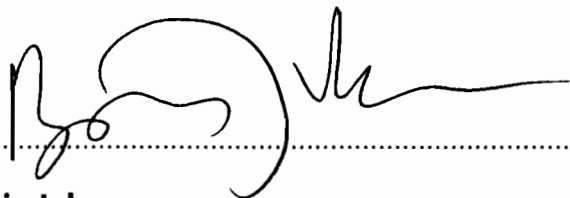
8. The functions delegated by this Instrument remain subject to all the limits, restrictions and considerations (including consultation where appropriate) imposed by or under the GLA Act or in any other enactment with regard to the exercise of those powers.
9. The functions shall be exercised by LLDC for the purposes of economic development and wealth creation, social development and environmental benefit, improvement or regeneration of the whole or any part of the areas mentioned in paragraph 7 above including in circumstances where it is for the sole benefit of an area outside the MDA.
10. The delegation of functions by this Instrument shall continue in force until varied or revoked by the Mayor in writing.
11. This Instrument only delegates the functions listed in paragraph 7 above and any authorisation given under this Instrument in relation to a function does not prevent the Mayor from exercising that function. It does not delegate any other functions exercisable by the Mayor of London and does not confer any consent required by or under either (a) the Localism Act 2011 or any other enactment or (b) any direction given to the LLDC from time to time under Section 220 of that Act.
12. For the avoidance of doubt, and without limitation to the generality of the foregoing, the functions may be used by LLDC for any purpose that:
 - a. Furthers the London Plan set by the Mayor of London from time to time pursuant to the Town and Country Planning Act 1990 and the Greater London Authority Act 1999;
 - b. Furthers the Convergence Framework and Action Plan 2011 – 2015, including as amended or replaced from time to time;
 - c. Promotes and delivers physical, social, economic and environmental regeneration and improvement, in particular by maximising the legacy of the Olympic and

Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence;

- d. Furthers the "A Sporting Future for London" policy adopted by the Mayor in April 2009, as amended or replaced from time to time;
- e. Furthers such other purposes as directed by the Mayor of London from time to time.

13. The delegation of functions conferred by paragraph 7 above is made subject to the following conditions:

- a. The activities carried out by or on behalf of LLDC in implementing this Delegation will be the subject of regular reports and advice to me on progress and developments;
- b. In exercising the functions delegated by this Instrument LLDC will comply with any instructions or guidance issued by me or any GLA officer I nominate;
- c. All costs incurred in the exercise of the functions delegated by this Instrument shall be borne by the LLDC; and
- d. The LLDC shall at all times afford the member of staff designated from time to time as the GLA's Monitoring Officer all reasonable co-operation and access to documents and facilities as may be required from time to time in respect of that person's duties as Monitoring Officer under Section 5(2) of the Local Government and Housing Act 1989 (as applied by Section 73(6) of the GLA Act) in relation to the exercise by the LLDC of the functions delegated by this Instrument.



Boris Johnson,

Mayor of London

Dated: 5. 11. 2012 2012

