

Budget and Performance Committee 2 November 2010

Transcript of Item 5: The 2011/2012 GLA Group Budget – London Development Agency (LDA)

John Biggs (Chairman): We are dealing with the LDA because it is a very different sort of animal for two reasons. The second of which is that there was a budget announcement last week which was pretty catastrophic for the organisation. Did you want to tell us, in two minutes or so, an outline of where you are and the situation you find yourself in today - apropos budget planning for next year?

Angie Ridgwell (Group Director of Finance, LDA): As you are aware at the spending review announcement on 20 October 2010 the budget for the Department for Business, Innovation and Skills (BIS) and for the public sector was announced. The LDA has not yet been advised officially of its budget, so we do not know what our budget is. We expect to be advised, formally, by BIS, next week. However, Her Majesty's Treasury has indicated to us that, over the four year period, we have a settlement of £350 million, which is sufficient to cover our contractual commitments only. That settlement is exclusive of our administration and any transition costs - that would be notified separately - but it does include our obligations to the Olympics, and that funding strategy, we believe, is unaffected.

Our current position, therefore, is while we are very clear where the contractual commitments are, we are now reviewing those to understand exactly which projects will be going forward. We are also looking at continuing financial obligations and we are working very closely with the Board and the Mayor's advisers to identify what our next steps are.

John Biggs (Chairman): To summarise that position then, the Government is getting rid of the regional development agencies (RDAs). The LDA, being one of the RDAs, is not immune from that and so the amount of money you have been given is, more or less, purely the amount of money you need to shut the shop down. That involves, in some cases, commitments which enter into future years, so you do not lose all your money in one go. For example, the primary need for the Olympics is to pay off land debts and so on. There will then be some legacy debts inherited by the GLA once the LDA has gone. Is that roughly the case?

Angie Ridgwell (Group Director of Finance, LDA): We do not know at this stage what will happen to the assets and liabilities of the LDA when it folds into the GLA and we will need to wait for the White Paper to advise us. However, we are working closely with Martin [Clarke] and his team so that we are aware of those assets and liabilities and can prepare accordingly.

John Biggs (Chairman): We will come back to assets and liabilities in a minute then. The process you are working through is that, currently the LDA has something like over 300 employees, and that will be reduced to roughly 100 by April next year and, by April the year after: zero. Is that roughly the case? Can you tell us the process you are going through to achieve that?

Angie Ridgwell (Group Director of Finance, LDA): To be clear, we have been aware for a while now that the LDA would be folding into the GLA so we have been preparing for those circumstances.

John Biggs (Chairman): Although, for the record, at the Economic Development, Culture, Sport and Tourism Committee (EDCST), the Mayor's adviser, Anthony Browne [Mayoral Policy Director for Economic Development], advised us, about a week or so ago, that they anticipate enough budget to fund something like 150 staff coming over here. Now we are in a position, a week or so later, where there will be budget to fund no staff at all. That seems to be the case.

Angie Ridgwell (Group Director of Finance, LDA): Based on the indicative settlement we have - so we do have to be clear that the figure could be different when we are notified next week - what we are looking at is a fundamental revision of the structure of the organisation as we prepare for an orderly wind down and transition of any functionality into the GLA, or wherever needs to go depending on the White Paper.

Our proposals at the moment are that we have just started a 90 day consultation with staff about the reductions that will need to take place and we are looking to conclude that with a view to reducing the number of staff in the Agency by 31 March 2011, as you said, from about 324 down to about 108 at that point. Then, as we move through the year, we will need to review staffing levels to make sure they are maintained at an appropriate level for the demand and the requirements that we need to make sure that there is an orderly wind down of the LDA's affairs.

John Biggs (Chairman): The budget for redundancies: can you tell us what that is?

Angie Ridgwell (Group Director of Finance, LDA): We are putting together a detailed budget around transition or close down costs so that we can make a submission to BIS for funding for that. At this point in time I do not have the figures in front of me but we are looking at, clearly, a significant sum.

John Biggs (Chairman): So the figures that have been reported in the press do not include a sum for redundancies? You would have to make a separate bid to the Government for that?

Angie Ridgwell (Group Director of Finance, LDA): The £350 million indicative settlement that we have excludes administration and transition costs. We understand that BIS has a separate pot of money to fund all of those costs for all RDAs and we will be looking to identify how we access those funds in due course. I anticipate, again, when BIS notifies me of the grant, it will also advise us on those facts.

John Biggs (Chairman): Can you tell us, roughly, what the LDA level of funding next year would be for regeneration, youth programmes and international promotion?

Angie Ridgwell (Group Director of Finance, LDA): Ultimately, excluding the Olympics, we believe next year we have £56 million towards our themed budgets. Again, this is supposition; we need to make sure, when we have the details from BIS. Of that, I would expect, roughly, £11 million to fund regeneration, £11 million to fund business support and about £15 million for sustained employment. Also, there is about £10 million for climate change.

John Biggs (Chairman): So nothing for international promotion, for example? Or for youth?

Angie Ridgwell (Group Director of Finance, LDA): Some elements of youth are included in the sustained employment theme that the Agency runs.

John Biggs (Chairman): So some of the Mayor's youth programme but not all of it?

Angie Ridgwell (Group Director of Finance, LDA): Some of them, yes.

Darren Johnson (AM): Can I just check that that £56 million is all contractually committed spending then?

Angie Ridgwell (Group Director of Finance, LDA): £56 million. We have to be very clear here that we have not been notified of our budget formally, nor have we been notified how that is annualised over the four year period of the spending review. What we have been advised is that we have been allocated sums which are sufficient to cover our contractual commitments, so we have referred back to the returns that we have sent to BIS which indicate our contractual commitments.

John Biggs (Chairman): I do not want to personalise it but if these had not been nailed down by commitments, the Secretary of State would, presumably, have not funded them either? That is my guess isn't it and you cannot possibly answer that question?

Have you started looking then at the knock-on effects of this about delivery partners and so on? Clearly, if you are losing 300 staff from the LDA over the next 15 months, then there will be people out there losing quite a few other staff as well. Business Link, for example, is a contract provided by another party on a contract. International promotion by Think London, Visit London and those other London promotional agencies; they will presumably have no funding and lose their staff as well. Have you been thinking through the implications for those you are contracted with?

Angie Ridgwell (Group Director of Finance, LDA): In the LDA we have been scenario planning for a little while around what may or may not be the outcomes of the spending review and we have been in dialogue with our stakeholders. Indeed, we did send out a communication to our stakeholders shortly after we had the initial in year cuts - which you remember we had to face around June 2010 time - to advise them that we were expecting a difficult settlement and to keep the dialogue going. We are planning and preparing about the impact on our stakeholders and we have been thinking that through as well.

The other matter is there are some items of expenditure which we understand that BIS would intend to deliver on a national scale and we are not clear, at this stage, how those services might be funded.

John Biggs (Chairman): So there might be some contracts (for example, with Business Link) that might be funded nationally?

Angie Ridgwell (Group Director of Finance, LDA): Potentially, yes. I honestly do not know that situation.

Mike Tuffrey (Deputy Chair): That the LDA, and indeed all the RDAs, were going to be abolished comes, as you acknowledged, no surprise. Both coalition parties had it in their manifestos. It was always the intention of replacing the network of RDAs with selective assistance and we have already seen some of that happening in terms of the local enterprise partnerships being launched and the regional growth fund for £1 billion. So there is another

side to this debate which is are we profiting and ready to gain for the replacement mechanisms; but that is not what we are here to do today. What we are doing is to understand what is actually happening to the LDA in budget terms.

What is a surprise to me is I was expecting the RDAs and the LDA to run through to the scheduled abolition date at, more or less, full steam, or full steam minus the overall reductions that we have seen elsewhere. What I am reading this announcement as being is, effectively, shutting up shop now - in other words some 18 months early - and simply running off contractual commitments. Is that a fair categorisation of what has changed?

Angie Ridgwell (Group Director of Finance, LDA): The LDA's position is that it will look to be very clear about what its contractual commitments are and it will be looking to deliver those within a value for money context as effectively as it can. At the same time it will prepare for an orderly wind down and transition of any functions into the GLA, or any subsequent bodies.

Mike Tuffrey (Deputy Chair): Yes. That is how you are going to handle the announcement. I am probing what the announcement really is. What I am positing is that, effectively, what we have been told is that this is the earlier than I was expecting abolition of the LDA and that all that, therefore, is going to happen, from this point through to the scheduled abolition date, is the orderly wind down.

Angie Ridgwell (Group Director of Finance, LDA): And the delivery of existing contractual commitments.

Mike Tuffrey (Deputy Chair): Exactly. If you have an existing contract I would categorise that as an orderly wind down because you have a legal obligation. You have prefaced this with saying you do not actually know until it is announced, but are you expecting that there will be no discretionary funds available for things that are not already contractually committed?

Angie Ridgwell (Group Director of Finance, LDA): The LDA's position is that it is looking to review all of its contractual commitments and do its due diligence on those to ensure that they will continue to deliver value for money. For example, we have to bear in mind sometimes you have contractual commitments which are proceeding a more major project in the future. It may be that a review indicates that it would not be appropriate to continue with that contractual commitment and we might look to vary it; if that is at all possible. If we are able to create capacity then we will be looking to divert resources to deliver priority services.

Mike Tuffrey (Deputy Chair): There will be some contracts that have cancellation clauses, for example, which could be exercised. You cannot answer until you know what the funding is as to whether that would create some slack to do other things, albeit in the wind down period.

Angie Ridgwell (Group Director of Finance, LDA): Absolutely. We are doing our due diligence, as you would expect, on all that work, moving forward.

John Biggs (Chairman): I do understand that, previously, the anticipation was the LDA would be wound down and its activities brought into City Hall and there might be continuing funding. Even if that is not the case there will be some obligations or expectations of LDA-type activities in City Hall and so there is a transition team which you and your Chief Executive and, presumably, Martin and the Chief Executive at GLA are involved in.

Martin Clarke (Executive Director of Resources): Yes. There is a significant structure devolution programme Board and working groups dealing with the potential transition of LDA functions.

John Biggs (Chairman): At our meeting in November 2010 I think the Chief Executive will be coming and maybe he will answer some questions on transition. I do not know whether Mr Rogers [Chief Executive, LDA] will be available then as well.

Mike Tuffrey (Deputy Chair): Is London being treated, in any way, differently from the other RDAs, or is the same process of contractual commitments applying nationally?

Angie Ridgwell (Group Director of Finance, LDA): My understanding is that BIS has resources to satisfy all the RDAs contractual commitments through until close down.

Mike Tuffrey (Deputy Chair): But no more. The bottom line is we are not being treated worse than anywhere else?

Angie Ridgwell (Group Director of Finance, LDA): Absolutely.

John Biggs (Chairman): This is possibly not a question that you can answer; it may be for the Chief Executive or for Peter Rogers or, indeed, the Mayor. There was an assumption that London might be treated differently in that there would be a continuing economic development activity within the GLA. I think that is what most of us round this table assumed from all parties, but it appears not to be the case.

Mike Tuffrey (Deputy Chair): Yes, but there was no guarantee there was money for that.

John Biggs (Chairman): No. One assumed there would be some form of bidding process. I was tempted to ask Martin whether he was aware of the GLA or anybody having sought funding for this?

Martin Clarke (Executive Director of Resources): With LDA colleagues there has been a lot of engagement with the relevant Government departments, the Comprehensive Spending Review (CSR) process and making submissions of what we think is required to do economic development in its widest sense in London. Discussions are still going on. A key milestone will be the announcement next week from BIS but there will also be discussions with the Department for Communities and Local Government (DCLG) on some of the Olympic-related funding, which will be for DCLG to fund and not BIS.

John Biggs (Chairman): When Anthony Browne advised the EDCST Committee that he was anticipating the funding to employ something of the order of 150 staff he must have been assuming that there would be funding for LDA-type activities into the future.

Martin Clarke (Executive Director of Resources): I do not know the basis of him saying that but I would assume he would have based that on the Mayor's submission to the spending review.

Darren Johnson (AM): I share the Chairman's analysis of the situation. I think everyone was working on the assumption that some of the budget would be folded into the GLA as well as the functions of the LDA.

It does now pose big questions for the Mayor's own priorities if some things are not going to be done at all in the LDA because it is going to be wound down much quicker than expected with no budget. That does mean that the Mayor's priorities for the core GLA will have to be rethought. What process is in place for that?

Martin Clarke (Executive Director of Resources): You might have seen, last Friday, a message to all staff of the GLA highlighting the fact that the GLA itself would be affected if the reductions in the LDA funding is as we expect. What has now started is a process identifying the potential affected areas. Then there will be a process of dialogue with the Mayoral advisers to the extent of what priorities need to be reshaped.

The GLA will, in effect, be affected, like many other partners, in three different ways. We have teams and activities funded from the core GLA budget but oversee programmes delivered by the LDA and its partners. We have teams that deliver programmes for which we get grant funding from the LDA. We also have teams which are part-funded by the LDA; looking at the impact and looking at the options has started.

Darren Johnson (AM): That is quite a big task ahead in a short space of time because you have got all the LDA priorities which the Mayor was clear about; you have got all the GLA priorities and now with only a fraction of the budget to deliver both - assuming the Mayor wants to continue some of the LDA priorities through the core GLA.

Martin Clarke (Executive Director of Resources): There has been close working with the appropriate Mayoral adviser as part of a devolution programme so that engagement and the structure to take it forward is there.

Len Duvall (AM): Could we be very clear then. There are job implications within the GLA because of some of the funding. Am I right that in terms of some of the problems around programmes like Time for Action, are that some of our staff are funded by the LDA? Have I got that wrong? What are the job implications?

Martin Clarke (Executive Director of Resources): I do not think we can highlight any particular group of staff because, as Darren's question says, the Mayor may decide to reprioritise. We do have activities and we do have staff either overseeing or party to services being delivered by the LDA, or being funded by the LDA. In essence, this could be a form of grant cut.

Darren Johnson (AM): We could see major cuts to core GLA services currently provided by City Hall in order that the Mayor can continue to fund those priorities that were previously funded by the LDA?

Martin Clarke (Executive Director of Resources): I cannot really answer that until we know - hopefully next week - what the LDA settlement will be and until we know what the GLA settlements will be. In the previous part of the meeting I said negotiation on the GLA grant has yet to start. That is now starting and is an important factor.

Darren Johnson (AM): Let us hope that that is not zero as well.

John Biggs (Chairman): Currently, the GLA does not have the powers to do a number of the things that the LDA does, so it cannot acquire land and carry out a range of activities that RDAs are statutorily allowed to carry out. That makes it a bit more complicated. The GLA is bidding for resources to do some activities that have been funded by the LDA?

Martin Clarke (Executive Director of Resources): Yes, the initial part of this discussion was on the basis of if these new powers come to the GLA.

John Biggs (Chairman): Another part of this then is that the LDA has always had a zero precept but, in principle, if there are LDA activities you wanted to continue, you could fund them by allocating precept money to the LDA?

John Biggs (Chairman): It seems unlikely but it is possible you could do that. Are there discussions about this range of options?

Martin Clarke (Executive Director of Resources): Yes. As I said earlier, we will look across the piece at what is the funding for the whole GLA group. What are the real Mayoral priorities? Does he want to reprioritise or make his priorities look at other funding sources? I said there is going to be this incentivisation grant etc.

John Biggs (Chairman): Over 200 staff are going to lose their jobs, on the basis of us doing an examination of announcements made in Parliament and elsewhere, but we have not yet had an announcement from Government on what our grant will be so we do not formally know that that is the case; we just have got a pretty sensible guess that that is the case. Is that right?

Angie Ridgwell (Group Director of Finance, LDA): We have started a formal consultation now in order to make sure that we give staff as much notice as possible in order to manage their own affairs and to make sure that they can make informed decisions. That also enables us to process the definitive information when that comes through from BIS next week and design structures accordingly. Through the consultation process, what we are doing is maximising the knowledge and preparation time for staff in dealing with some very difficult circumstances, but we still maintain the flexibility to respond to the final settlement when it is announced.

John Biggs (Chairman): There is a foot note on page 193 of the CSR which leads you to conclude that you are not going to get any money next year and so you have to make staff redundant, but the Government has not got round to telling you that that is the case yet. Is that too unfair on the Government?

Angie Ridgwell (Group Director of Finance, LDA): We have been told, informally, by HMT who has indicated what the settlement is, and that is in line with the conversations that it has had with other RDAs.

Len Duvall (AM): Someone dropped the ball between the LDA and the GLA around not realising the working assumptions that people were working to; and it is a lot worse.

I want to explore the words being talked about - and it may be use of language - commitments and contractual. In that breakdown of the figures that you earlier mentioned, are the monies really for contractual commitments? Could you explain what the impact of that is on the sports programme which is LDA-funded by a Mayoral direction? Is that seen as a commitment or is that a contractual issue and is that, therefore, safe in the sum of money that you have mentioned?

Angie Ridgwell (Group Director of Finance, LDA): We are required, each quarter, to fill out forms for BIS which records the progress of all RDAs. It has protocols about how we fill those forms in. One of the protocols is we have to identify those schemes which are contractually committed. Through our project management system we identify those through various flags

and systems. That is how we have constructed the return on which we understand the decisions about funding have now been made. Within that return that was included in September 2010, the element of about £8 million for sports was flagged as contractually committed and, therefore, that is included in the sum. Again, like all other contractual commitments, we will be reviewing that to see if there are any degrees of flexibility which the LDA may wish to adopt in order to look at other investments.

Len Duvall (AM): Presumably someone in an emergency someone is talking to Government to say, "There are some issues here at the margin you have not quite taken into account on those forms because of that criterion". Is that going on now? Is there a sense of urgency? Quite frankly, I have heard a number of things that do not quite tie in with me. One of your earlier answers, in relation to what one of our Conservative colleagues asked you, was, "It's not my job but someone else". Who is the ringmaster or ring mistress who is bringing this together to start looking at what the interaction is between the different functional bodies and the impact? I think you highlighted, earlier on, some of the implications for the GLA. Where is that?

Martin Clarke (Executive Director of Resources): Two points. Yes, there is detailed engagement between the GLA and relevant parts of Government on trying to understand and shape the settlement which we think will be announced next week. At the moment that is, on the officer side, being led by Jeff Jacobs [Deputy Chief Executive; Executive Director, Communities and Intelligence and GLA Monitoring Officer] and, on the Mayor's Office side, it is being led by Sir Simon Milton [Deputy Mayor and Chief of Staff]. It is involving the Mayor.

Len Duvall (AM): In essence you get two slices of the cake here; you get the LDA discussion and then you mentioned yourself, in the GLA, that you could make an extra submission --

Martin Clarke (Executive Director of Resources): Yes. At the moment it is trying to get absolute clarity of what you mean by contractual commitments. As Angie explained, getting absolute clarity has included the Olympics but then, also, trying to understand, as has been said, the other sources of funding that is becoming available to CSR. How are they available to the LDA/GLA? Also, pushing, regardless of what the quantum is, if the settlement is what we think it will be, is getting the greatest flexibility over it.

Len Duvall (AM): We worked on the assumption that, under the deficit, there would have to be a reduction. The assumptions that everyone was working on - and I presume the LDA were working on - were around 30%. At some stage, we were going to get a sum of money that would run on activities in a new LDA era, i.e. inside the GLA. We are not there now at the moment. This is crisis territory. There are some issues the LDA is going back to seek clarification on; not about the crumbs at the margin of what you get on extra grants. Is there an emergency discussion going on, including when you put in the GLA submission for grant, to take into account the catastrophic nature of the announcement that is being made on economic development activity in London? Outside here, business and others - never mind the job losses - just do not get the information from your good selves on what is happening?

Martin Clarke (Executive Director of Resources): Yes. I have tried to say it is. At officer level it is being led by Jeff [Jacobs], but it involves lots of people from across the LDA, the Mayor's Office and the Mayor himself. It is not just looking for the narrow contractual commitments; it is making our case for wider funding.

Len Duvall (AM): Can we get access to that information to understand the programmes that you are trying to protect and rescue something out from this debacle?

Martin Clarke (Executive Director of Resources): I cannot see why not.

Len Duvall (AM): That would be very important, to be honest. Can we also have access to the papers that the Mayor submitted to the CSR on the LDA aspects, to understand what he asked for if there were additional ones, or was that a separate process?

Martin Clarke (Executive Director of Resources): The Mayor made a submission. You must request the Mayor to have that submission.

Andrew Boff (AM): Almost on that line, could we get a list of those GLA posts that are funded by the LDA?

Martin Clarke (Executive Director of Resources): Yes. That work is just clarifying that. This will be addressed in the report you are going to get on 24 November 2010.

John Biggs (Chairman): The LDA owns quite a lot of land, particularly in the east of London, and it also has liabilities, particularly, but not just, Olympic debt liabilities. Some of that land has ongoing liabilities; it is contaminated and it has security and other costs associated with it. How are you dealing with the asset and liability side of the wind down?

Angie Ridgwell (Group Director of Finance, LDA): At this stage, as I said before, it is not clear what will happen to the assets and liabilities when the LDA folds into the GLA. We have ongoing work at the moment - a detailed programme of work - to analyse all of our assets and liabilities so that we can make sure that they are all recorded and, particularly, all embedded assets and liabilities are recorded and open so that we can make sure they are retained to the public purse moving forward. We are doing a lot of work to make sure that our balance sheet is maintained and up to scratch and we know exactly what is going to be transferred.

John Biggs (Chairman): There would have to be some longer term legacy arrangements. I know, for example, when you acquire land, very often there are compensation claims going on for years afterwards and somebody has to grab the responsibility for that. You are looking at those sorts of issues or is Government taking them from you?

Angie Ridgwell (Group Director of Finance, LDA): At this point in time, through our due diligence programme, we are making sure that all those issues are identified. Clearly, we are well aware of the issues around the Olympics and some of the other major compulsory purchase orders initiatives that the LDA has carried out in the past; we have those identified. We are just doing a more detailed due diligence to go through all of our contracts to make sure particularly any assets which are rights over land - which perhaps can be exercised in five or ten years time - are there and are obvious and we make sure that they are passed on overtly as well.

John Biggs (Chairman): Are there any incidences where the Agency anticipates being sued because of no longer meeting expectations from people?

Angie Ridgwell (Group Director of Finance, LDA): I am not aware that we have any such legal challenges against us.

Mike Tuffrey (Deputy Chair): Obviously, I do not know the total potential value of those assets, or the difference between the assets and the liabilities, but assuming that is positive it seems to me this is the most important thing to focus on; that these assets are not, essentially, nationalised but remain in London. In other words, they do come across to the GLA.

The surprise - going back to Len's point - is that the winding down is happening much more suddenly than we thought but I never presumed, once the LDA was abolished, that somehow all its funding would just magically carry on. Once you abolish a national programme there is no money to come back. That would have to come from somewhere else. It was a question of London bidding in to these successor schemes, whether it is Local Enterprise Partnerships (LEPs), or the regional growth fund or whatever is put in place. The assets, it seems to me, are the thing to focus on. Once a national programme has gone, they are not going to keep a London element of it just because they like London; it has gone. We have to tap into other things. The crucial thing to salvage from this are the assets, it seems to me.

Angie Ridgwell (Group Director of Finance, LDA): Again, we have been supporting the Mayor's advisers and the GLA with details of our assets to make sure that those requests are very forcibly put forward.

Mike Tuffrey (Deputy Chair): Otherwise the Treasury will take them back and sell them off.

John Biggs (Chairman): Currently your bit of the GLA does not have the power to hold large land assets, or does it?

Martin Clarke (Executive Director of Resources): I understand we do not. I am sure I have heard the lawyers say.

Can I just add on to Mike's point about the assets? Yes, it is uppermost that they should be transferred to the GLA. The Government has not decided; the Government has different views. The Treasury's view is we have to make the value for money case. Then it comes to DCLG and BIS. We are certain we can make that value for money case. That is part of the ongoing work on lobbying at this stage.

Mike Tuffrey (Deputy Chair): I had not realised there was a lack of power. One of the Decentralisation and Localism Bill's new things that are coming in is to extend the general power of competence I thought. Is there a need for us to be making a case to be given asset-owning powers?

Martin Clarke (Executive Director of Resources): It is being picked up in the Localism Bill. It has been recognised that we need those powers.

John Biggs (Chairman): The Mayor's Office is of a similar mind; that the land assets should rest with the GLA?

Martin Clarke (Executive Director of Resources): Yes. I have not come across any dissenting views whatsoever!

Len Duvall (AM): Logically they might go to these new organisations that are being established: LEPs?

Martin Clarke (Executive Director of Resources): I do not think LEPs are an organisation. As I understand it, they are more of a partnership.

John Biggs (Chairman): I think there is not going to be legislation. They are going to be like urban regeneration companies. Anyway, let us not get too technical about it.

Martin Clarke (Executive Director of Resources): LEP money, as I understand it, is really programme money so it does not provide ...

Mike Tuffrey (Deputy Chair): Organisations doing things.

John Biggs (Chairman): The due diligence exercise you are carrying out. What is the timeline for that?

Angie Ridgwell (Group Director of Finance, LDA): We are commencing that. It is being scoped out. We have started the work identifying all of the projects. It is going to be a lengthy process as we go through the wind down process over the next year, so we are anticipating that it will take a significant period of time.

John Biggs (Chairman): Obviously in terms of the budget process and the bidding process, the Mayor's Office and ourselves would like, sooner, to have some clarity on this.

Angie Ridgwell (Group Director of Finance, LDA): Absolutely. We have prioritised existing commitments and those contracts are being, hopefully, looked at as we speak.

John Biggs (Chairman): OK. So when we meet in November 2010 it would be very helpful to have an interim position on that.

Angie Ridgwell (Group Director of Finance, LDA): Absolutely.

John Biggs (Chairman): Can we thank you very much for coming.