

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1422

**Title: Memorandum of Understanding for Olympicopolis (funding and delivery) between the Department for Communities and Local Government and the Greater London Authority.**

### Executive Summary:

Olympicopolis is the Mayor's vision to create a new cultural and higher education quarter on Queen Elizabeth Olympic Park (QEOP). This decision seeks the Mayor's consent to a Memorandum of Understanding (MOU) that establishes the principles for the ongoing relationship between Department for Communities and Local Government (DCLG) and the GLA regarding the funding and delivery of Olympicopolis on QEOP by the London Legacy Development Corporation ("Legacy Corporation" or "LLDC"). It highlights the capital funding contribution from government and the ongoing revenue support required for the Victoria & Albert (V&A) and Sadler's Wells, as set out in the Outline Business Case (OBC) submitted to DCLG. It also confirms that the GLA will underwrite the overall funding of the project. The MOU details the process for DCLG to provide capital funding to the GLA, which in turn will provide funding to the LLDC, and sets out future governance arrangements. This agreement will cover the period between December 2014 and approval of the Final Business Case (expected in 2016/17) by DCLG.

The MOU is attached in the Part 2 confidential section and for Mayoral signature.

### Decision:

The Mayor:

1. Approves the GLA entering into a Memorandum of Understanding (MOU) with the Department for Communities and Local Government (DCLG) to reflect the relationship between the two organisations regarding the delivery of Olympicopolis;
2. Consents to the MOU containing financial arrangements with DCLG to ensure that each organisation tasked with its delivery effectively contributes to this project in line with the funding proposal, and the provision of funding by the GLA to the London Legacy Development Corporation;
3. Notes the potentially repercussive nature of the financial arrangements, principles and practices set out in the document.

### 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:

4 Dec 2014

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

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 In October 2013, the Chancellor of the Exchequer, the Mayor of London, the Provost of University of College London (UCL) and the Chairman of the Trustees of the Victoria & Albert (V&A) met to discuss a new vision and approach for delivering legacy and growth at Queen Elizabeth Olympic Park (QEOP). The Mayor set out his vision for Olympicopolis, and UCL and the V&A demonstrated how they could help realise this vision as Founding Partners. As well as providing thousands of homes and an unrivalled offer of world-class sports venues and parkland, the Mayor believes that QEOP has the potential to become a powerful growth pole in attracting employment and inward investment, accelerating and widening participation in learning, as well as stimulating the visitor economy in east London.
- 1.2 During the last 12 months, the Legacy Corporation has undertaken a detailed and rigorous assessment of the project, and produced a comprehensive Outline Business Case (OBC). The OBC adheres to HM Treasury's (HMT) Five Case Green Book guidance, and provides a clear and comprehensive overview of the social, economic and financial benefits that Olympicopolis will bring to QEOP and east London.
- 1.3 The Memorandum of Understanding (MOU) for Olympicopolis is included in Part 2 for the Mayor's signature, and seeks to ensure that specific arrangements are clearly established for Olympicopolis, particularly in relation to the management and flow of funding between DCLG and the GLA, and in turn to the LLDC (as detailed in the OBC), who will lead delivery of the project with partners. It sets out the process for DCLG to provide capital funding to the GLA and future governance and oversight of the project. The MOU will cover the period between the announcement of Government support for Olympicopolis on 3 December 2014 and approval of the Final Business Case (expected to be during the financial year 2016/17).
- 1.4 In October 2014, the Legacy Corporation submitted a final draft of the OBC to Government. The MOU sets out the agreed principles and practices that should guide future working relationships between DCLG and the GLA in relation to Olympicopolis. The MOU is not a legal or binding agreement, but all parties are committed to honouring the principles and practices set out in the MOU.
- 1.5 The implementation of the LLDC's role under the MOU may involve arrangements which require Mayoral consent under section 213 of the Localism Act 2011. The expenditure and other commitments that LLDC may be required to enter into may also (if not approved in its future approved business plans) involve the creation of various regulated commitments<sup>1</sup> under the terms of the LLDC Governance Direction 2013. The LLDC's current Ten-year Business Plan approved by MD1358 did not include the most up-to-date estimated costs of the project. The LLDC has subsequently submitted a revised Ten-year Business Plan as the basis of its budget submission to the GLA as part of the Mayor's statutory budget setting process which concludes in February 2015. It has been updated to reflect Olympicopolis project costs as set out in the OBC. The LLDC will bring forward applications for consent to the giving of financial assistance and/or any regulated commitments involved in implementing its role under the MOU (or anything else that under the Act or Direction such consent is required) as and when required, in accordance with the Governance Direction.

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<sup>1</sup> The Governance Direction stipulates (para 4.7) that 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 was included in that business plan (for the financial year in which it arises), 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.

## **2. Objectives and expected outcomes**

- 2.1 The Mayor's vision is that Olympicopolis will support LLDC's ability to deliver a meaningful and sustainable legacy from the London 2012 Olympic and Paralympic Games. Olympicopolis has been designed to ensure that the Queen Elizabeth Olympic Park area becomes an exciting new district of London, providing a unique offer to residents and visitors. The proposition for Olympicopolis will support wider economic growth, greater access to education provision, as well as new skills and employment opportunities, generated by a strong visitor economy and an innovative learning and research location for inward investors.
- 2.2 Olympicopolis has been designed specifically to ensure that future infrastructure investment on QEOP supports the Mayor's legacy priorities of physical, social and economic regeneration for east London. The new facilities being developed for Olympicopolis will be designed and delivered to ensure they support the Mayor's regeneration priorities, including:
- economic growth;
  - enhanced education and skills levels;
  - sustainable local jobs;
  - raising local aspirations;
  - supporting the delivery of a successful and accessible Park;
  - helping to redefine Stratford's place in London's economy, as a new heart for east London.

This will be enabled through the provision of:

- 125,000 m<sup>2</sup> Higher Education space;
- up to 40,000m<sup>2</sup> cultural space;
- up to 800 new residential units.

## **3. Equality comments**

- 3.1 The LLDC priority theme of Championing equalities and inclusion was taken into account in the development of the proposition for Olympicopolis, in consultation with all the project partners. It will be integrated into the procurement approach for each strand, as the project moves into the design, construction and operational stages. LLDC will ensure that equalities, access and sustainability considerations are applied to procurement, employment, participation and inclusive design as required throughout the project.

## **4. Other considerations**

### *a) key risks and issues*

A Memorandum of Understanding (MOU) is an informal agreement that has no legal standing. As a consequence, there is an inherent risk that the principles of the agreement may not be followed. To mitigate this risk there will be regular contact between the parties to discuss matters of common interest in relation to Olympicopolis, giving each organisation the opportunity to raise any issues arising from the implementation of the requirements and obligations set out in the MOU. In addition, DCLG and the GLA will each nominate named senior officers to 'own' the MOU on behalf of their organisation. These officers will be responsible for promoting and monitoring the implementation of this document and resolving any issues related to its implementation.

### *b) links to Mayoral strategies and priorities*

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" (known as 'Convergence'). "This will be London's single most important regeneration project for the next 25 years". Olympicopolis directly addresses the Convergence ambition for east London, supported by the Mayor and DCLG. It also supports the Growth Deal for London 2014, within the context of detailed regional objectives,

as set out in the Mayor's Vision 2020, Jobs & Growth Plan for London (2013) and the Mayor's Culture Strategy (2014).

The Strategic Case in the OBC focuses on three principal policy areas that capture the objectives of the project around:

- Legacy
- Economy
- Convergence

Olympicopolis also contributes to multiple policy objectives across at least three Government departments – Department for Business, Innovation & Skills, DCLG and the Department for Culture, Media & Sport.

*c) impact assessments and consultations.*

The Mayor's aim is that Olympicopolis will be a dynamic new hub for 21<sup>st</sup> century London, attracting prestigious institutions and businesses to the site to foster collaboration and innovation. As well as creating new visitor attractions, it will seek to attract knowledge-based industries to the Stratford site, linking to Tech City, Here East and beyond. The Legacy Corporation has conducted a comprehensive impact assessment of the project, which projected that the cumulative effect of the project will deliver 3,000 jobs, and 1.5 million additional visitors and £2.8bn of economic value for Stratford and the surrounding area.

It is not considered that the Mayor need undertake any further impact assessment in respect of this specific decision.

The Memorandum of Understanding (MOU) is not legally binding on the signatories to it. It is rather a bilateral agreement that seeks to set out an agreed approach when dealing with issues of mutual interest to the GLA and DCLG in relation to the funding and delivery of Olympicopolis. It is an administrative arrangement between the signatories of the MOU, and as such it is not considered that the Mayor need undertake any formal consultation on this decision.

## **5. Financial comments**

- 5.1 In entering into the MOU the GLA will be required to underwrite the cost of the project and on a project of this size the financial risk would be significant. More detail is included in the Part 2 confidential paper of this form, together with how this risk could be mitigated and managed and why therefore the terms of the MOU would be acceptable to the GLA.

## **6. Legal comments**

- 6.1 This section covers legal issues not mentioned elsewhere in this Form. Under section 30(1) and (2) of the GLA Act 1999 (as amended) the Mayor, acting by the GLA, may do anything that promotes the economic development and wealth creation in, or social or environmental development of any part of Greater London. This authorises the Mayor to agree and enter into the MOU for the purpose of securing the benefits that will result from Olympicopolis as above.

## **7. Investment & Performance Board**

- 7.1 This project was considered by the Investment and Performance Board as part of the Legacy Corporation's Ten-year Business Plan submission in November 2014. The revised Ten-year Business Plan was also approved by LLDC's Board at its meeting on 18 November 2014 as the basis for the LLDC's submission to the GLA as part of the 2015/16 budget setting process.

## 8. Planned delivery approach and next steps

- 8.1 This project is being led by the Real Estate team at LLDC, in partnership with other teams in each of the partner organisations including UCL, University of the Arts (UAL), the V&A and Sadler's Wells.
- 8.2 A detailed programme is available for each element of the scheme, although this will be subject to review as delivery of the project proceeds at each of the key milestones below. It is currently intended that UCL will open their new campus on QEOP during the academic year 2018/19 and the Stratford Waterfront facility will open in 2021.
- 8.3 The GLA and the LLDC are developing a shared GLA/LLDC approach, including government and project partners, to provide oversight, assurance and risk management of the project.

	Activity	Timeline
1	Memorandum of Understanding between GLA and DCLG signed	December 2014
2	UCL master planning evaluation and award	April 2015
3	Conditional contracts with partners/occupiers	May 2015
4	Stratford Waterfront design competition winner announced	May 2015
5	UCL masterplan approved	October 2015
6	Final Business Case to be approved by DCLG	2016/17
7	Stratford Waterfront residential development partner announced	September 2016
8	Planning application submitted	September 2016
9	Planning approved	January 2017
10	UCL campus – first building opens	Academic year 2018/19
11	Stratford Waterfront opens	2021

### Appendices and supporting papers:

- As set out in Part 2 confidential section of this Form.

**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 – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Katherine Talbot 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. Allen*

Date

*4.12.14*

**CHIEF OF STAFF:**

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

Signature

*Edward Lister*

Date

*4.12.14*