

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2459

Title: Consent to LLDC providing continued loan funding support to E20 Stadium LLP

Executive Summary:

In March 2018, the Mayor gave consent (MD2271) for the London Legacy Development Corporation (LLDC) to continue to support E20 Stadium LLP (E20) for its working capital requirements (including non-transformation capital) through loan funding. This was provided in phases throughout the year, based on progress with the restructuring of E20, which is still ongoing. E20 is a wholly owned subsidiary of LLDC. Mayoral approval is now sought to extend the consent given in MD2271 until the end of the 2019/20 financial year to allow LLDC to make further loan funding available to E20, subject to any subsequent guidance that may be provided by the Mayor.

Decision:

That the Mayor consents to LLDC providing continued support through loan funding to E20 Stadium LLP in 2019/20 as described in, and subject to the conditions set out in, paragraph 1.3 of this Mayoral Decision form.

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:

25/3/19

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor consented in March 2018 (MD2271), as required under section 213 of the Localism Act 2011, for LLDC to continue to provide funding to E20 Stadium LLP (E20) by way of a loan. The loan funding enabled E20 to operate and deliver a full event schedule in 2018/19.
- 1.2. During 2018/19, E20 developed (and began to implement) plans to restructure its business in order to secure the London Stadium on a more sustainable financial basis. This has included, most recently, the acquisition of the Stadium operator, London Stadium 185 Limited (LS185), from its previous owner, Vinci (approved in MD2402).
- 1.3. LLDC intends to continue to support E20 in 2019/20 through loan funding. This will be provided in phases throughout the year at LLDC's discretion. It is proposed, therefore, that Mayoral approval is given to extend the consent given in MD2271 until the end of the 2019/20 financial year subject to any subsequent guidance that may be provided by the Mayor. Given the proposal is to use loan funding, any other form of financial contribution from LLDC to E20 (excluding stadium transformation¹ capital expenditure requirements) will require the prior consent of the Mayor.

2. Objectives and expected outcomes

- 2.1. The availability of the proposed loan facility will enable E20 to continue operating whilst it continues to implement its restructuring plan.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to the need to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not².
- 3.2. No adverse impacts for any people or groups sharing characteristics protected under the Equality Act are anticipated as a result of the proposals set out in this form. LLDC has invested in delivering a multi-use stadium at the heart of Queen Elizabeth Olympic Park that supports all of LLDC's priority themes and E20 remain committed to the Community Benefits Agreement with London Borough of Newham, which delivers a number of positive equalities outcomes.

4. Other considerations

a) Key risks and issues

- 4.1. LLDC has identified the key risk that it is actively seeking to mitigate through robust mitigation plans and continuous monitoring as:

¹ Expenditure relating to the remaining stadium transformation, which include defects rectification and work on seating warranties. Note that, overall, the project is still within the previously published £323m forecast outturn. These works are funded by LLDC through equity contributions into E20.

² 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 duty may involve treating people with a protected characteristic more favourably than those without the characteristic.

- Budget risk: there is a risk of further cost increases materialising in the operation of the business; these risks are set out in the E20 and L5185 budget plans.

b) Links to Mayoral strategies and priorities

4.2. This proposal will support the Mayor's priorities:

- Business, prosperity and opportunity;
- A fairer and more equal city;
- Making the most of arts, culture and creativity; and
- Making London a world capital for sport.

c) Impact assessment and consultations

4.3. The LLDC Board approved a loan facility on 19 March 2019.

4.4. It is not considered that the Mayor need undertake any additional impact assessment or consultation in respect of this decision.

4.5. LLDC has committed to securing compliance with all applicable regulations, including any potential State aid rules, before making the proposed loan.

5. Financial comments

5.1. The loan balance as at 31 March 2019 is expected to be c£40.9m, including accrued interest. The draft 2019/20 E20 budget presented to the E20 Board on 5 March 2019 identified a cash requirement of £26.4m (excluding stadium transformation capital costs) for E20 in 2019/20.

5.2. LLDC has budgeted £27.3m for the stadium (excluding stadium transformation capital costs) in its 2019/20 capital budget; however, as noted above, funding will only be provided to E20 under the loan facility, at the discretion of LLDC.

5.3. MD2271 permitted LLDC to fund the loan to E20 from its capital funds provided by the GLA. However, in line with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the loan funding provided by LLDC to E20 can only be treated as capital expenditure to the extent that E20 uses the loan towards expenditure that would, if incurred by LLDC, be capital expenditure. Where the loan is not used towards capital expenditure by E20 (e.g. for operational working capital) then it will be treated as revenue expenditure by LLDC (and therefore funded from its revenue resources). This assessment will be applied to loan funding provided to E20 in 2018/19 and to any loan funding provided in 2019/20.

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 LLDC's statutory objective to secure the regeneration of its Mayoral development area (section 201 of the Localism Act 2011). In light of this, the proposed loan from the LLDC to E20 Stadium LLP is considered to also fall within section 201 of that Act.

6.2. Under section 213 of the Localism Act 2011, the LLDC can provide financial assistance by way of – amongst other means – loan, subject to such terms and conditions as it considers appropriate, including provision for repayment with or without interest. However, the Mayor's consent is required for LLDC to exercise its powers under section 213. Furthermore, the Mayor's consent is required pursuant to the Governance Direction of 2013, as the loan will involve the commitment to expenditure in excess of £10m (see paragraph 5.1 above). It is considered that for the Mayor to provide such consent would be consistent with the LLDC's statutory regeneration objectives.

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:

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:

Ray Smith has drafted this report in accordance with GLA procedures and confirms the following:

✓

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:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 25 March 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Bellamy

Date 25.3.19

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date 25/3/2019.