

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1227

Title: London Legacy Development Corporation Governance Direction 2013

Executive Summary:

The Mayor and the London Legacy Development Corporation (LLDC) have agreed that the Mayor should provide a consultation and approval function in order to provide an appropriate degree of scrutiny and accountability for the decisions, activities and larger projects of the LLDC and its Subsidiaries (if any), over and above the limited circumstances where Mayoral consent is required under the Localism Act 2011. In order to place this function on a proper legal basis it is necessary for these matters to be recorded in a formal direction to the LLDC under section 220 of that Act. It is envisaged that matters covered by the direction, and any necessary mayoral approvals, will be primarily handled by the Executive Director of Housing and Land.

Decision:

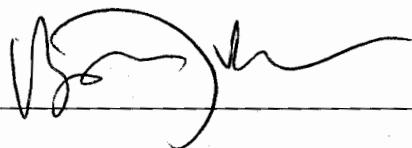
1. To approve the London Legacy Development Corporation Governance Direction 2013 ("the Direction") attached at Appendix A pursuant to section 220 of the Localism Act 2011.
2. To note that the Executive Director of Housing and Land or such other specified Senior Member of GLA staff authorised under the Mayoral Scheme of Delegation (as approved by MD1166 and as amended from time to time) are authorised to discharge and exercise the Mayor's function under the Direction.

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:

2/7/13

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

Decision required – supporting report

1. Introduction and background

- 1.1 The London Legacy Development Corporation (LLDC) was established as a Mayoral development corporation (MDC) in April 2012 with the following purpose: “to promote and deliver physical, social, economic and environmental regeneration in the Olympic Park and surrounding area, 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”. In establishing the LLDC the Mayor was clear that it should be the single body driving regeneration in the Olympic Park and surrounding area which through him, would be directly accountable to Londoners.
- 1.2 The legislative and governance framework for the London Legacy Development Corporation is defined by the Localism Act 2011, the London Legacy Development Corporation (Establishment) Order 2012, the London Legacy Development Corporation (Planning Function) Order 2012, and the GLA Act 1999. Additionally, under DD854, approval was given for a general consent for the LLDC to give financial assistance by way of a grant under certain defined circumstances, as required by the Localism Act. Under MD1066, the Mayor delegated to the LLDC, his general powers under Sections 30(1), 30(2) and 34 of the GLA Act 1999 to promote economic development and wealth creation, social development and the improvement of the environment in Greater London in order that the LLDC may contribute to the ‘convergence’ ambition of closing the deprivation gap between East London Olympic Host Boroughs and the rest of London.
- 1.3 The Localism Act 2011 requires Mayoral consent to a number of actions by the LLDC. In addition the Mayor and LLDC have agreed that in respect of certain other activities, and for larger projects of the LLDC and its Subsidiaries, consent of the Mayor is considered necessary to provide an appropriate degree of scrutiny and accountability, through an additional consultation and approval mechanism. It has been agreed that this will be implemented by means of a direction under section 220 of the Act. This provision gives the Mayor the power to issue general or specific directions to LLDC as to the exercise of any of its functions; LLDC must comply with any directions given by the Mayor under section 220 that are in force in relation to it.
- 1.4 The proposed direction – the London Legacy Development Corporation Governance Direction 2013 (“the Direction”) – is included at Appendix A to this decision form. The Direction covers LLDC and any Subsidiary as defined by CIPFA local government accounting rules. Where a requirement is placed on a Subsidiary then the LLDC must exercise its control or other relevant powers to secure that the Subsidiary complies with the Direction. (It should be noted that at present there are no LLDC Subsidiaries and E20 Stadium LLP, which is the joint venture vehicle formed on behalf of Newham LBC and LLDC, and which operates the Stadium, is not covered by the Direction as it is not a LLDC Subsidiary.) For completeness the Direction includes as annexes the consent and delegation mentioned in paragraph 1.2 above.
- 1.5 The Direction sets out the circumstances where the LLDC or its Subsidiaries will be required to consult with, or seek the Mayor’s consent, (including prior consent) for decisions or activities it intends to carry out. It is recommended that the Mayor signs the Direction and thereby implements the requirements therein, to come into force from 1 July 2013.
- 1.6 Consultation is required in the following circumstances, before:
- adopting or making significant changes to the LLDC’s Standing Orders or other rules of procedure;
 - adopting or making significant changes to the LLDC’s Scheme of Delegation;

- submitting the LLDC's or any Subsidiary's annual revenue and capital budget and business plan to its Board for approval before formal submission to the Mayor as part of the GLA Group statutory budget setting process;
- determining any matters that have been delegated by the Mayor to the LLDC under section 38 of the GLA Act 1999, where the delegation stipulated that the Mayor would be consulted.

1.7 The Mayor's consent must be obtained to the following:

- When required under the Localism Act 2011 as set out in paragraph 3.1 of the Direction;
- Financial assistance by LLDC not falling within the scope of the LLDC General Consent for Financial Assistance by Grant 2012 approved under DD854, or which cannot fulfil its terms;
- Before the appointment of the LLDC's Chief Executive;
- Before the LLDC's and/or a Subsidiary's draft core annual business plan is submitted to the relevant body's board or other relevant decision making mechanism for approval;
- Before LLDC or a Subsidiary borrows money where the borrowing has not been approved as part of the body's annual budget; or 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;
- Before any decision is made by LLDC or a Subsidiary to approve a 'land transaction' as defined by the National Lottery Fund Repayment Agreement;
- Approval to the making of a "Regulated Commitment" by LLDC or a Subsidiary – a Regulated Commitment is expenditure, contingent liability or income over £10 million as defined in paragraph 4.7 of the Direction that was not anticipated in the body's approved budget or is outside a 5% tolerance where it was. This covers the larger projects.

1.8 The Direction sets out how consultations and applications for consent should be handled and provides arrangements for their approval on behalf of the Mayor. Unless prior consent is required, the LLDC or Subsidiary can seek consent under the Direction before or after approving the matter as it sees fit. It is envisaged that the Executive Director of Housing and Land will discharge the Mayor's functions under the Direction (or any other appropriate specified Senior Member of Staff under the "General Delegation" granted by the Mayoral scheme of Delegation) on a day to day basis given that the Mayor is the chair of the LLDC. This will normally require the Director or other Senior Staff Member to execute an appropriate decision form e.g. a DD Form if the decision is made by the Executive Director.

2. Objectives and expected outcomes

2.1 The Direction is intended to formally record and set out the arrangements for the Mayor to be consulted on, or approve certain decisions and activities of the LLDC and its Subsidiaries, subject to certain conditions, which are integral to the Direction.

3. Other considerations

a) Links to Mayoral strategies and priorities

The Mayor's London Plan states (at policy 2.4) that '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...will be London's single most important regeneration project for the next 25 years.' Given the purpose stated by the Mayor for the LLDC, the Direction proposed here, which enables the Mayor and the GLA to exercise appropriate oversight over the decisions, activities and larger projects of the LLDC or its Subsidiaries, is essential to the Mayor's delivery of this policy.

b) Impact assessments and Consultation

This Direction does not in itself propose any specific interventions or actions on behalf of the Mayor, the LLDC or a Subsidiary; it facilitates greater accountability for, and transparency of, any future

decisions or actions that LLDC or its Subsidiaries may wish to take. It is considered, therefore, that no impact assessment relating to this particular decision is required.

The LLDC has been consulted about the proposed Direction. It is not considered that any additional consultation is required in respect of this decision.

c) Risk

The proposed Direction is designed to mitigate the risk of the LLDC, or its Subsidiaries taking decisions, undertaking larger projects or activities that are beyond the scope of their stated purpose, or are likely to have an impact on the GLA and its finances, without sufficient oversight by the Mayor. It is considered that the existing governance arrangements covering the LLDC's activities, the conditions included in the Direction, and the more general close working relationship between the GLA and LLDC at all levels mean that the level of scrutiny is proportionate and will not impede the LLDC or its Subsidiaries from fulfilling the purpose stated for the LLDC by the Mayor.

4. Financial comments

- 4.1 The Direction balances the need for LLDC to have a degree of financial autonomy in managing its operations whilst recognising that as its major funder the GLA needs safeguards for its financial interests. A key requirement therefore is that LLDC must consult with the GLA in the development of its (and any Subsidiary's) annual revenue and capital spending plans before they are submitted to the LLDC Board and before submission to the Mayor as part of the statutory GLA Group budget process. LLDC must also seek approval of its final budget plans.

The GLA's financial interest in LLDC (and any Subsidiaries) also extends to the development land from which capital receipts will be generated. The Direction will ensure that all land transactions relevant to the Mayor's obligations to the Secretary of State for Culture, the Olympics, Media and Sport covering returns to the National Lottery and which directly impact on the GLA's debt management are known in advance and require approval.

5. Legal Comments

- 5.1 This section covers matters not dealt with elsewhere in this form. Section 220 of the Localism Act 2011 gives the Mayor the power to issue general or specific directions to a MDC (LLDC) as to the exercise of any of its functions. "Functions", in this context, refers to any of the legal functions powers and duties of the LLDC including but not limited to its statutory objects and powers as set out in the Localism Act. The LLDC must comply with any directions given by the Mayor under section 220 that are in force in relation to it. The Mayor must publish any directions given under section 220 as soon as practicable after giving them (this will happen by publication of this decision form and the Direction on the GLA's website). Under the same provision the Mayor may also vary or revoke any directions given by him, and he must publish details of any revocations as soon as reasonably practicable after they have occurred.
- 5.2 The Executive Director of Housing and Land has the authority under the General Delegation granted by the Mayoral Scheme of Delegation to specified Senior Members of Staff to exercise the Mayor's functions under the Direction. Other appropriate specified Senior Members of Staff may also do so.
- 5.3 The GLA Monitoring Officer's statutory duties under the Local Government and Housing Act 1989 to prepare reports extends to any proposal, decision or omission by the LLDC involving the exercise of powers delegated to it by the Mayor which constitutes, has given rise to or is likely to or would give rise to any contravention of any enactment or rule of law or to any finding of maladministration or failure by the Local Government Ombudsman.

6. Investment & Performance Board

- 6.1 This decision does not commit expenditure (by GLA or LLDC), and therefore has not been considered by the Investment and Performance Board or Housing Investment Group.

Appendices and supporting papers:

- **For signature:** The London Legacy Development Corporation Governance Direction 2013 and annexes is at Appendix A.

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.

Part 1 deferral: any fact or information whose release before a specific date would compromise the implementation of the decision may be included in Part 1, with Part 1 being deferred until after that date. Deferral periods should be kept to the shortest length strictly necessary.

Is the publication of this approval to be deferred? NO

If YES, for what reason:

Until what date:

Part 2 confidentiality: any fact and advice that should not be automatically made public should be in the separate Part 2 form, together with the rationale for confidentiality.

Is there a part 2 form – NO**ORIGINATING OFFICER DECLARATION:**

Tick to indicate approval (✓)

Drafting officer:

Michelle Reeves 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:

Fiona Duncan has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Neale Coleman 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

28.6.13

CHIEF OF STAFF:

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

Signature

E. J. Smith

Date 28.06.2013