

London Assembly (Plenary) Meeting – 2 November 2017

Transcript of Agenda Item 4 Question and Answer Session – LLDC

2017/4144 - LLDC Finances

Shaun Bailey AM

When will the LLDC be on a more financially stable footing?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Thank you. I will go back to the fact that we are a development corporation. It may be worth just stressing for a moment in this environment that we are unlike other Greater London Authority (GLA) bodies such as Transport for London (TfL), the police and the fire service that you hold to account in the sense that they are long-term operational businesses. We are, by contrast, a development corporation where, really, the business model is about investment upfront to deliver long-term benefits. Therefore, moving towards a more stable financial footing is about realising the benefits long-term of the investment that is being made in the early years.

There are challenges and reaching a stable footing is about both the capital and revenue side, but I am taking the question to be referring to the revenue subsidy we receive through the GLA and through the budgeting process that the Assembly scrutinises. On that, it has always been a long-term aspiration to move to a more sustainable position where we reduce the subsidy. We are doing that very successfully year-on-year now. Over the five years that are covered by the current plans, we reduced the subsidy we received for our net expenditure, excluding the costs of financing, from almost £26 million last year to about £23 million this year, and they reduce further to £21 million next year, £20 million the year after and £16 million in 2020/21. That is a year-on-year incremental reduction in subsidy as we increase our income and reduce our costs in the way I have said in this environment before, which has been our long-term aim.

We have, over the last couple of years, done better than the budgets. Our income has been higher and our expenditure lower and, therefore, the requirement has been less and we have been able to eat into those forecast subsidies somewhat more.

Therefore, we are making good progress. It has always been a long-term aspiration. We have not put a timeframe on when we would reach a point where it might break even because it is a very long-term plan, but, in terms of making good progress on reaching a more stable footing, we are doing exactly what we have previously said.

Shaun Bailey AM: Thank you for that, but, of course, we would want to know when you expect to be financially stable and independent. Saying that it is a long-term aspiration and then giving us no bookend is slightly distressing. Could you give us a date, a range of dates, an aspiration for when that might be the case?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Maybe I can explain a bit more about why it is challenging to give the very precise bookends you are asking for. The nature of the plans is that we are investing in capital and, long term, we generate revenue out of that. Partners coming onto the Park pay us rents and they pay fixed estate charges and that will provide the revenue base that will make the operation of the Park sustainable in the long term.

We do have a number of challenges, some of which I am sure we will come on to in this hearing, around the capital, which means a lot of those items are still being reviewed in terms of what the timing is as they will come into fruition and, therefore, what timing revenue payments will start coming out of them. We are, for example, looking at our housing plans again in light of the Mayor's policies and commitments on seeking more affordable housing more quickly. We have challenges around the stadium. We have had to rework the plans around the Cultural and Education District and as we firm up those plans --

Shaun Bailey AM: Sorry, just to interrupt, I understand all that, but do you have some kind of goal? You have all these different things that you need to work on and I accept that, but you must have in your own planning some goal that you are aiming for, some point where you would be close to financial independence. You must have that because we would want to know that because, again, Londoners are funding this and would want some kind of indication of when that may end.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I understand that if there was a specific date, you would want to know that, but I am sorry to tell you that actually there is not such a date. We have always said and I have said it --

Shaun Bailey AM: You have no working assumptions?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): To set a target of the sort you are describing would be artificial. We would be saying, "Here is a notional date". What we are trying to do, day in, day out, is make sure we drive down our costs and we increase our revenues in the way I have described so that the subsidy required from the GLA is reduced. We have done that successfully to the order of about a £9 million per annum reduction on £25 million and so a very significant reduction over the five years I described, but there is not a point where we have said, "That is when we have to break even".

It is in the nature of the business of a development corporation that there is upfront investment to support the long-term benefits, but, as Peter [Sir Peter Hendy CBE] said in his opening statement, the benefits are all about the very long term. We are trying to tackle in east London very deep-rooted socioeconomic challenges and they will take time to address. We are investing in housing, in culture, in universities, in education priorities. I cannot put a timeframe on when the business will operationally be self-financing.

Shaun Bailey AM: Is there a danger that the LLDC then, because it does not have this idea of when it will be self-sustaining, will not deliver the legacy we are looking for? What are the challenges that are so mercurial that you cannot give us some kind of bookend of when this might end?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The challenges are very specific. Did you say "mercurial"?

Shaun Bailey AM: Yes.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): They are not mercurial. They are quite specific and we know what they are. There are challenges around shaping our future housing programme and we have made good progress already with some of our early housing schemes, but they, I suppose, were developed and started delivery under the previous Mayor's policy. We have started reviewing those in the light of last year's mayoral election and looking at how we can recognise the priority there is now for more affordable housing more quickly and reshape those plans. There are challenges, which, again, as I said, I am sure we will come back to, in relation to the Olympic Stadium, which we are still working on and will take some time to work through. We have a very major investment in bringing world-class

universities and world-class cultural partners to the heart of the East End. It is a very large and complex scheme and it has had to be shaped and reshaped because of some of the planning issues there were in relation to the tall towers that were helping to finance that scheme.

As we work through all of those things, those are the specific challenges that mean it is hard for us to lock down a capital plan at the moment. We are working closely with the GLA and our Board on that and the revenue consequences flow out of it. That is as clear as I can be about the challenges.

Shaun Bailey AM: The Mayor has suggested that the LLDC could be wrapped up in five years. Are you working on that assumption?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I think he said it would be an issue for the second term rather than that it would be a specific timeframe such as five years.

We are working closely with the Mayor on our future plans. The Mayor said when he wrote to the local borough leaders and mayors that this was something that he would want to address. He asked Sir Peter to pick that up as part of his new appointment. However, the tone of the message was that there has been a very successful regeneration being delivered by the LLDC and he wants that sustained and taken further, but there is work to do about looking at the model for what a succession body might look like. There is a real priority to make sure those financial issues I have referred to have been addressed. That is work that Sir Peter will be taking forward with colleagues in City Hall; Jules Pipe as the Deputy Mayor [for Planning, Regeneration and Skills], David Bellamy as the Chief of Staff and the four local boroughs in whose areas we sit with their leaders and mayors --

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): It is starting anew in the early period of next year.

Shaun Bailey AM: Sir Peter, are you happy with the fact that we do not seem to be working towards a date when we can ascribe "success" to the Corporation and we can say that "this has happened, and we are running sustainably now"? The worry is that you have the backstop of us continually subsidising you and so may not be focusing as hard as you can on ending the ongoing bill.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Look, I suppose I should say that I am an accountant by background and the financial things are where I start from, but, in this organisation, I would not define success only by financial sustainability. We have been set up as the first development corporation to deliver a regeneration programme and we define success, first of all, about whether we are achieving that. It is about whether we are bringing in the new jobs, creating the employment, helping local people be best placed to get those jobs; whether we deliver the housing, we create world-class new employers such as universities and cultural partners. That is a very big part of our definition of success alongside and parallel to having to be financially sustainable. We have to achieve both, and success comes over time as we successfully see that regeneration come in place and have a long-term financial plan that is sustainable.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): The only thing I would add is that this is a very substantial undertaking and you would expect things of national and international significance like Brexit and its effect on house price inflation and labour supply over time to affect how the financial fortunes of the LLDC pan out. They will and they are.

Shaun Bailey AM: Is there any other significant thing that is affecting the plans you are making and can you give me an idea of something specifically you are doing to drive down your revenue costs or to drive up your revenue income, rather?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I can give you examples of the sorts of things we have been doing over the last couple of years to do exactly that. We have delivered over the last three years over £24 million of savings and efficiencies identified in our budgets that are part of your scrutiny exercise. That has included reductions in some of our core programmes, but a lot of it is about driving better value out of our contractors.

On the Park, we have a very large contract with MG Facilities Management and we are driving £3.5 million¹ per annum savings out of that from just getting that done more efficiently and challenging their working arrangements to scope and making sure we get best value from that.

We have had a very successful programme of work over the last two to three years, I would say, since the Aquatics Centre and the Copper Box Arena opened, to look at their running costs. They were unique venues when they opened in 2014 and so we are learning from that and looking at how we can challenge, for example, the utilities cost. The usage of utilities and the way that is managed in the Aquatics Centre has been a really major challenge we have done a lot of work on over the last two years and that has driven down the subsidy that is required very significantly.

We have been looking at other bills, rates and others, to get better value across the piece. The subsidies for the venues have come down very significantly at both the Aquatics Centre and the Copper Box and we have turned both the Three Mills Studios business and the ArcelorMittal Orbit operation from requiring a subsidy as they were deficit to now generating services which contribute to our improved position. On all of those venues, we have either dramatically reduced the subsidy required or changed it to making a surplus.

Shaun Bailey AM: What significant advancement have you made on dealing with the Stadium? That is an “onerous cost”, according to the papers we have. What significant advance have you made on dealing with that? What plans do you have to deal with the onerous costs, as it says in the papers, about the costs of running the Stadium?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There are significant challenges - and I have said this in various committees and probably in this forum before - around managing the Stadium. I suppose they break down into three or four main categories. I can say a bit about what we are doing on each.

There is a challenge around the seating system that was installed and the costs and time of moving it. There are challenges around the day-to-day operation on match days and other event days. The structure is quite complex and I will say a bit more, as I say, about each of these. Because of the structure, we get less value from commercial rights than we could otherwise.

I would say that all those challenges are in the context of a stadium that is, as I said in my opening words, a big part. We see it absolutely as fundamental to the transformational benefit that is being delivered and the economic value that is being derived in the area because it does help raise the profile and brings all those millions of people into the Park and the area, which creates economic activity and raises the profile.

¹ David Goldstone clarified after the meeting that he had intended to refer to 3.5% rather than 3.5 million.

We are tackling each of those issues specifically. On the seating, we have specialist engineers in looking at alternative ways we might configure the seating we have there to reduce the cost and time of moves. That may require some initial investment to produce long-term savings over the long term, but we already found incremental changes we can make. For example, for next summer's athletics, we have looked at a different configuration where we do not need to move the seats all the way back. We can do, if you like, partial changes to each of the stands and it dramatically reduces the cost of seat moves. That very detailed work on the granular detail of what is driving the cost and how we can reduce it is going on with the seating side.

On match days, we are looking at reducing the costs of stewarding. For example, managing crowds from the stadium out of the Stadium, through the Park and into the stations is a significant challenge. I feel it is a symptom of success because the structure has become so busy and popular that the station is very crowded and the Park is very crowded, but that means we have to spend significant money on managing the crowds. We are looking at simplifying those egress routes and making them move more smoothly with less interface with the crowds coming out of Westfield so that we can reduce stewarding costs.

We are looking at all of the contracts. We will be looking at all the agreements that are in place and making sure we can maximise the benefit out of them in terms of both opportunities for further revenue and minimising costs.

The ownership structure is being looked at and I have said before that there have been discussions between the Mayor of London and the Mayor of Newham around that, but having a joint-venture ownership and a joint-venture body is complicated with an arms-length operator working contractually with the concessionaires. We will look at that structure and see how we can make that more efficient and there will be decisions made on that in the near future. That structure does also mean that the rights are split and so we do not have the opportunity, as some other stadia do, to sell combined rights around, for example, the club and the venue and the secondary rights. The ownership at the moment is split and so, again, we are looking at whether we can make that more simplified to get better value.

I am sorry that that is a long answer, but, if you are asking across the range of challenges on the Stadium that are behind that figure, then --

Shaun Bailey AM: That is fine. Thank you. Can I just ask something? There is a £200 million loss that is put in your accounts as an accounting convention. Could you give me some clarity on that? Is there any point we will be expected to contribute to fill that gap, or is it just a line in the accounts?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I have two things to say on that. First of all, that entry is the current-year provision of what future years' long-term losses might be not and so it is not a current loss; it is not a loss that is being incurred now. It is a projection that we have to make a provision in the accounts for future losses, effectively if we did not fix the business of the Stadium, where in fact of course all the things I have just explained to you are the steps we are taking to fix it. It is not a current-year loss; it is a projection of what losses might be if those contracts all carried on without --

Shaun Bailey AM: How would that loss be covered if it happened?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The point is that it will not be. We are fixing it so that it will not.

Shaun Bailey AM: Let us just suppose for a minute that things do not go your way. How would that loss be covered?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It would be a loss that the business would incur year-on-year over the very long term. We have 99-year concession agreements with West Ham and so, if nothing was done to fix it, it would be a loss that would be incurred annually, but that is --

Shaun Bailey AM: The money would be recovered how?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Sorry, it is important to say that nobody is working on that basis. We are working to fix it so that the loss is dramatically less. We are all working to make sure that the Stadium contributes to the economic value of the regeneration in the area that is being delivered.

I would also like to say that we never planned or anticipated the Stadium making a significant surplus into our financial position. The aspiration was that it would contribute to the legacy and we want to get it to a position where it breaks even and where it is not a drain on resources. All the measures I have described are the ones we are taking to try to get it to that place.

Shaun Bailey AM: I accept the measures and I desperately want it to succeed - we all do - but obviously we have to be cognisant of the fact that you have put a £200 million loss in here at some point that may need to be covered. Will that cover come from the GLA?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I have said that that is not going to occur because of all the measures that --

Shaun Bailey AM: Why is the provision there, then? Again, I really --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The accounting requirement is that we recognise in our accounts, where we have contracts there that are onerous, which means they are a burden on the organisation, which at the moment they are --

Shaun Bailey AM: Yes, I understand that.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): -- that we recognise the future value or the future losses of those contracts as if on the current information. At the time we prepared our accounts, that was the information we had because the measures --

Shaun Bailey AM: I do not want to labour the point because I --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Sorry, I do want to say: the measures we are taking could not be recognised, therefore, in reducing that onerous contract provision.

Shaun Bailey AM: I accept the measures and I wish you every success with the measures. Just be cognisant that that bill will be coming somewhere - to my mind, here - and so we would like to know.

One other maybe small point is the naming rights for the Stadium. It would suggest that nobody is pursuing that. Could you give us an update? Is somebody pursuing the naming rights? Is there someone waiting in the wings you are courting?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Of course, I do not want you to leave with the impression that you are going to fund that whole onerous contract provision, but let us move on.

Shaun Bailey AM: Thank you.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In relation to naming rights, because of the work that we are doing now in relation to looking at the future Stadium, we are not actively pursuing a naming rights partner. We have had a lot of interest in the past, as you will know. There have been media reports which reflect some of the interest there has been in the past.

It is worth saying again that the Stadium has been open operationally for just over a year. It opened for the start of the 2016/17 football season. It is not unusual when new venues are looking for naming rights partners for that to be an exercise that does take a considerable time and so I am not unduly concerned by the fact that just over a year after the stadium opening it does not have a naming rights partner. Whilst the work that is going on under the Mayor's review - and the Mayor announced that review also around a year ago - we are not actively marketing the venue.

We have, I should say, had a significant amount of unprompted interest from potential sponsors since the summer's events. The global profile that the World [Championships in] Athletics had and the images of the stadium that were projected did create a resurgence of interest in it and we have had a number of - I can say - informal conversations of initial interest that were unprompted by our marketing. We will come back to that once the outcomes from the Mayor's review are clear.

Shaun Bailey AM: Thank you. Did you say earlier on that the Mayor and E20 are looking at a different ownership model for the Stadium?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I said that the ownership model was part of what is being looked at in terms of how the future of the Stadium is resolved, yes.

Shaun Bailey AM: Do you see any problems in looking for naming rights? Is that going to add significant cost?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): No. The ownership is currently split. It is a joint ownership between us at the LLDC with the London Borough of Newham. The joint venture that we refer to in much of our papers, E20, is a joint venture body. It is a limited liability partnership between LLDC and Newham. That means both we and Newham are involved and E20 itself as a separate entity. It then has a contract with the operator and then there are the relationships with the concessionaires. What I was referring to was that, with the benefit of hindsight as we look here now, that structure looks unduly complex and maybe somewhat unwieldy.

Shaun Bailey AM: Yes, I would say that.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is difficult for the partners to be clear on where the responsibilities lie and it wants simplifying. Saying that is something that amongst all the parties we agree and it is being discussed how that will happen.

Shaun Bailey AM: Just one last question. Should the LLDC be folded up? Should it be time-limited? What would be the loss? What would we lose as Londoners if you were to be folded up?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): What London would lose if the LLDC was more time-limited than currently planned is the billions of pounds of economic value that has been created by the investment we are delivering. The business case for the Cultural and Education District alone that is being considered - and firming up our funding for that - anticipates billions of pounds of economic value just from the fact that we will, for example, be bringing two world-class universities, joining a world-class university already on the Park and so there will be three; world-class cultural partners coming to the Park; the 24,000 homes that will be developed in our area; the Park as a visitor destination that 6 million-plus people a year are enjoying. London would lose an enormous amount. The future and the long-term value of all that investment would be an enormous loss. However, it is a choice if that is what somebody wanted to decide.

Shaun Bailey AM: Thank you, Chair.

Jennette Arnold OBE AM (Chair): Thank you. I have five Members with follow-up questions. I will start with Assembly Member Desai.

Unmesh Desai AM: Thank you, Chair. David, I noted your answers to Assembly Member Bailey's questions about the financial sustainability of the Stadium and so I will not repeat his questions. However, just to be very specific and much more direct than may I suggest Assembly Member Bailey was, you talked about the LLDC moving to a stable financial footing, you talked about long-term aspirations and you talked about making good progress, but you are not in a position today to tell us when the LLDC will have enough financial stability to be wound down. Yes or no?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There are two parts to the question because there is both the financial and the decision about winding down. Those are not necessarily the same thing.

Unmesh Desai AM: Sorry to interrupt, but I have time constraints. I have noted all your answers to Assembly Member Bailey's questions --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I understand that.

Unmesh Desai AM: -- and so my question is very direct. You are not in a position today to tell us about when you will be in a position to actually be wound down?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The decision about when the LLDC is wound down is a decision that the Mayor will make in consultation with borough leaders and Peter [Hendy] as the Chair of the LLDC, looking at the right time to stop having an organisation. The financial factors are a significant part of that but not the only factors because there is the benefit that is being delivered and deciding that it is the right time and that you do not want a development corporation for the area.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): And we need to do some work first on a plan to wind it down.

Unmesh Desai AM: Moving on very quickly to the issue of naming rights, again, I note your answers to Assembly Member Bailey's questions. I asked you about this, David, back in January [2017]. In your opening statement today, you talked in glowing terms about the Stadium, all the successes and so on, but in January at the Budget and Performance [Committee], from memory, you said you were very confident about securing a deal with a sponsor. We are now coming towards the end of 2017. Are you still that confident?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes. I am absolutely confident. Selling naming rights for a Stadium is a multimillion pound and multiyear commitment for a partner and the process of finding a partner that is aligned in terms of its objectives and aspirations and wants to be associated with the stadium - and the stadium is suitable - is a situation that often takes time. I am absolutely confident it will happen --

Unmesh Desai AM: Extremely confident, then?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): -- in the future but, again, it is difficult to put a timescale when the right partner comes forward with the right commitment. The --

Unmesh Desai AM: I am sure we will come back to this. Let me stop you again. I note that you are extremely confident now and it is the end of October.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The fact that we have a mayoral review going on of the Stadium does mean we are not actively marketing it in the way we would otherwise at the moment.

Unmesh Desai AM: If I can just point to some specific issues, Peter and David, when will the LLDC be in a position to return planning powers to the five boroughs? In May 2017, I believe that the leaders of the five boroughs wrote to the Mayor requesting a start of discussions about retaining planning powers. When do you think you will be in a position to return planning powers and what would be the risks and benefits of returning these powers to the boroughs?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I cannot say yet because I have not been there long. When the Mayor appointed me, he asked me to work on plans to look at the long-term future of the Park and the LLDC. Part of that is indeed to look at returning the planning powers and so we will start that work early next year and we will see where it takes us. In the meantime, developing out the Park in the way that it has been planned already has proved to be a great success so far and I cannot see any reason why we should not carry on doing that until we find some other methodology of proceeding.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In doing that work, it would have to be considered that there is benefit at the moment from the planning powers being with the development powers. That was the logic that was applied when the development corporation was set up, to have those combined powers to enable regeneration to happen in an accelerated way with one point of contact for developers, for applicants, for boroughs and for all the partner organisations we work with. The question will be partly about the right time when we can actually lose the benefit of being together. That will be a consideration in that because, at the moment, whilst we are still developing, for example, the Cultural and Education District, planning applications will be going on over the next two to three years as they go through

initial planning and then detail. There is a challenge around the right time to break up something that has worked in the way it has over the last few years.

Jennette Arnold OBE AM (Chair): Just a minute. Remember we do have a second question on the future of the LLDC and so can I take you back to finances for the rest of your questions?

Unmesh Desai AM: Thank you, Chair. Talking specifically about finances, there seems to be a lot of focus on the fixed estate charge to repay your debts. What are the risks around this?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, you are absolutely right. The fixed estate charge is a very important part of the long-term plan. The idea is that it is a charge that incoming tenants and partners pay to be part of the Park and the wider development and enjoy the whole estate that has been created. It is now consumed into a Mayoral Direction and so it has a legal basis. We have started applying it to the tenants who are on the Park and so the principle and the practice are well-established, and I do not see a particular risk in those respects.

The risk we are facing over the next few years as we move towards a more financially sustainable position is about the pace of development and, therefore, the pace by which developments get completed and charges start getting levied. That is the uncertainty I referred to earlier. However, basically, once developments are completed, the charge flows will go into our income.

Unmesh Desai AM: Thank you, Chair.

Jennette Arnold OBE AM (Chair): Thank you. Assembly Member Shah?

Navin Shah AM: Thank you, Chair. David, this morning in your opening statement you referred to the Olympic Park and particularly the venues that are there. They are becoming a major destination. That is good news and I welcome that.

Leaving aside the Stadium, can you tell the Assembly what the medium and long-term financial viability is of the venues within the Park?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes. I suppose there are four main venues we manage. The Aquatics Centre and the Copper Box we manage under one contract and the challenge there, since they reopened in 2014, having been closed for transformation after the Games, has been to move them to a much more sustainable footing. I should say that the visitor numbers for both venues have been fantastic, maybe greater than anyone anticipated before. The Copper Box in about four years since it reopened has had 1.7 million visitors; the Aquatics Centre, in fact, in a shorter period of about three-and-a-half years, over 3 million visitors.

In relation to the financial position, we do price these venues. We price usage for swims at the Aquatics Centre, the usage at the Copper Box, et cetera, to be comparable to other local venues in the host borough areas, not to maximise the income. That is really so that we are, again, respecting the commitments of the legacy that we would make these facilities accessible to local people and that local people are, in fact, the predominant users.

On the financial position, as you described, for the Aquatics Centre, we have reduced the operating subsidy or the deficit it generates on its operations very significantly from the initial years. Some of that is through the measures I referred to earlier in relation to really intensive work about making the utilities operation more

efficient. We have reduced the rates bill. We challenge all the time the operating costs there. The operating subsidy required has reduced significantly.

On the Copper Box, it is now operating on its routine, day-to-day operations. It makes a small surplus and so it has moved into that position, which is very welcome, but, again, there are challenges we are looking at around the wider building management and estate management and how we reduce those.

On the Orbit and on Three Mills, we have been able to turn what were venues requiring a subsidy into ones that now make a surplus and contribute to our finances. On the Orbit, the introduction of the slide about 18 months ago has turned that from a venue that did require a deficit of about £600,000 in 2015/16 to one that made a small surplus last year and a much larger surplus this year of about £500,000. We are getting to the point where actually those surpluses are reaching a point greater than the deficits were previously as we have turned that around and so I am very pleased about that.

On Three Mills, which is a very significant studio operation for London, again, the annual operation has been in surplus for the last couple of years, having previously, again, been making a loss and we have worked hard with the venue operator there to make sure that that is making a contribution to our finances. I should say long term, which was your question, if Three Mills is to continue operating in its current mode, it will need significant further investment. It had not originally been in our plans that we should maintain long-term ownership and that therefore we should make that investment, but that is a discussion we are having. We are not the freeholder. We have a lease on Three Mills. There is a question about its future. If it is to carry on generating the annual surpluses it has contributed for the last couple of years, it will need further investment.

Unmesh Desai AM: David, in the long term, can you tell us whether the Copper Box as well as the Aquatics Centre will continue to remain financially sustainable as well as affordable for the local residents and communities?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is the challenge, as you say, because keeping them affordable to the local residents has been our priority and the pricing has reflected that. They are in their own right world-class venues. Very few swimming facilities have anything like the scale, span and footprint of the Aquatics Centre. What I can say is that we are continuing to bring down the cost and to challenge the cost of running it, but it would be an unusual swimming facility in London that did not need some sort of subsidy and this is on a fantastic scale. It is a world-class facility.

However, I suppose supporting the venues as part of the Park and as part of the environment we have created is part of what the fixed estate charge will long-term help the LLDC and its successor organisations to do because it will enable us to keep that whole estate together and provide that financial resource.

Unmesh Desai AM: Thank you very much. Chair, thank you.

Jennette Arnold OBE AM (Chair): Thank you. Assembly Member Duvall?

Len Duvall AM: Thank you very much. Chair, David was very correct in not giving us a date for when the LLDC would be balancing the books, but I can go back to a previous Chair back in 2014. In answer to Assembly Member Boff's question, the then Chair - and I should say that the then Chair was Boris Johnson [former Mayor of London] - said, "We aim to be self-financing by 2017/18. That is a very considerable achievement". I want to quote him a little bit further because I want to drill down on the Stadium:

"I know that we are going to come to this later and I do not want to anticipate this question, but the deal that we have done on the Stadium will actually mean that, unlike virtually any other Olympic stadium I can think of around the world, there will be no extra revenue funding going into the Stadium."

I want to talk about the challenge, the key challenge that you are facing at the moment that must be where you are losing sleep, around the Stadium and its finances and some of the issues that have arisen.

I was very interested to see some research around some of the legal costs that have been incurred since 2013, which are acceptable but by any stretch of the imagination rather on the high side, about £3.5 million. I was particularly keen to see the cost incurred by the E20 and between E20 and West Ham. I was not clear who was challenging who in those legal arrangements and maybe you could shed some light on that. It does say around some of the contract issues, which I want to go into further in terms of the other contracts, that there is a particular problem. Do you want to comment on those legal costs and where you see those and particularly E20?

We should talk about E20: let us cut through the crap, really. E20 is really a wholly owned subsidiary. It might be a joint venture between Newham and you, but we are funding it, you, the LLDC, the GLA, with the Mayor's bankroll at the back of you. Can you shed some light on that? Who is doing what to who and where and why?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, of course. First of all, just on E20, factually, it is not an LLDC subsidiary. It is a joint venture and it is established as a joint venture jointly owned by LLDC and Newham. If you do not mind, just to correct that, that would be a wrong understanding to leave on the record.

To go to your point, the legal fees you refer to - and I think the figures you refer to are from both E20 and the LLDC and we do not need to labour on the distinction - were from the period from 2013 and so they did include the early years negotiations with the original agreements, the West Ham concession, the UK Athletics concession and the operator agreement, as well as issues that we have had since the Stadium opened. They included all of those and the negotiation of them and, as is well known, there were significant legal challenges to those. The costs that have been incurred by LLDC and the E20, that £3.5 million figure that that we had released, was a combination of those early years costs of originally negotiating the agreements and the disputes around those and some more recent challenges, which is where you are focusing.

In relation to more recent costs that we have spent on legal advisors, the first thing I would say, from my point of view, we are accountable for our spend on these sorts of matters and accountable for the public money we do spend. We always make sure we do not go into any legal expenditure without having strong legal advice on our case and that we are taking legal steps where we are defending the public purse and defending public money. All our expenditure is predicated on that.

We have had some legal challenges since the Stadium became fully operational with West Ham moving in last year. We have had issues where we have had strong legal advice that we should defend E20's rights and entitlements under that concession agreement. I would say - again in the spirit that we are very careful about making those sorts of commitments and very mindful of the public money we are spending - that we do not quickly go to legal action or to legal proceedings. We seek negotiated agreements wherever we can and there were a number of issues where we have reached a negotiated settlement where we could satisfy ourselves we were getting good value and appropriate value for the public purse from agreements with West Ham. There is some of the signage inside the Stadium, the pitch-side signage and the fanstallation, which you will be familiar with, where we have negotiated those sorts of agreements and where we have defended our rights, if you like, and have been able to reach a negotiated settlement with West Ham. Where we do have strong legal advice

on our rights under the concession agreement that we need to defend those rights and in doing so our public value, then we have used legal advice on those.

You asked about the genesis of those proceedings. I can say to you that all the legal proceedings we are involved in have been instigated by West Ham. In all of them we are the defendant protecting our interests. We have not instigated any of them. That is the position, but we are defending them where we have had strong legal advice that we are protecting the rights and entitlements that we have under the concession agreement.

Len Duvall AM: Can we move on to some of the other contracts? We might include West Ham. In one of the LLDC documents - it might be in your annual report - you talk about "onerous contracts".

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes.

Len Duvall AM: Are the onerous contracts that we are referring to the agreements with tenants such as West Ham and UK Athletics? Also, you have other contracts on catering, as well as the E20 management. You do not call it that. There is probably a technical term--

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I might need to check. We have three main agreements in E20. There are the two concessions, the one with West Ham and the one with UK Athletics; and there is an agreement with the operator that is to manage and operate the Stadium and to bring in events and generate activity and usage of the Stadium. That is quite different to the two concessions.

I might need to check and confirm to you, but I am almost completely confident that the onerous contracts provision relates to, if you like, the costs that arise from the two concession agreements. Part of having both means that we can involve the seat moves to change the configuration of the Stadium. I referred earlier in the question from Assembly Member Prince when we talked about the challenges that the seats are a significant challenge themselves. Match day costs and operating are significant costs and, effectively, the onerous contracts provision recognises the long-term value of operating both concessions.

I suppose we are saying on the UK Athletics agreement that E20, other than very small parts of the catering, does not get any income. It is a facility where UK Athletics comes in and uses and has the rights to the stadium for a month and the income accrues to UK Athletics. We have challenges, as we all know and have talked about before, around operating the Stadium for West Ham match days, which means that those contracts in aggregate are onerous and we make a loss across the piece. The provision that was made was the long-term value of those.

Len Duvall AM: I was quite surprised about the two contracts relating to the management of the Stadium and the catering arrangements. I tried to look very carefully at those two organisations and what profit they were making out of their operations in the Stadium. I kid you not. I would like you to comment on it. Why would we have a form of contract where almost - it is legal - we are endorsing legal tax avoidance because the profits they make here in terms of the Stadium they are registering as nil? That cannot be right, is it? Are we making any money not so much out of the management of the Stadium but out of the catering issues? Is E20 making any money at all with any of the others? You have explained about UK Athletics. Tell us about the other arrangements that are there for other events in the Stadium.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We have a contract with an operator. From E20's point of view, it is one contract with an operator. It has subcontractors

who provide, for example, the facilities management, the catering, managing the pitch, the building maintenance and all the various services that are required to operate the stadium and to bring in future events.

We do share in the income that comes from catering under that agreement. Those are reflected in the specific concession agreement entitlements that flow then through into the operator agreement. To answer your question, we do get income from catering and we do share in that income, but it is a sharing under the various agreements.

The operator agreement is basically set up so that we pay a fixed fee related to costs that are necessary for them to run the Stadium, and then there is a revenue-sharing arrangement where the net costs of operating the Stadium -- intended to generate net revenues and we take a share and the operator keeps a share so that they are incentivised to generate them. We take most of the share of the surplus when there are net operating revenues.

Len Duvall AM: For this Assembly just to be clear, we have a problem with some of our major concessionaires and users of the Stadium, and we have some problems around other contracts. At some stage when Moore Stephens arrives with the report and with some additional reports that you are doing, which you mentioned to an earlier Assembly budgetary meeting, we are going to have a coherent set of decisions. Are these your decisions - the LLDC's decisions - or are they decisions that come out of this building?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I mentioned earlier that part of the decisions will be about the future ownership, which will help answer that question. Certainly, the scale of the challenge and the issues we are dealing with, which you have described, are ones where we are liaising very closely with City Hall colleagues.

The Moore Stephens review is an important part of establishing, if you like, how we got here and what the position is and why that was arrived at and that will be an important part of informing the discussions about the future. This was discussed in the recent Budget Monitoring Sub-Committee meeting, but there is frustration, which City Hall colleagues have expressed as well as us, that that is waited for impatiently. There is a real desire to get that piece of the analysis, to get on with the various workstreams we have in terms of how we can improve the performance of the Stadium and, as you say, effectively come to a coherent view about the best way of managing it forward.

It is inconceivable that any of those decisions would be made without City Hall being fully involved because the financial exposure is such that it is clearly a decision we would take working with the Mayor and his team.

Len Duvall AM: Those decisions need to have been, really, taken a couple of months ago. We are still waiting. Do you think we are going to be taking those decisions and you will be setting those out and talking to City Hall before Christmas?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): David Bellamy [Mayor's Chief of Staff] wrote to the Chair of the Budget Monitoring Sub-Committee after the last meeting saying that he was hoping or expecting to see product from the Moore Stephens with you by the end of November. The conversation on that will happen before Christmas. However, the conversations about what we are doing to improve the position, the work on the seat system, the work on match day costs, the work on rights and all those sorts of things are going on now anyway. It is not waiting, but we are fully involved with City Hall colleagues. The information that the Moore Stephens review will give us and the context and the background that will help provide I expect to be discussing around the end of the month when that report comes in, yes.

Len Duvall AM: Thank you.

Jennette Arnold OBE AM (Chair): Thank you. Assembly Member Bacon?

Gareth Bacon AM: Thank you, Chair. I will start by echoing something you said earlier on, David, and it was echoed by Sir Peter. As a regeneration project, it has to be acknowledged that it is successful. Compared to any other Olympic city in the past, what has happened in London is transformationally better than anywhere else. That said, of course, there are some caveats to that and the biggest running sore is the Stadium. I am going to go back over a couple of the points that have been covered by other Members, just to try to get more detail.

Firstly, when you were talking about the naming rights earlier on and the fact that you are not currently marketing on the naming rights, you attributed to two things. Primarily, it was around who really owns the Stadium and the ownership issue because of the joint venture, which I will come on to in a moment. Secondly, you said that because of the mayoral review, you are not marketing the Stadium as you would have liked to or words to that effect. I do not want to misquote you.

On the joint venture, what is the balance of ownership between the LLDC and Newham as part of the E20 umbrella?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): E20 is 65% LLDC and 35% Newham and so we are the majority owner.

Gareth Bacon AM: If you were to proceed with a naming rights deal, would that mean that 65% of the revenue from that would come to the LLDC and 35% would go to Newham? Is that correct?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In principle, E20 is an entity and so it would receive the income. If E20 generates surpluses, then those would be distributed back to its members in membership shares, yes.

I should say - and I am loath to add complexity on complexity - that Newham's initial investment went in with an agreement about how that would be paid back out of surpluses, which meant that they take some of that return first.

Gareth Bacon AM: Would West Ham United get income from that as well?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The West Ham concession agreement provides that, over a threshold of naming rights income, West Ham would share, but the first --

Gareth Bacon AM: Provided it goes beyond a certain figure, West Ham would get a cut of the surplus rather than the overall --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Only if it is above the threshold. Correct.

Gareth Bacon AM: I understand that. Where are we at, then? You put great value on the fact that the ownership is being sorted out. There is a bit of a tangled web here and it needs to be simplified before you can proceed with properly going for a naming rights deal. Have I understood that correctly?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Sorry. I was not meaning to imply that. In relation to naming rights, I was referring mainly to the fact that there is the Mayor's review looking at the Stadium and how we got here and the future, of which one strand is the ownership. Whilst that package of work is going on, it did not seem appropriate to be promoting the Stadium to potential naming rights partners. It is not only about the ownership; it is about the Mayor's review generally and looking at the future direction and how that is resolved before we have a proposition.

To apply the converse, I would not want to be going out to the market saying, "Come and market and name this Stadium for multimillion pounds a year to major corporates", if there are unresolved questions about its future operation.

Gareth Bacon AM: I completely understand because we seem to have got into a very tangled web about who owns the Stadium, who would get any income and everything else, and I do entirely understand why you would want to simplify it. The difficulty, though, is that figures have been bandied around. Apparently, in the E20 profit-and-loss account - which I have not had sight of and so this is hearsay - there is a figure included in the medium-term profit-and-loss of £4.5 million per year projected income from a naming rights deal on the Stadium, which would of course go some way to making the contractual arrangements less onerous, as you see it, in accounting terms. That being so, the longer this goes on, the less income you are drawing down now where there is a problem now.

When are you expecting the ownership situation to be resolved so that you can then pursue a naming rights deal?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In the near future. That will not be long. I am hoping that it will be in the short term, as in weeks or months, not years at all --

Gareth Bacon AM: In 2017?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I would hope it will be resolved in this financial year.

Gareth Bacon AM: In this financial year, and so we are looking at 31 March 2018?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Not quite. It will get announced when it is ready to be announced. It will be soon and there is a lot of work going on to resolve that immediately.

Gareth Bacon AM: Once that is done - and I do not doubt that there is working on; I know there is - will you be proceeding with marketing the Stadium as soon as possible after that?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Once that is done and there is clarity on the future direction, which includes getting the outcome from the Moore Stephens work and decisions that the future ownership - where that is sitting - would make about the future direction, then we would be in a position to go back to the market. However, we would want greater clarity about all the issues I have referred to before that was taken forward.

Gareth Bacon AM: Yes. I appreciate that the question I am about to ask you, that I feel honour-bound to ask you, is a how-long-is-a-piece-of-string question. How long is that going to take?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): You have answered it yourself.

Gareth Bacon AM: Thank you very much. The other thing that I want to pick up as well is the issue of the seats and moving the seats. A comment you made earlier on was that you have found ways of dramatically reducing the cost of moving the seating.

From what to what? The figure that we understand is the cost at the moment - or was the cost last summer - is £8 million, which is what is being looked at every year. Is that a figure you recognise? If the reconfiguration that you have been looking at is dramatically reducing it, what is it now settling at?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is a figure I recognise, yes. This summer we had opportunities and challenges because we were hosting probably the biggest sporting event in the world this year with the World [Championships in] Athletics. As an estimate of what that would be to move all four stands in future years, that is a number we recognise.

There are actually four stands in the Stadium. The east stand is much the largest and much the most complex to move. To illustrate the sort of opportunity we have identified, when we hosted the 2016 Diamond League events, we took some of the rows off the front of the east stand and moved some blocks, but we did not move the stand. That dramatically reduces the cost. The opportunity to do that sort of arrangement in future would bring down the cost very significantly.

We are then looking in the same way the other stands and asking how much we really need to move to make it work as an athletics venue and also to host concerts, which bring in significant income and how much we can minimise those moves and minimise, therefore, the cost and the time.

That is work in progress and it is still being worked through. We do have a configuration for next year we have agreed with UK Athletics that I would say more than halves the cost, but we still have the work going on and I would not want you to think that was the end of the story. We have the work going on with the engineers, looking at a more fundamental review and seeing if there is something that can reduce those costs much further. It is very material.

Gareth Bacon AM: Without wanting to pin you down too ruthlessly, we can expect it to go down by about £4 million but it could be even more than that?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is the sort of territory we are trying to get to, yes.

Gareth Bacon AM: Thank you.

Jennette Arnold OBE AM (Chair): Assembly Member Boff?

Andrew Boff AM: How could something be described as 'sustainable' when London taxpayers will have to keep propping you up every year and you cannot tell us when that is going to stop? How is that sustainable?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I have not said it is sustainable. I have said we are trying to reach a point where it --

Andrew Boff AM: It is not sustainable? All right.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): No, I said we are on a trend towards reaching that. The aspiration, having a business model which is about upfront investment to deliver long-term regeneration gains and long-term financial returns, is that we will move towards it being financially sustainable in its own right, but it is absolutely a long-term operation. It is not something we have ever said we were going to be in any time around now.

We are making good progress on that, as I have referred to earlier. We have taken about £9 million a year out of the subsidy we are requiring from the GLA over the five years of the current plan. We have made good progress towards reaching that long-term position, but that is a work in progress that will be long-term. At the moment, we are still investing in development. We are a development corporation and that is what we are there for, but we are not yet generating the returns that make it sustainable on its own right without investment.

Andrew Boff AM: Like my weekly lottery ticket, I am aiming for that expenditure to be sustainable, but I cannot guarantee it in the long term. Is that what you are saying?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): No.

Andrew Boff AM: Good.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are saying that there is investment in tangible regeneration --

Andrew Boff AM: You referred to a £200 million provision, which does not seem to be filled by anything. The last time I heard people explain, "This sum of money is not really under threat and we are going to get it all back", it was from the Mayor of Newham saying that the £40 million investment in the E20 company was perfectly all right and we were going to get it back. We now know that that £40 million is not going to be coming back or is most unlikely - unless they spend it all on lottery tickets - to come back to the residents of Newham.

What guarantees do you have that that £200 million is actually going to be covered? In your previous answers, I heard no guarantees. I heard hopes, aspirations and what you are aiming for, but no guarantees.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There are no guarantees and I am not offering any or pretending I am. What I am saying is that, first of all, the Stadium makes a massive contribution to the regeneration that delivers billions of pounds - not millions but billions of pounds - of economic value to the local area. Peter [Hendy] referred to the recent Oxford Economics report, an independent review, which said that there are going to be 250,000 more jobs than we previously anticipated in the area and that is part of billions of pounds of economic value.

The £200 million is a provision for future losses over the long term of contracts that we have described in our accounts as onerous, but the work I have referred to is about reducing those costs considerably, the costs that we have just talked about around seat moves, the costs of operating in the stadium, simplifying the ownership, the potential value from rights, all of which will significantly reduce that. That is all work that is going on at

the moment. The agreements are very long-term, and it is important that we work through it thoroughly to get it right, but that is work that is still going on.

Andrew Boff AM: You referred to earlier that you wanted to avoid or to get involved in any future legal challenges. Now that we know that that £40 million from Newham is effectively a gift from Newham to E20, is it not about time that you referred the Olympic project to the EU Commission to see whether or not it now falls foul of the state aid regulations? You would do it rather than wait for somebody else to do it for you?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In relation to Newham's investment, I would have to say that that was for Newham to account for and I cannot explain or account for its investment decisions. I can say, as I have said before, that, first of all, the stadium delivers enormous economic value. We are reducing the costs and taking all the measures I referred to earlier to make sure that the financial burden is minimised, but that is a long-term aspiration. It is a long-term piece of work to contribute to the long-term benefits that the stadium contributes to in terms of regenerating the local area.

Andrew Boff AM: Have you made an estimate of how much it will cost to pull out of the onerous agreement with West Ham?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is not one of the things we are looking at because we have a 99-year agreement. The potential benefit of having Premier League football in the area is a big part of the benefits I have referred to.

Andrew Boff AM: We know about that. I have read the document. Do you not think it would be wise for you to prepare for pulling out of the agreement with West Ham and to at least know what the costs are going to be?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is important we recognise that the Stadium with West Ham - as a Premier League club - as the tenant brings enormous value to the area.

Andrew Boff AM: Not enough really, is it?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It would require analysis of both the direct financial cost to buy out a Premier League club of the home it has committed to for 99 years and of the economic value that the Stadium contributes to the wider regeneration, which would be in the billions. I do not need to do too much more detailed work to know that that is probably not an amount the Assembly would prefer we were losing.

Andrew Boff AM: Thank you, Chair.

Jennette Arnold OBE AM (Chair): Thank you. Assembly Member Whittle?

Peter Whittle AM: Thank you, Chair. David, good morning. I notice that one of the planks of the whole development is going to be the Cultural and Education District. This is absolutely to do with the long-term finances of the whole project. I notice that apparently for the construction costs originally, for example, for the Victoria and Albert Museum (V&A), you were looking at philanthropic donation to cover it. That has been abandoned and now you are going to underwrite it. According to your draft budget submission it is now assumed the museum building development will be repaid through a rental stream over 30 years or something.

Can I ask you therefore why the philanthropic route, which would make a difference to your income, was abandoned?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am not sure what you are referring to. It has not been abandoned. The Cultural and Education District project has always, since it started, had a cocktail of funding that goes toward the total contribution. I might need to come back to the specific words you are referring to and explain.

Peter Whittle AM: At the Budget Performance Committee in January this year, I am quoting:

"It is now assumed that the museum building development will be repaid through a rental stream over 30 years but originally it was philanthropic donations which were going to cover these construction costs."

The implication is that somehow, they have not come through and so you are now going to underwrite it.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That was from last January's [2017] budget submission?

Peter Whittle AM: Yes.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Maybe I can explain where we are. This project has had to change for reasons I will explain. Since the start, the funding for the Cultural and Education District has been a combination of Government funding, which is still secured; the money we deliver through our budgets that you scrutinise; contributions from the two universities, UCL and the University of the Arts London; the proceeds of residential development on the site, which would otherwise accrue to the GLA but are to be reinvested into the project; and a philanthropic component that was there originally and there is still that intention for.

Two or three things have changed on the project. This will go to answer your question. We did originally have in the plans a museum building for the Smithsonian Museum, was going to be funded fully through philanthropic donation. That is not going to be part of it so that chunk of philanthropic funding is not now being raised. The Foundation for Future London, as a body that would work with the partners to raise philanthropic contribution to the project, is still in place.

Peter Whittle AM: When it comes to philanthropic donations, there are none at the moment that have been pledged, as it were, to the building of the museum?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I did not say that. The funding goes to the total project, not just any one building. That is why that cocktail of funding is important. We have to reshape the plans for the Cultural and Education District on the Stratford Waterfront site because of the issues around tall towers that seemed to be compromising the view of St Paul's. The Mayor highlighted the need to take account of the London View Management Framework as that would be a significant part of the future London Plan. Therefore, we have had to change those plans and come up with new designs. We are restarting that work now. The new masterplan went out for consultation two weeks ago. It is a changed project.

Peter Whittle AM: You are changing the design?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We have had to change the masterplan of the site. We can still fund the total from that package of funding. However, the philanthropy goes into the project, if you like, rather than just one building.

Peter Whittle AM: I see. You are saying it is considered a very successful regeneration. It is known worldwide. Have you had any success with any large individuals or corporations so far? This has been going on for four years and so it is hardly new. These people, like the V&A, are international 100-year-old brands. It is not like you have to explain anything.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There had been pledges of philanthropic contributions to the original plans but, because we have had to rework those plans due to the planning issues I referred to, that process has effectively been put on hold. It will be recommenced as the project goes forward with greater certainty.

Peter Whittle AM: You say there has been a philanthropic input. How much?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There were significant donations made. I would rather not give individual amounts.

Peter Whittle AM: We are constantly being told that London has more billionaires than anywhere else in the world and there is a hell of a lot of private wealth here. I would have thought these people would be there for the taking when it comes to putting their names to something.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am not a specialist in generating philanthropic contributions. It is quite hard to attract people to put their hands in their pockets and make the sort of major commitment we are talking about. However, we are very positive and we have had a lot of work done that says, as we go forward with this project, it will be something that significant philanthropists are willing to support because of the enormous benefit it brings to east London. We are creating a Cultural and Education District just on the waterfront that is larger than the Pompidou Centre and we are bringing UCL as a new university campus into the heart of east London as well. It is an unprecedented investment in world-class education and culture into London to transform opportunities for local people.

Peter Whittle AM: I understand that. However, it seems to me, if you know you can fall back on it being underwritten by public money or whatever, maybe the incentive goes off trying to raise it seriously for this scale of cultural development.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I understand that concern, absolutely. The Mayor, at the conference Sir Peter referred to earlier, gave his very public commitment and support to the project. He talked about it as creating a new world-class cultural destination in the Olympic Park. He looked forward personally to it becoming one of the largest cultural and education destinations in Europe. Having the Mayor's support will help that philanthropic effort.

Peter Whittle AM: Yes. They are great ideas; it is just a question of the money. Do you have any idea, even though you are changing the designs, what your basic ballpark figure is for the construction of the V&A in the Olympic Park? You must have one.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are budgeting all these designs as we work forward. We have to go to planning and then go into procurement. If I told you the budget for an individual project now, I would be exposing to the contractor market what our pricing is so it

is not information I would give. You can refer to back to my previous role in the Olympics. We were as transparent about costing on projects there as any public investment has ever been in the United Kingdom (UK), but we never released contract price budgets before contracts were signed. We need to go through the procurement process and get contractors signed up and then we will be able to be open about the cost budgets for individual projects. It is absolutely part of our plans. It is part of the scrutiny we have with the GLA team. The budgets that you see in the Assembly and that the Board sees have been scrutinised as part of that. To publicly release them would tell the contractor market what our budgets are.

Peter Whittle AM: Thank you.

Jennette Arnold OBE AM (Chair): Thank you. Next is Assembly Member Dr Sahota.

Dr Onkar Sahota AM: We have seen from the Corporate Performance Report that the LLDC views increased construction costs in London due to Brexit as one of its key risks. Is the LLDC resilient to Brexit?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We see two particular challenges arising as a result. Like any organisation planning into the future, we are uncertain at the moment how the UK's exit from the European Union (EU) is going to manifest itself and what the economic consequences are. I am not in the business of speculating about that and there are plenty of other people who do.

The risks we refer to are in two main categories. We have significant housing development. We anticipate significant future housing receipts. The uncertainty already in the housing market and the uncertainty as to how that will develop post the UK exiting from the EU is a risk to our financial position. The second big category of risk is around cost. Because we have major construction projects and because we have budgets of the type we were just referring to - not only for housing but also for the Cultural and Education District - if, for example, there was a constriction in the labour market in the UK in the construction trade with less workforce available, that would inevitably push up construction inflation and push the costs on our contracts. We see risks and uncertainty on the income side on the long-term receipts and on the cost of construction. As to how that pans out, like other bodies, we are uncertain until we know more.

Dr Onkar Sahota AM: What would the view of the LLDC be on leaving the EU without a deal in place? What does the LLDC ideally need from Brexit deal?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am not going to comment on the political rights and wrongs. That is a political issue and so it is inappropriate to answer.

Dr Onkar Sahota AM: You have no idea what you would like to see in a Brexit deal to minimise the risks to the LLDC?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): No, I did not say that.

Dr Onkar Sahota AM: It would be an amazing sort of thing to say, "I have no idea what we need from this deal". You know what the risks are. How can you minimise those risks?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I can account for what the organisation can do to minimise the risks but not what the UK Government in its negotiation with the EU --

Dr Onkar Sahota AM: What steps are you taking to protect yourself from a bad deal?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That we can certainly answer. We are absolutely looking at all our housing plans and our long-term plan for delivering housing. We are looking to accelerate housing sooner to deliver more affordable housing in accordance with the Mayor's policy. In doing so we have to look at our long-term financial plans and see that those will be sustainable. The consequences of an exit from the EU is one of the factors we have been looking at.

For example, we have been taking a lot of advice and analysis around projections on both housing receipts in future and on the cost issues I referred to, to see what evidence there is and what views there are on future trends. We are doing sensitivity analysis on the interface between the receipts and costs of future housing developments so we can come to a prudent, and sensible, view that delivers housing as quickly as possible, delivers as much affordable housing as quickly as possible and does so in a financially responsible way that does not expose the organisation to more risk than we can sustain. That involves making judgements about what might inflation be in three, four or five years' time, what house price inflation might be and trying to make judgements about those. We are taking good advice, taking the best evidence and then applying some sensible contingency planning and prudence around that so we are not over-exposing the organisation. That is absolutely the work we are doing. It is why I referred earlier to our financial plan not being locked down at the moment. That is one of the significant factors.

It is a very active discussion we are having with the Board and with colleagues at City Hall so we have an agreed basis that recognises those risks, does not expose the organisation unduly and delivers as much housing, and as much affordable housing, as quickly as possible.

Dr Onkar Sahota AM: Good. Thank you very much.

Jennette Arnold OBE AM (Chair):

Assembly Member Cooper?

Leonie Cooper AM: Thank you very much, Chair. I wanted to ask you about progress on dealing with the quite catastrophically large gender pay gap. You had an action plan with a series of 15 different actions, all of which, apart from one, were to be completed before the date of this meeting. I wondered if you could tell us about progress and whether you have completed all of those actions.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, we have made very good progress on this. It is a challenge. With a small organisation, the differentials can be distorted by very small numbers of movements in people. When the original data you are referring to was published our gender pay gap was - there were different measures - between 33% and 35%. We reran the analysis after we had taken a number of steps earlier this year. It had come down by around 10% on each measure and so we were down around low 20% on the median and mean. That is very much work in progress.

We have, for example, changed our recruitment arrangements. We are promoting flexible working not only internally within the organisation, which we have always done, but more actively in our recruitment. We have been running an intensive leadership development programme that has helped create opportunities for female internal candidates to be successful in promotion. There are a lot of steps like that. The steps are all in place in the action plan. The reduction in the gap has already started to manifest itself.

Leonie Cooper AM: I am glad to hear it has come down. The figures we had were from March 2016 when the functional bodies were looked at. On those figures that comes down from 35% to 25%. Even if I take

your other figure of 20%, that is still a lot higher than the rest of the GLA Group. It is lot higher than in London itself. You have mentioned what you are doing around flexible working. I presume some of the other 'quick wins' in your list of tasks have also been gone through, in terms of more gender-neutral language used for recruitment advertisements, and in looking at the posts and the language used in job descriptions and person specifications. Can you confirm you have gone through all of that as well?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, I can absolutely confirm we have done all those things. We have been running a programme of unconscious bias training across the organisation. Everyone has attended that. That is another item in the plan.

For areas such as wording and language in recruitment, we have been piloting candidate-blind recruitment so the identity of the candidates is not known to recruiters. All those steps have been in place. That has contributed to the reduction. Obviously, there is an existing workforce in the organisation.

Leonie Cooper AM: I am glad you have mentioned that. The other aspect that was covered in the action plan was the issue of growing internal talent. Some of the actions were also to try to send people perhaps to other parts of the GLA Group, to have some attention paid to them so they can take a promotion path. Have you been doing that as well? Have you seen some people stepping up from one role and being recruited into a more senior post? That is a really important area.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I mentioned we have run, it is still going on, a really intensive programme of leadership development for the organisation. It has been really well attended and well developed.

Leonie Cooper AM: My question is: has it paid off? Have you seen those promotions coming through?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, and increasing female promotion is one of the reasons the gap has come down so absolutely, yes. Regarding the GLA Group point you asked about, we have, for example, supported the Old Oak Common Development Corporation with capacity and given people opportunities to develop their careers there. That is something we have done. We are a big part of the move towards greater shared services across the GLA Group and working collegiately with other organisations. The opportunities you describe have to come up and the individual be available. Certainly, we are very mindful that where those do come forward we are looking to promote those.

Leonie Cooper AM: Thanks very much. Obviously, we are mindful of the fact that you are a small part of the GLA Group. Thank you, Chair.

Jennette Arnold OBE AM (Chair): Assembly Member Desai?

Unmesh Desai AM: I was hoping to raise this earlier, Chair, but I will raise it anyway. It relates to a comment made by Assembly Member Andrew Boff. I do not want to get into a party-political spat but, following advice I received from the Secretariat, I have no choice but to put my question to you.

You cannot speak for Newham Council, obviously, but Newham partners with LLDC E20. Is it your understanding that the money Newham has put into E20 is a loan?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I said earlier that the accounting for Newham's investment into E20 is for Newham to do. It is a form of a loan agreement --

Unmesh Desai AM: You answered my question. I will move on. It is a loan, not a gift. It is completely wrong for Assembly Member Boff to say it is a gift. It is a loan. When it is paid and all that, we can talk about it, but for you to say it is a gift is completely wrong and a misrepresentation of the situation. I have made my point, Chair. Thank you.

Jennette Arnold OBE AM (Chair): Thank you both. You have asked a question: to make a point you would have to give me a Standing Order. Thank you.

2017/4145 - Future of the LLDC

[Navin Shah AM](#)

What will you do differently from previous Chairs?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): It is not a terribly easy question to answer. There has not been a Chair for many months and I did not particularly know the previous one, as it happens.

What I would say, having turned up at the LLDC, is that it is a very strong board. The executive is very strong and very competent, in my view. You only have to look around to see how much has been achieved in the previous few years. David [Goldstone] has been through exhaustively the issues about the stadium, the Cultural and Education District and housing, which are the three biggest issues. We have already covered the remit the Mayor has given me to start looking at the finite life of the organisation and what the best model to succeed LLDC is, which I said we would start attending to in early 2018. If that is what the previous Chairs did, I am going to do more of it. If it is not, that is what I shall be doing now.

Navin Shah AM: Very interesting. You are the fourth Chair since April 2015. As you have heard, there are very serious concerns about its sustainability in the medium and long term. The previous Chair of the LLDC, Boris Johnson [MP], presided over spiralling costs. From what we have heard, they are poor contracts. His successor resigned after the current Mayor announced his review. Hopefully, the review will herald some changes in direction for the LLDC.

Can I ask you how you will learn from these mistakes so as not to add to what has been described as a “total and utter mess”?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I do not know who described it like that but it does not seem to me to be a total and utter mess. You have heard David describe this morning the very strong moves in order to increase revenue and reduce costs in the place. There are some big issues to deal with.

The fact remains that, on any comparative basis across the world, this is probably the most successful development corporation or anything like it that anybody has ever seen. In terms of the Olympic legacy, in comparison to Olympic stadia anywhere else in the developed world since World War II, this stadium has uses, demonstrably so. David has already described to you that you can look at the place on a current accounting basis but its real success is in generating the area, regenerating east London, providing jobs for people, providing houses for people, giving them a better and more secure future with more skills, and in creating world-class facilities for London and the country. On those grounds, you have to judge it as a long-term enterprise. If you do not, you will not be recognising what the whole thing clearly is about.

Navin Shah AM: Three months on the job, are you satisfied with how the LLDC is engaging with local communities. For example, as you heard at your Confirmation Hearing, there is still an ongoing issue and problems, as witnessed by Hackney Wick activists during their campaign and day-to-day experience.

At your Confirmation Hearing, you told us that you would have a look and see what needs to be done. Can you tell us so far what you have gleaned and what your approach is going to be in engaging communities like the current campaigners of Hackney Wick, as well as many of the local residents who have views and want to be positively engaged?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): As you know, the board has on it the mayors of the four boroughs in which the development corporation sits. I have chaired two meetings, possibly three. John Biggs, Mayor of Tower Hamlets, certainly came to the last one. He raised those issues and I gave him, as I should do, the full opportunity of saying what he thought about the two bridges and the development in Fish Island, which he did. We did have a full discussion and I asked for it to be minuted.

Jennette Arnold OBE AM (Chair): I am so sorry, Sir Peter. That is down as a question that will be led by Assembly Member Russell. I will accept you will pick up the details of questions about the bridges at Fish Island with Assembly Member Russell. Will you accept that, Assembly Member Shah?

Navin Shah AM: I will accept that. I would simply like to conclude by saying that there are serious concerns about the ability of the LLDC to engage positively and genuinely with local communities. I would very much like the LLDC and you, Sir Peter Hendy, as the Chair, to see that there is that change in approach.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): Let me say one other thing generally, which is that we contemplated the level of consultation on the revised local plans at the last board meeting. One of the things I wanted to establish with clarity is that the arrangements we made to consult the local communities were as good or better than the arrangements each of the four boroughs would have used themselves, and do use. We went away with the conclusion that we would do no less than the four boroughs would have done themselves and possibly more. That seems to me to be a reasonable clarity of whether or not our consultation is as good as the planning authorities would otherwise have carried out, had we not been there.

Navin Shah AM: Thank you, Chair. I am happy with that so far.

Jennette Arnold OBE AM (Chair): Assembly Member Pidgeon?

Caroline Pidgeon MBE AM: I would like to ask Sir Peter. As Chair of the LLDC, you will take direction from the Mayor that you may not always agree with. You were the Commissioner of TfL at the time of the Garden Bridge fiasco. What lessons have you learned from the mistakes made at that time?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I have read the report. You have had the benefit now - if you can find the time - of trudging through all the interviews with [Dame Margaret] Hodge [MP, independent reviewer of the Garden Bridge project]. If you read the transcript of my interview with Mrs [Dame Margaret] Hodge, you will discover there are moments when you might not necessarily agree with the Mayor and you might tell him that. If I find moments in this job, I will tell him.

Caroline Pidgeon MBE AM: Will you be very clear and ask for very specific directions to make sure that proper processes are in place, unlike what happened with the Garden Bridge?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I am not sure I have come here to discuss the Garden Bridge because that seems to have been exhaustively discussed elsewhere. I did answer at the Confirmation Hearing the fact that this is a properly constituted body. It has an audit committee that reviews what goes on. It would be presumptuous to say a public organisation of any size follows its own rules without checking, which is what audit committees and external auditors do. We have an audit committee. We have external auditors. We will check everything.

Caroline Pidgeon MBE AM: You would not expect LLDC to start work on a project ahead of a very clear Mayoral Direction, unless it was in your business plan?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I am not quite sure where you are going with that.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I think --

Caroline Pidgeon MBE AM: No, I do not want you to answer, David. This is for Peter. It is very clear from the work we have been doing that the Mayoral Direction came at a later stage yet expenditure had been spent by TfL and others. I want to make sure the LLDC, given the state of your finances, does not start off on a course without having a very clear Mayoral Direction.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): That would presume that Mayoral Directions are the source of every action the organisation takes. That is clearly not the case.

Caroline Pidgeon MBE AM: No, but if it is something outside your business plan?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We have an annual budget and business plan process. We incorporate everything into that. That goes through the Mayor and your scrutiny process. Beyond some initial thinking work, we would not do anything significant on any project that is not incorporated in that.

Caroline Pidgeon MBE AM: Very good, that is very clear. Thank you very much. Now I would like to ask you about E20's governance arrangements, Sir Peter. They have been criticised for lacking proper oversight. What measures will you take as Chair to ensure E20 is properly held accountable, including a projected annual loss of around £2 million?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): The answer to that is, as David has described, that the organisation is very active in reviewing all of those arrangements. That is not so much a criticism of governance arrangements, it is a consequence of the commercial arrangements. If there was no work going on you would want us to say there was work going on. However, there is work going on. The fact we cannot say how it is concluded yet is testimony to the fact it is quite difficult to do. It is not a governance issue. It is a consequence of all this hierarchy of contractual arrangements.

Caroline Pidgeon MBE AM: My final question: in the ten-year plan, you are going to be looking at building so many homes. It does not account for childcare demand. Will you, as the incoming Chair, ask for a review to make sure enough new nursery places and other facilities are on the site to support families living in the Olympic Park?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): It has never been raised with me before and so the first thing I will do is go and find out what is there.

Caroline Pidgeon MBE AM: There is not anything. It talks about school places, nurseries and schools, but before the age of three you need to have childcare provision. That is something that seems to be lacking.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): Now you have raised it, we will have a look at it.

Caroline Pidgeon MBE AM: Thank you very much.

Jennette Arnold OBE AM (Chair): Assembly Member McCartney?

Joanne McCartney AM: My question is firstly to Peter. It is about accessibility in the Park. You have come along as Chair at a time of heightened national security. Has that had any impact on accessibility? Will the Park be seen as a welcoming place to attend?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): In fact the executive commissioned a full report about health and safety, which included security at the Park, which I have read and the board has discussed. It is clearly a matter we should keep under continuous review in light of some pretty appalling things that have happened, both in this city and elsewhere. The review seemed, to me at least, to be comprehensive. It looked at all of the things that needed to be done. I have not, unless somebody tells me differently, concluded or seen anybody concluding that that is at the expense of accessibility. It should not be. It is a big issue. I am not unfamiliar with it from former jobs and other places. It is a big issue to seek to protect the public in large open spaces. So far, everything I have seen at the LLDC takes it seriously, the work that is being done is appropriate and it is under constant review.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We can absolutely reassure you on that. We have inevitably, over the various security-related incidents in the last 18 months or so, worked very closely with Metropolitan Police and the relevant security agencies. We take the measures we can as appropriate to reinforce security. Nothing that has been done has compromised accessibility. It was one of the absolute priorities for the 2012 Games, that we have been very proud to sustain, that we aimed to be the most accessible park. We are absolutely as accessible as we can be, with all the venues to be as accessible as they can be and, indeed, the housing and the new major commercial developments. Accessibility is at the heart of design of those and in their operation. I do not believe there is anything we have done to enhance security that has compromised that.

Joanne McCartney AM: Fine. For the summer athletics, we noticed on the daily mobility service on the Park's website it said arrangements for the 2017 summer athletics may impact routes around the park and limit the buggy service that was normally available. Your review after the athletics stated there were some operational challenges, particularly around crowd movement and where the searches were taking place. I wondered if that had had an impact on accessibility and whether groups had contacted you. Also, you did have a Built Environment Access Panel and I wondered if that was still ongoing and whether they are reviewing those issues.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We still do. That is still ongoing, to deal with the last point.

To deal with your original question, we did have challenges with the mobility service but it was not due to the security measures. There were two or three factors. We had enormous crowds. With major athletics events, you sometimes have more than one session in a day so you have crowds going out when others are coming in,

and you have very, very large numbers of people accessing the main routes. Where the buggy service normally operates, at our information point as you come into the stadium, is the main route for people coming in and out. If you had 55,000 people in the stadium and they are leaving as more are coming in, you have over 100,000 trying to go through that route at one time. It was a space issue.

The individual mobility arrangements that are put in place for individual events are the responsibility of the event owners. We did raise with the 2017 World Athletics organisers to make sure the mobility service was as good as it could possibly be and as good as we, and our regular users of the Park, expect. There were some concerns at the start of the summer's athletics around that. It was improved and addressed. Some of that was a communication issue; it had not been communicated as well as it could what services were available. That was improved, certainly for the large crowds that came to the International Association of Athletics Federations (IAAF) World Athletics.

I am confident, as I said at the start, that the security measures have not compromised accessibility and the mobility service. We are absolutely still supporting that. It was reported in one of our recent Board papers we are putting new arrangements on future event operators to make sure the mobility service is maintained at the level we have come to know and expect.

Jennette Arnold OBE AM (Chair): Assembly Member Gavron?

Nicky Gavron AM: Thank you. Good morning, Peter and David. I want to ask a question about the convergence framework and the target that was set for it.

To give a bit of context - and the first question is really addressed to Peter - you were there Peter when we were all thinking about the bid for the Olympics. The primary driver was to use it as a catalyst to regenerate inner east London where we had the biggest concentration of multiply deprived communities in the whole of Western Europe. We were haunted by the fact - and you referred to it - that many Olympics do not regenerate their area. Many regeneration projects do not lift the lives of the people who live in the wider area. It is great that in fact we did what no other city has done. The boroughs and the Olympic Legacy Development Company set up this convergence vision and framework with the aim of giving the same social and economic chances to the people of the six Growth Boroughs as people had across London. In the early years there was a huge flurry of activity to bring in local people on low incomes into the jobs, low-skilled people. Both of you have talked about the influx of the new world-class employers that are coming.

How are you going to ensure that people on low incomes have the same chance to get those jobs as the higher-skilled people who are moving into the six Growth Boroughs?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): At a high level that effort is still there. It is clearly still there. What I have seen since I have been there is a concerted effort by the people coming, whoever they are, to create jobs in the International Quarter and Here East. Also, discussions about the Cultural and Education District with the cultural institutions to ensure those opportunities still go to local people; that it is not wholly an influx of people from outside and there are benefits. Whilst I am saying that David can find all of the details. However, I wanted to be clear when I came that that early effort is still being carried out. I feel very confident that it is.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, particularly on the jobs and skills side it has been one of our great success stories. We have a really dedicated function that works very well with the boroughs. It works with their support to local people in their areas to ensure local people are best placed to have the skills and capability to take on the new jobs that are created. That has been

very successful to date on the construction programme and, I mentioned earlier, on the initial long-term jobs coming out of the venues and the Park.

The challenge, as you say, going forward is that there are going to be much more high-level jobs. That is a great development. That is reflecting the area moving up. We had a very high number of retail jobs available but now we are going to have jobs in universities, in cultural organisations and in technology. The machine that has done it so far is already working with the incoming partners to identify bursaries, new employment schemes, internships and work experience for local people.

Nicky Gavron AM: It is good to hear that.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We have also formed a new forum that UCL is co-ordinating with us and the boroughs, a London Prosperity Forum, to lead that work and co-ordinate that activity.

Nicky Gavron AM: Sorry, I do want to follow this up. It is very welcome, what you have been saying. The monitoring data that looks at what is going on in the six Growth Boroughs is showing that there is improvement in the indices of deprivation that relate to poverty in some of the boroughs but there are still some statistics that show a worsening situation. What we need now is practical action.

I want to ask you. Is there going to be a revitalisation and reaffirmation, in a sense, and new focus on the convergence agenda because it is needed?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We have not changed our approach, if I can say it that way. That is not something we can answer on our own. The work there has been on convergence over the years - and you referred to it going back to the bid - was a joint effort that the Mayor of London, boroughs, us and our predecessor organisation were part of and worked together on. However, it is much broader than the area that LLDC can influence with our planning boundary. For us, the measures we are taking around bringing new world-class employers into the area and helping local people be better placed to get those roles, and working with those employers to engage local people, is a big contribution to that. However, we cannot answer your question in total ourselves. It is a much bigger area problem. It needs engagement with City Hall and needs engagement with the boroughs themselves. We can only do so much.

Jennette Arnold OBE AM (Chair): That is all the Members who have indicated for that second question.

2017/4151 - LLDC and the current housing climate

[Peter Whittle AM](#)

With the housing market currently stagnating due to record house prices, banks clamping down on mortgage lending through tougher affordability criteria and interest rate rises looming, are the current plans by the LLDC just too ambitious?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, the question was whether the current plans are too ambitious. I suppose I was pleased with that question. We are proud that our plans are ambitious.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): They should be.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Exactly. We are proud we are trying to be as ambitious as we possibly can because, as a development corporation, that is what we are here for. We are trying to transform an area that was in great need of that transformation. We have made good progress on housing, not directly delivered by us but, as I referred to earlier, the former Olympic Village is now a very successful home to 3,000 occupants. There is a new development going up there, with some 400 to 500 further units now under construction. Our first development at Chobham Manor is nearing completion. We have accelerated the next two developments at East Wick and Sweetwater, which are going to be delivered a number of years earlier than previously planned. Those plans were delivered – a bit like the answer to the previous question – under the former Mayor and the former Mayor’s policies. Therefore, we have been looking at those and saying, “Can we be more ambitious? Can we do more?” The question was whether we are being too ambitious. Our question is whether we can do more sooner. That is what we are looking to do.

To go back to the financial conversation, we have to do that in a way that is financially sustainable. There are changes in the housing market. There were Government policy changes around social housing rents. There are all the changes we talked about in the economy. That is making it challenging. However, absolutely, our ambition is to do more and sooner.

Peter Whittle AM: Thank you. I am out of time.

Jennette Arnold OBE AM (Chair): Assembly Member Copley?

Tom Copley AM: Thank you, Chair. I have a question about building successful and integrated neighbourhoods. I want to ask first of all, very directly: has the LLDC formally adopted the Mayor’s target of 50% for all new homes across the Park?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are working with the Mayor’s team towards that policy. However, we have both an existing local plan and existing planning permission that was given long before that policy was set. The challenge, as I said, is to look at how we revisit and amend those plans so we can work towards achieving that policy. We are absolutely aligned with the Mayor’s objectives. We are a mayoral body. We want to achieve what the Mayor has set as his policy. However, we have existing projects that are in contract, one particularly well advanced in construction. That is part of an extant planning permission across the whole site. We have to work within that to see how much further we can go.

Tom Copley AM: You have not then formally adopted the 50% target at the moment?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am not sure what you mean. It is absolutely something we are committed to try to do.

Tom Copley AM: It is something you are trying to achieve?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is what we are working towards in that sense, yes.

Tom Copley AM: As you point out, you already have developments that are completed, nearing completion or going through planning. Would that 50% be across the whole Park or just across the developments that are coming up in the future?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): For sites that are already under construction or under contract we would delay housing and deliver housing if we went back and tried to reopen those and renegotiate them. That is a position we have agreed with the Mayor and City Hall colleagues. What we are doing is looking at our future developments and saying how can we get towards that policy and how can we do so more quickly.

Tom Copley AM: It is across the future developments?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Across the future developments.

Tom Copley AM: Thank you for that clarity. If we look at development so far, Chobham Manor and Sweetwater each have less than 30% affordable housing on them. Stratford Waterside will not have any affordable housing on it because the receipts are going into the cultural quarter, I think I am right in saying. Then you have two further future developments, Rick Roberts Way and Pudding Mill, which are both outside the Olympic Park.

Will there be a temptation to put the affordable housing on land that is cheaper and further away from the cultural attractions, and to make a significant proportion of it shared ownership in order to get you up to the 50% target?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Physically, Pudding Mill is almost adjacent to where the new UCL campus will be so it is not a more distant site. Rick Roberts Way is not significantly further. The location is not a big factor. It is the sequencing of development. For the projects you referred to, on Chobham Manor the first phase is almost complete. East Wick and Sweetwater is contracted and due to start on site in the New Year. Stratford Waterfront is, as you described, subsidising and supporting the development of the Cultural and Education District facilities. Therefore, it is Pudding Mill Lane and Rick Roberts Way that we are looking at to say, as you said, "In light of the new policy, can we reach the Mayor's policy of 50% and can we accelerate delivery?" That is what we are working with to make sure we do that in a way that is also financially sustainable.

Tom Copley AM: Have you any idea or conception of the tenure split we are going to see on affordable housing? Is it going to be a lot of shared ownership, which is easier to deliver than social housing, to get you up to this level?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): All I am going to say on that is you asked at the beginning were we formally adopting the Mayor's policy. We will work really closely with the Mayor's policy as it firms up on social housing tenures. We are working not only on the affordability high-level target of 50% but also the mix of tenures within the affordable. We are liaising very closely with the housing team. We are making sure we will be on all fours with that policy.

Tom Copley AM: Thank you.

Jennette Arnold OBE AM (Chair): Assembly Member Boff? Two minutes.

Andrew Boff AM: The Local Plan says the LLDC will exceed the London Plan's target of 1,471 housing units per annum. Does that remain your aspiration?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In the current plan, we are delivering slightly ahead of what the total was. I do not have the figures but I know last time I looked we were slightly exceeding the annual run rate, if you like, to achieve our 24,000 total over the life of the plan.

Andrew Boff AM: You have a per-annum figure?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am saying that, so far, we are exceeding it. It has not changed. We are reviewing the local plan. That local plan is extant and that figure is still there, yes.

Andrew Boff AM: Is that total number going to increase or decrease, do you think?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The 24,000?

Andrew Boff AM: Yes.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is difficult to say today. On the current trend, we are on target to exceed it. However, we have a local plan process. Of course, we should consult with the local community and the interested stakeholders and so I cannot presume the outcome of the local plan now. The current trend in housing unit delivery is ahead of what the original plan was and ahead of that annual profile.

Andrew Boff AM: When do you expect the phasing of the affordable homes to come online? Are we going to have all the expensive stuff first and then the affordable down the way or is affordable housing going to be delivered at the same pace?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Are you talking across the developments?

Andrew Boff AM: Yes.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Across the developments it is specific to individual planning permissions. We have planning permission for individual sites. The Mayor's policy is a material consideration for the planning committee. Planning is given site by site and so I cannot answer that.

Andrew Boff AM: You cannot give a per annum target for affordable homes?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is information we could find for you, but I do not have it to hand at the moment.

Andrew Boff AM: I would appreciate that.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes.

Andrew Boff AM: Thank you.

Jennette Arnold OBE AM (Chair): Let us move on then.

2017/4146 - Proposed H14 (road) and H16 (pedestrian) bridges at Fish Island

Caroline Russell AM

The Mayor told me he has 'asked TfL to work with LLDC to review the traffic modelling options operating the bridges in light of [his] draft Transport Strategy'. Should the review highlight unacceptable traffic impacts on local people, will the bridge plans be cancelled?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The question was about the review TfL has been asked to conduct on the traffic impacts. To put that in context, there was a traffic impact assessment that had been done originally. It was taken to our Planning Committee earlier this year. That was before the Mayor's draft Transport Strategy was introduced. When the draft Transport Strategy came in the Mayor asked TfL to re-review the traffic impacts in the traffic assessment in light of that. That work is going on. It was only commissioned recently. It will not take long, a short number of weeks. We are expecting that to be completed shortly and we will then review the conclusions. If it does highlight significant problems, we would have to review that and look at the plans in that light. That is ongoing work with TfL.

Caroline Russell AM: Thank you very much. Could I ask Sir Peter now about the assumptions that are being made with this new traffic modelling? The assumptions are what determine the outcomes in modelling. What is the new model you are running now based on? Are you rerunning the same model as before and trying to prove the same thing or are you running a significantly different model? Can we see what those assumptions are?

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I have no idea.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Peter's other role has been Network Rail, not TfL, to be clear.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): I have given up traffic modelling as a day job.

Caroline Russell AM: Are you happy to publish the assumptions that are going into this new review of the traffic modelling?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The review is being done by TfL, not by us. The Mayor asked TfL to look at it. The question that is being asked is whether the original assessment needs to change in light of the new Transport Strategy. I have to say I do not know how TfL is going about doing that. It will be looking at what has changed in the Transport Strategy, I assume, and looking at the impact.

Caroline Russell AM: Fine. Let us step back a bit. The current plans that were produced under Boris Johnson [MP, former Mayor of London] make a footbridge, H14, into a road bridge. That is effectively punching a new road from the Olympic Park right through to the A12, cutting through Fish Island which is currently a really good example of a low-traffic, people-friendly neighbourhood. Is this not creating a rat run?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The traffic analysis that was carried out before - and, as I said, it is being updated - is that with all the development that is

happening there is going to be significant congestion in that area anyway, because there is so much new housing, new schools and new employment opportunities. The new route that was proposed will help relieve congestion.

Caroline Russell AM: You seem to be assuming that this new housing will be made in a way that is car-dependent. I do not see how creating this extra road with extra traffic is going to help the Mayor achieve the massive shift he needs to reach his 2041 target of 80% of us travelling by walking, cycling and public transport.

Sir Peter Hendy CBE (Chair, London Legacy Development Corporation): Maybe I can help because one of the benefits of the LLDC Board is that the mayors of the boroughs attend. Indeed, the Mayor of Tower Hamlets did attend the last meeting. He spoke on this at some length. We will record a very full minute of what he said. One of the things that John Biggs [Mayor of Tower Hamlets] said was that, in any event, the London Borough of Tower Hamlets was the highway authority in relation to the H14 bridge and it could ensure the bridge could provide connectivity for bus services but would be able to do things to stop it becoming a rat run for cars. I thought that was a very constructive thing for John to say. We will record that in our minutes.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): He has been supportive of it being a bus route, which is again the TfL engagement.

Caroline Russell AM: Yes, I agree that that is a constructive and helpful thing. The main decision for these bridges was taken in 2011, ages ago. The context has completely changed, we have agreed all of that. We not only have a new Mayor with new priorities but also have reached a point where people know we need cleaner air and less traffic. Do you think it is time to revisit the planning decision about these bridges?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Some, but not all, of the context has changed. The planning permission under which this was originally given was around creating connectivity between local communities. The very important principle in this and the long-term legacy plans - with regard to some of the other questions about the original aspirations around convergence - was that the neighbouring communities around the Park should not be cut off from investment in new housing, new jobs, new schools and the Park and venues itself. I have just gone past ten years' involvement in all of this, if we make new developments where we cut off the neighbouring communities we would be completely abandoning the principle about connecting local communities into the development.

Caroline Russell AM: We are not talking about them being cut off. You have a really good pedestrian bridge there already. People can get through.

Maybe we can look at the H16 new pedestrian bridge that involves partly demolishing Vittoria Wharf. This old warehouse building was absolutely brimming with creative people and small businesses. It should be a thriving and affordable creative hub, the sort of thing that is an engine for a resilient local economy, which we have been talking about this morning. The Mayor and the boroughs are trying to work out how to get exactly that sort of creative and energetic economy going with the new London Borough of Culture scheme. Demolition of this building and the creative community it contained is just incredibly destructive. There are people working flat out here upstairs in City Hall, who are trying to work out how to create exactly the conditions that you already have at Stour Space at Vittoria Wharf.

Have you considered dropping that pedestrian bridge and keeping people walking on the desire line at Monier Road over the H14 bridge instead of destroying this valuable and well-established artistic hub that does a lot for your local economy?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Maybe as a bit of context, the total creative workspace in Vittoria Wharf was less than 1,000 square metres and, in Hackney Wick, the masterplan we are developing is over 30,000 square meters of workspace, over 8,500 square metres of which will be affordable. We are absolutely committed to working with City Hall to protect and sustain creative workspace.

Vittoria Wharf occupation has been empty now for over a year, but it was not all cultural. There were food supply businesses in there and other things, as well as some of the organisations of the sort you considered.

What we had to look at was the long-term benefits in terms of the connectivity we are trying to create and that bridges can contribute to so that there is that linkage to the thousands of homes, schools and venues in the Park --

Caroline Russell AM: Can I pause you?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): -- and that is the wider picture. We do understand. We do understand that there was opposition to it and we have listened to that but --

Caroline Russell AM: Can I just come back with a bit of that opposition? The people in Hackney Wick say that actually this new space that you have just been talking about is not properly affordable and they think that, in terms of the current low-cost studio space, only about 10% of what is being lost is going to be able to be found in what is being provided. This term 'affordable' we have in housing and we have it with low-cost studio spaces. Affordable to who? Ordinary Londoners, Londoners with creative small businesses, cannot afford those kinds of affordable rents.

To move on finally because I am almost out of time, it is really good that the demolition has been delayed while you do this new traffic modelling and that is hugely appreciated. Would you consider extending the delay to give time to consider the implications of demolishing Vittoria Wharf to build this new footbridge in relation not only to the Mayor's Transport Strategy but also to his Culture Strategy and his Economic Development Strategy, both of which are due out very shortly?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The Mayor has reviewed our plans relatively recently out of the correspondence that was raised and the Deputy Mayor wrote confirming that they saw no reason to intervene and are mindful of all the strategic work that is going on. We have been told explicitly in light of the correspondence there has been back to the Mayor's Office that they see no reason to intervene and therefore no reason for us not to continue with the process we are on. We are looking at the Transport Strategy --

Jennette Arnold OBE AM (Chair): I am going to have to ask you for your last statement, just your last words on that now, please.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are doing the work, as you said, in relation to relooking in the light of the new Transport Strategy, but beyond that the Mayor has confirmed we should carry on with the plans as we are.

Caroline Russell AM: Thank you.

Jennette Arnold OBE AM (Chair): Any other Members? Everybody is out of time. There are no questions to your original statements that you started with

David, on behalf of the Assembly, can we thank you for the work that you have done with the LLDC on behalf of Londoners? We have heard this morning about the success in regeneration terms that you have brought to a part of London that I know well because I represent the Boroughs of Hackney and Waltham Forest. That regeneration has brought light to an area of London where we did not have trees. Thank you for that success that you have played in regenerating this vital part of London. Thank you for the courtesy and for the professionalism that you have demonstrated in a very hot seat over certainly the last two years when it comes to the financial aspects of this humongous financial project. Thank you. We wish you all the very best.