

## Budget Monitoring Sub-Committee – 13 December 2017

### Transcript of Item 5 – The London Stadium

**Gareth Bacon AM (Chairman):** Item 5, the main part of business today, is to discuss the London Stadium.

Can I thank our guests today? We have Merryck Lowe, who is - I will get your title right here, Mr Lowe - Head of Disputes, Advisory and Investigations at Moore Stephens, who drafted the report; Martin Clarke, whom we know very well of course, is the Director of Resources here at the Greater London Authority (GLA); David Bellamy is the Mayor's Chief of Staff; and Gerry Murphy is here for the first time since you assumed your acting-up role as the Acting Chief Executive at the London Legacy Development Corporation (LLDC). Can I thank all four of you for giving up your afternoon to be here?

This is a subject that has attracted a huge amount of interest. Indeed, at the Assembly, it is something that we have been interested in ever since I have been an Assembly Member now, which is pushing 10 years. The whole construction project was of interest to us and of course the legacy particularly so as well. The review commissioned by the Mayor last year which we are now about to discuss is of particular interest, too, for obvious reasons.

I will start with you, if I may, Mr Lowe, from Moore Stephens, with just some introductory questions about your report. What problems did you face when you were putting the review together?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** A very challenging timeline in the sense that it was a very long period of time which we were required to cover, a significant number of bodies involved, and a very significant number of documents and people having relevant evidence to supply to us, which we had to marshal and bring together, whilst dealing with the fact that it was difficult by virtue of the nature of the disparate organisations and documents to marshal everything into one place and review it effectively.

**Gareth Bacon AM (Chairman):** How many people did you have working on the review?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** On and off, seven.

**Gareth Bacon AM (Chairman):** On and off? How many of those people were working on it full time?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Effectively, six people.

**Gareth Bacon AM (Chairman):** Six people full time, OK. Did you get quick access to all of the documents or was there a problem with some of them?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** No, but the structure of any investigation involves honing it down on things which are most relevant and so, naturally, the investigation starts at a particular point and then tends to spread out. We started with the superstructure of what individual decisions led to the building of the Stadium that was ultimately built, which were individual Board decisions, and then we worked through documents from there. Every investigation has its own rhythm

and it takes a certain amount of time to get certain key documents and work into them, and you build over time, getting ever more documents in order to understand what has gone on.

**Gareth Bacon AM (Chairman):** Your methodology was primarily to do the reading first and the interviews later in the process. Is that correct?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** That is correct, yes.

**Gareth Bacon AM (Chairman):** Why did you adopt that approach?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** It is more effective factually. People's memory tends to fade with time and, in addition, later memories tend to overlay earlier ones, and so people's belief subsequently as to why individual decisions were taken tends to be coloured by later events. Therefore, we relied upon the papers and the documents.

Also, why people believe they took decisions is not why necessarily they recall they took decisions, and it is important to distinguish between the two. We always, in any investigation, start with what was recorded contemporaneously as being a more relevant record and then we add to that the colour brought by people's individual experiences and recollections.

**Gareth Bacon AM (Chairman):** Is that the methodology that you employ all the time?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** In general, yes. If you need a speedy investigation because it is a particularly discrete, narrow set of facts, then you can do it the other way around and you can ask individual questions, but that does not tend to work if you cover a very long period of time with the investigation as here.

**Gareth Bacon AM (Chairman):** For something as - well, let us be honest - fiendishly complicated as the Olympic Stadium and the odyssey that it has been on over the time since London was awarded the Olympic Games, I had assumed, maybe incorrectly, that your starting point would be to interview some of the key players at the beginning, then do your document trawl and then revisit, adding on others, as your investigations [develops] throughout different circumstances, through the time. Is that something you did not consider doing?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** We considered it and rejected it. We rejected it for the simple reason that we would end up going around the key things twice because, inevitably, otherwise, you would ask one set of questions to a key set of people, go and do the document review and then go and ask a very similar but slightly different set of questions to the same set of people. Doing the document review first has the advantage that, because you know your questions and you know your issues, you can be more focused in what you ask the individuals and structure the order of the people in terms of who you ask first.

**Gareth Bacon AM (Chairman):** When the review was commissioned, which I believe was back in February [2017], we were advised that the report would be produced in draft in June and then there would be a summer release of the full report in public. That slipped and the Mayor was chased on it in the September Mayor's Question Time. He indicated that it would probably arrive towards the end of that month and it did not. Then you had to come in and meet Mr Bellamy to discuss in more detail about when it would be out. As the outcome of that meeting, the timeline was then hit.

Some of the key people that you needed to interview, such as the Chief Executive of the LLDC, were not interviewed until after the date that the Mayor had advised us of at Mayor's Question Time. Why was that?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** The interviews spread over a significant period of time. Certain key people were always intended to be interviewed last because the evidence builds up from a base and so certain key people are asked certain key questions only once we have all of the valuable facts and all of the reasoning and all of the documentation. That is one of the reasons why someone as key as the Chief Executive of the LLDC is interviewed last.

To the other question of the actual timing, implicit in what you said there, there were various reasons why sequentially we had to adopt that certain order. In particular, there was a delay by virtue of the election, which put things back naturally, and we then picked up pace once all of that was over.

**Gareth Bacon AM (Chairman):** Sorry, could you say that last point again?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** There was a delay by virtue of the election.

**Gareth Bacon AM (Chairman):** How?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** The whole process of government slows down during the period of an election and so we were very much aware that it would be far more difficult to make any progress in the run-up to the election. Then the document requests and the various meetings and interviews picked up again after the election had been held.

**Gareth Bacon AM (Chairman):** Which documents were you not able to get access to because of the election?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** It was not that a specific document was refused; it was that naturally the whole process slows down and so, at the outset, we asked for information - amongst others - from the Department for Digital, Culture, Media and Sport (DCMS). We asked for information from the LLDC. We sought Olympic Delivery Authority (ODA) papers. Until we got the base document set, which was in fact around July, we could not really make very much progress in terms of setting a future direction and identifying key people. There was an initial interregnum until that was done.

**Gareth Bacon AM (Chairman):** I would like to explore that point a little bit because, to a degree, I could understand why you might have some difficulty with the DCMS, but of course you are talking to civil servants, not politicians.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes.

**Gareth Bacon AM (Chairman):** I have no understanding of why the LLDC would not forthcoming with documentation --

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** I did not say the LLDC was not forthcoming; I said the whole thing slowed down and inevitably took longer and so --

**Gareth Bacon AM (Chairman):** Why? They are not politicians. They were not standing for election. They still have to do their day jobs.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** I cannot really say why eventually things only really started flowing to us from about midyear. That was the point at which the pace certainly picked up and then it picked up again after the discussions around September. We were, happily, able to bring things to fruition. Other people here may today wish to comment upon how ultimately it all came together and that timing.

**Gareth Bacon AM (Chairman):** Yes, and that is a fair point and I will put those questions in a moment. Were there any questions that you were not able to ask that would have helped your work?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Ultimately, no. It was somewhat a close call in that we were not sure until the very end that all the things we wanted to be able to see in order to be certain enough on certain points to give the answers that we understood the Mayor to be seeking in the specific scope we were given, it was not clear those things were going to become clear to us until right at the very end. We were certainly working intensely, as it were, to the death, in order to make sure that we had all the facts and all the information to be able to report to that timeline.

**Gareth Bacon AM (Chairman):** I noted in your report that you took written evidence from the Vice Chairman of West Ham United.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes.

**Gareth Bacon AM (Chairman):** She is the only person who is still in post in the same job who was in post right at the beginning of the process. That was quite surprising. Why did you take written evidence from [Baroness] Karren Brady [CBE]?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** [Baroness] Karren Brady [CBE] was willing only to give written evidence. We are very grateful for [Baroness] Karren Brady's [CBE] submissions. They were actually very useful, but that was what was available to us. We were not able otherwise to receive any input from her and so we took what was available to us.

**Gareth Bacon AM (Chairman):** Why was that?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** That was what was on offer. She was prepared to give written replies to written questions and that was what we gave and what we received.

**Gareth Bacon AM (Chairman):** Did you offer her a meeting?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes.

**Gareth Bacon AM (Chairman):** When in the process did you offer that?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** It was in the last phase of discussions when we put questions either in person or in writing to all of the most senior people involved. It was in the back quarter.

**Gareth Bacon AM (Chairman):** How long did the process take --

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** All in all, starting in March, ending in September, and so six months. It was the last month and a half.

**Gareth Bacon AM (Chairman):** The last six weeks?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes.

**Gareth Bacon AM (Chairman):** Did you give her enough notice?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** I think we did because we understand that in fact certain individuals had already contacted the GLA with a request to be spoken to and we had said, yes, we were happy to speak to absolutely anybody who had had any involvement and who had something to contribute.

**Gareth Bacon AM (Chairman):** Were there any organisations in particular that were slow in giving information during the pre-election period?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** We had issues and challenges throughout with DCMS and the materials we ultimately received from DCMS were relatively limited. In the event, we managed to address those challenges by using similar information from differing sources in order to work our way around that, but we did not necessarily feel that organisations were being uncooperative. It was simply that the vast scale and scope of the materials and the very extensive period of time covered made it challenging to respond.

**Unmesh Desai AM:** The question about [Baroness] Karren Brady [CBE] has already been asked, but my other question is: I understand that six people refused an interview either directly or by non-response. Who refused directly and, in particular, was [Rt. Hon] Boris Johnson [MP, former Mayor of London], ex-Mayor, one of those people who directly refused?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** No, Mr Johnson did not directly refuse.

**Unmesh Desai AM:** He did not respond?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** He did not respond, yes.

**Unmesh Desai AM:** All right. David Edmonds?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** This is in the back page of our report. Just to confirm the difference between declinations and non-responses, David Edmonds declined --

**Unmesh Desai AM:** I just want it on record here.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes. Lord Coe [former Chair, London Organising Committee of the Olympic and Paralympic Games] actively declined our request. There was no response from four individuals whom we wrote to: Mr Johnson; Ranjit Baxi, an Olympic

Park Legacy Company (OPLC) former Board Member; Jonathan Dutton [former Executive Director of Finance, LLDC]; and Jan Boud [Legal Counsel, LLDC].

**Gareth Bacon AM (Chairman):** All right. Gerry, do you agree with Moore Stephens' conclusions?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Certainly, the report is comprehensive and well written.

**Gareth Bacon AM (Chairman):** I did not ask that. I asked if you agreed.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I do. Much of it relates to a period of time when I was not at the LLDC and, indeed, before the period of time I was at the ODA. For the time that I was there, the analysis -- I do not have any fundamental objections to it. I do agree, yes.

**Gareth Bacon AM (Chairman):** Go on. Is there something else you wanted to add?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No, sorry.

**Gareth Bacon AM (Chairman):** I think you were tempted to, but you were being discreet. Fine.

Mr Bellamy, the report overwhelmingly focuses on past decisions, not on looking forward, and on the things that the Mayor can control, which is going forward. Why is that?

**David Bellamy (Mayor's Chief of Staff):** It was deliberate. The scope of the work we were asking Moore Stephens to work was to look at what had happened, overwhelmingly events that happened before the present Mayor took office, and provide transparency to the Mayor and, importantly, to Londoners on why such huge transformation costs had been incurred and why, despite all that expenditure, the Stadium would lose money on an annual basis. It was always clear that that was going to be a complicated piece of work to perform and, indeed, it was a complicated piece of work to commission, given the range of bodies that have worked on the Olympics and the Stadium and with the LLDC and so on over that decade or so. The Mayor was always clear that we were not going to just pause and wait for Moore Stephens to do everything, but there were things that actively we were going to focus on and address to try to understand and improve the financial performance of the Stadium.

**Gareth Bacon AM (Chairman):** In the review, 22 pages out of 139 are looking forward and looking at how you can change the way the Stadium is run. It seems to me there are several stages in the genesis of this. To a large extent, although it is interesting, the capital cost of retrofitting the Stadium and the Stadium design, whilst it is important that we know that, it is in the past and the money has gone, but the Stadium is losing revenue every year and going off into infinity. That is the only thing the Mayor can change, is it not?

**David Bellamy (Mayor's Chief of Staff):** That is true. I would say - and I have made reference to the Sub-Committee previously - that one of the things that we would need to do when Moore Stephens produced the report was to have our lawyers look over it to check there were no issues. It is always a possibility that some things Moore Stephens uncovered may be relevant to some of the work in front of us and so that was always a possibility, but that is why the Moore Stephens work was not the only thing that has been going on. There has

been a very active programme underway in the last year with the Stadium, which I do not doubt that we are going to be talking about this afternoon.

**Gareth Bacon AM (Chairman):** Yes, that is true. We will. Why have E20's accounts been kept from the public for so long?

**David Bellamy (Mayor's Chief of Staff):** I would not say that they have been kept from the public. Gerry, you may be able to add more, but they were published in the normal way to Companies House before the deadline.

**Gareth Bacon AM (Chairman):** Yes, but I am not talking about their statutory accounts, which every company has to publish at Companies House on deadline day. It is the fact that there were no management accounts and there was no ongoing accounting for how E20 is running the Stadium until the Budget and Performance Committee issued a summons and then - lo and behold - when the Moore Stephens review came out, the Mayor said he was going to publish E20's accounts in full.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Just on the statutory accounts, as David said, the deadline for filing at Companies House is December and, consistent with last year, we plan to file the accounts within that deadline.

You raise a good point, but in terms of how the investment from LLDC into the Stadium is made, that is reflected in our management accounts and that is reported, but of course, for a lot of the time, that was jointly funded with [the London Borough of] Newham.

**Gareth Bacon AM (Chairman):** Yes, but the overwhelming bulk of the funding comes from the LLDC, does it not, and the LLDC is underwritten by the GLA?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, until the first quarter of this year, the partnership was funded jointly between Newham and the LLDC and the element that was funded by the LLDC - and of course back to the GLA - is reflected in the LLDC's management accounts, but E20 as an entity does not publish.

**David Bellamy (Mayor's Chief of Staff):** Just to be clear on that, we are talking about the 2016/17 accounts to 31 March 2017. During that period, the partnership's operating costs were funded 65% LLDC and 35% Newham, in accordance with the pre-existing agreement. That partnership was managed in the normal between Newham and LLDC Members and then each party's contributions flow up through their management accounts. Martin [Clarke] put in front of me the GLA statement of accounts for 2016/17, which on page 8 make a clear reference to the total comprehensive loss of the partnership. Yes, that stuff, absolutely, the GLA was putting in the public domain through our accounts back in -- it would have been June [2017] when we issued the draft accounts.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Correct, and in September the final accounts.

**Gareth Bacon AM (Chairman):** The point at issue, though, is that there is a large amount of public money going in to support the operation of E20. Until the Moore Stephens review was published, this scale of the losses of E20 was completely unknown. The fact that the Stadium was in trouble was not unknown, however,

and public confidence would have been aided by certain amount of transparency before this review was put into the public domain and it has not been forthcoming. That is the point we are trying to make. What was the reason for that?

**David Bellamy (Mayor's Chief of Staff):** I am not sure I accept the premise of the question. I would say that the Mayor made a clear statement in late 2016 of where we were at on the finances. Clearly, Moore Stephens was commissioned to understand why that was and then a huge range of activities, which as you say we will discuss, have been ongoing. That inevitably has meant that there has not been, I would say, a clear, consistent figure during that time because there are a huge number of moving parts to this and I am sure we will be walking through all of those this afternoon. Boards were kept informed on that and it was reflected in management accounts in the normal way. It was only when we reached the appropriate point in those discussions that we were able to update the public and give a clear, solid figure that reflects where we are. Importantly, of course, I would add, that that is after the conclusion of this summer's Athletics Championships, which was a very significant factor in the performance of the Stadium.

**Jennette Arnold OBE AM:** Coming back, David, this is just a common-sense sort of question because my constituents who are following this just cannot make sense of why this was not flagged up prior to 2016. Their question to me is: if we look and call the GLA the Mayor in this instance and there were mayoral appointees on the Board of the LLDC, and I do not know whether Martin [Clarke]'s team had members within that forum, what I cannot get to grips with is this increasing crisis of the company. That does not seem to have been flagged up to mayoral level. David, you will say that that was before you and so the only person who was around then was Martin. Martin, can you help answer that question in terms of process? Was this information withheld from the mayoralty, from appointees by the Mayor, from you as GLA officers? Your title is, after all, Director of Resources, GLA. It does not make sense to the average person that no one identified this or spoke up about this prior to 2016.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** I would say nothing was withheld and we just need to bear in mind the sort of timeframe. The Stadium came into operation during the previous financial year and so the first games would have been just over a year ago. Then, in that autumn, what came out was the increasing costs of the actual transformation works and the initial extra costs that the operator was having to bear in respect of safety of football, etc. As that came out, in a matter of weeks, the Mayor was saying, "I want a review". The Mayor did announce he wanted a review on the basis of information that had been presented to him in October. It took longer than I would have hoped before that review was then specified and tendered and the work commissioned from Moore Stephens, and it started in March.

**Jennette Arnold OBE AM:** In March, and so this was --

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes, but it was in October that the Mayor took a decision.

**Jennette Arnold OBE AM:** -- October 2015<sup>1</sup>?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes.

**David Bellamy (Mayor's Chief of Staff):** To try to, if I can, Chairman, add a little bit to that, Moore Stephens' report presents, for me, as somebody who was not here at the time, a very useful summary of the activities that were taking place and the narrative that the LLDC and E20 faced in getting the Stadium to be

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<sup>1</sup> Following the meeting, officers clarified that the Mayor took this decision in October 2016.



ready on time when there was a crisis about the provision of the seating for the Stadium. The decision to hold the Rugby World Cup meant that there were significant extra costs and upheavals incurred in order to have the Stadium ready to host those games, and yet to keep on track to have the Stadium ready in July 2016. That and some of the other factors as well the Moore Stephens report would set out helpfully for your constituents and that is helpful.

Really from the change in mayoralty, what we saw was the first events at the Stadium in July 2016 and the first West Ham United matches following on from there. It was only as we came through that period that the costs and the various claims from construction firms and so on were settled, so that we had a view in late October about the final cost of transformation.

The Mayor at the very end of October and the start of November acted quickly to put that in the public domain and announced his intention for us to find out exactly why that had happened, which I believe the Moore Stephens review has now done. Then, from there, it has been really a process of understanding the Stadium in operation with the various challenges there have been over the last 12 months, which, as I say, I am sure the Sub-Committee is going to talk through this afternoon.

**Jennette Arnold OBE AM:** It is OK, Chairman. That still does not answer the question I am after.

**Gareth Bacon AM (Chairman):** No. In fact, if I may supplement your question, to take it back, Mr Clarke, the question was around why people in the administration did not seem to take seriously the developing financial problems with the Stadium. This is something that the [Budget and Performance] Committee has been chewing over for years. We have published our pre-budget report and in it, on page 15, if you want to look it up afterwards, we reference what we said in each of our last three pre-budget reports. In every single case, we had highlighted problems with the Olympic Stadium and the ongoing escalation of costs in retrofitting the Stadium. Assembly Member Arnold's question, it seemed to me, in case I am misquoting her, was: were people not listening at that time? Why is it that we got to the state of affairs that we got to?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** People were listening. It seems like passing the parcel here, but the LLDC Board was reviewing what had to be done throughout last year and we were fully aware in the GLA. For example, last year, in the back end of the budget process, we were working out and negotiating with the LLDC how much capital funding it required going forward. It was getting up-to-date estimates of the working capital that needed to be provided from the Stadium. Certainly, in the GLA, it was in our workstreams. It was not left alone. I know that in the LLDC probably every Investment Committee or every Board meeting would be taking reports on some aspect of the Stadium operation.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** If you take transformation as one activity, there was an emerging -- in fact, Moore Stephens sets out very clearly how the overall cost envelope of the transformation developed.

In terms of the operation of the Stadium, though, it did not come into normal operation until the start of the West Ham season in August 2016 and so we had a normally operating Stadium only from that period. We had high security and safety costs because it took a while to bed down that operation and there were some instances in the first matches that required additional security effort. In that autumn, there were also some terrorist incidents in London that permanently reset the security requirements.

It was an emerging picture. There was absolutely no intention or lack of transparency but there was an emerging picture, understanding better things like the West Ham matchday costs, things like the commercial performance of the operator, which meant we were being informed all the time. As Martin said, late in the budget process, in that period, which must have been early 2017, there was an amendment and an additional amount put aside. We were learning as we went the true costs of the operation of the Stadium.

If you think of the Stadium as having a number of drivers - naming rights, the operation of the Stadium, the seat moves costs - they are the bundles of costs that make up the current position.

**Jennette Arnold OBE AM:** It is that final comment that is really always troubling me because that is what I get out of it. It is that it seems like it was amateurs around the table. You talked about learning as you went on: was that good enough? None of you are Stadium experts and it just seems like you are saying there was no learning from elsewhere about commissioning a stadium post a Games. Manchester City post the Commonwealth Games? Surely, if you were to have the required expertise amongst yourselves, you would not have been learning as you went along and then you would not have ended up throwing Londoners' money into this deep pit.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I have two points to make. The Manchester City Stadium is quite a different beast to the London Stadium. It was designed for the Games and then it was redesigned wholly for football and so it is a very successful Stadium designed for football. It was always designed for football.

Moore Stephens' report draws one of the learnings from the very early decisions taken around the design of the Stadium that it was designed to be demountable to an athletics stadium. The decision that was then taken was to make the London Stadium a multiuse stadium. That is quite a different proposition and it throws up a number of challenges.

The second point that I would make is that E20 went to the market and secured a professional stadium operator. LS 185 our subsidiary of Vinci Stadiums. Vinci Stadiums runs very successful stadiums in France and runs the Stade de France, which is similarly a multiuse stadium. We would recognise that we would not necessarily have had the expertise in-house, but we procured a professional stadium operator.

**Jennette Arnold OBE AM:** Thank you.

**Gareth Bacon AM (Chairman):** We will come back on to some of that in a moment.

**Unmesh Desai AM:** I am sorry to labour this point, but I am a bit perturbed about what I would regard as the cavalier attitude of people who refused to participate in this investigation either directly or by non-response, in particular LLDC personnel. After all, they are part of the GLA family.

Can I come back to Mr Lowe? I know that there is stuff at the end of the report, but that is a 139-page report. I do not expect members of the public to go through all 139 pages and certainly not what is at the back. These meetings are webcast and so some of these questions and your answers have to be put on the record. Did the people who refused give any reasons for refusing or was it just, "I am not taking part"?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** If we look at the people who actively declined, in general, it was things like pressure of time and availability rather than blunt refusal. Everybody was exceptionally polite in terms of the interaction with us and we did not sense any

unwillingness. Had we felt that particular individuals who refused were critical, we would have continued to press, notwithstanding the timeline, for additional access. However, in fact, we felt that given the combination of people - and we looked at the span of membership of the various Boards and the individual roles occupied - those who had responded allowed us to form the view we needed to form. We do not feel we were adversely affected by those people who did not choose or were not able to contribute to the review.

**David Bellamy (Mayor's Chief of Staff):** Just to clarify one point from your question there, Assembly Member, the two people listed as "no response to our requests" from the LLDC are not current employees of LLDC; they are former employees. There is no question that the LLDC was not fully co-operative. These are private individuals and it is a matter for them.

**Unmesh Desai AM:** I was going to ask that. Certainly, the Chair [David Edmonds] was around until very recently. The people who did not respond at all, did you write to them again?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Certain people initially declined and then we further wrote to them and then they agreed to take part. This is the final list at the end of the process.

**Gareth Bacon AM (Chairman):** We are going to move on and start talking about some of the financial revelations that we have picked out of the report, starting with the seating.

**Len Duvall AM (Deputy Chair):** Just to help the Sub-Committee understand why was Sapa given a supplemental agreement in 2016 given that the Alto Seating Systems/Sapa consortium had caused many delays already? What was that about? What was the thinking going on there?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In the autumn of 2015, Alto went into administration and Sapa, its joint and severable partner, was the aluminium extruding bit of the seating. Alto was the seating design and event seating experts. Sapa took up delivery of the contract. It was acknowledged, this not being their core business, that LLDC would be better completing the contract, but there were a number of things that we required from Sapa in order to conclude the seating in time for the summer events and in time for the Premier League. There were a number of components, there were a number of design elements and warranties that were outstanding, and a settlement was required in order to ensure that we could secure the seating for the summer and the Premier League events. Not covered by the report, simply because it fell out of the timeframe, the subsequent closeout of the Sapa contract included a settlement of £3.5 million back to E20. In effect, although we agreed a settlement with them at the time in order to secure the requirements for the seating, when we closed out the contract we secured a repayment of £3.5 million.

**Len Duvall AM (Deputy Chair):** This was a planned exit strategy, to secure stuff to go on into the future?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Len Duvall AM (Deputy Chair):** All right. Then let us move and talk about the big budget line on E20 and seating. The PHD contract for seating is between £8 million and £10 million each year. How realistically can we shave this amount? What is the plan? Take us through what the future is looking like. What are the key decisions that we need to take to bring this figure - I dare not say, I do not want to "put the mockers on it" - into a 'manageable amount'. What are we working towards?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The PHD pre-tender estimates were in the region of £8 million to £10 million and the costs for moving the seats for the World Athletics and back again for the Premier League in total amounted to, as reflected in Moore Stephens, £11.7 million. Within that sum, we included a move of the East Stand which had not been planned. The decision was taken to move the East Stand because of the focus on the World Athletics and that was a phenomenally successful event. There are additional costs relating to capital investment to improve the seat moves next year and some project management costs. In total, it is fair to say the costs for the World Athletics are higher than would have been anticipated in the contract because they included the move of the East Stand. However, we have been working on configurations of the seating that reduce the amount of movement that needs to take place. Our forecast for seat move costs next year is in the region of £4 million. Therefore, we have taken some steps towards that by looking at the configurations and by making small capital investments to effect quicker and less resource-intensive moves.

In tandem, we have also been looking at the overall efficacy of the seating system. There are a number of proposals for replacing elements of the seating and they are in very high-level design at the moment. They are in concept design, but we do expect to see some proposals come forward in the first quarter of next year, which may also allow us to reduce the seating seat move costs.

In summary, we have gone some way already with configurations and some minor amendments with the existing system and there is also, in tandem, a review of the seating system to see whether there are other things that we can do to substantially improve.

**Len Duvall AM (Deputy Chair):** Just take us back on the athletics one, then. If you had not reconfigured it, would they have been less successful? You had to do it? You had to go back? There was no other way because of the way the running track is?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Len Duvall AM (Deputy Chair):** You are saying there is a reconfiguration under discussion that allows the running track to take away less seating than what we have now?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes. Rather than move whole stands, we take the front sections off stands to reveal the track and that is much more efficient to do.

**Len Duvall AM (Deputy Chair):** I thought that was what happens, does it not? We are not doing the over ends; that is the bit that changes. You would take them off the east and west stands. Is that how it works?

**David Bellamy (Mayor's Chief of Staff):** Shall I try to add my perspective and see if it helps? The East Stand - or, in athletics terms, the back straight - as those Members who attend West Ham will realise, is a particularly challenging stand because it has the middle tier of seats which is built up on a separate scaffold. Moving all these seats back is particularly expensive. It is by far the most expensive stand.

What happened for the 2016 athletics and what then meant that we could then host West Ham's first match and then the start of the Premier League season so quickly after the Diamond League was that the front seven rows were taken off the East Stand, which exposes the back straight. What that does not expose, however, and remains under the East Stand is the long jump and triple jump pits. That was OK for the Diamond League

because there are additional long jump and triple jump pits down by the home straight and so, for the Diamond League in 2016, those were used.

As the costs of all the seat moves became apparent in the autumn of 2016, E20 was saying, "Can we do that again for the summer 2017 athletics?" Some budget planning was made at one point on that basis. However, what became apparent working with the Boards organising the athletics was that - put bluntly - it is not as simple as that given the extreme detail with which those athletics championships are organised to the minute, all the television arrangements that are made, the arrangements that are made for awarding medals, which is not something that would happen at the Diamond League; also, of course, coupled with the desire that this was blue ribbon and the biggest sporting event in the world, really, in 2017. The conclusion in conjunction with the athletics organisers was reached that the only feasible way to deliver the championships was for the East Stand to move back

Where we are now is a question of saying, "What can we do next summer?" What has been identified is something that is more similar to the 2016 configuration but reduces some of the seating changes on the West Stand and the home straight to further reduce the costs. We have found a cheaper way of doing it in 2018 than was the case in 2016.

**Len Duvall AM (Deputy Chair):** We have a short-term plan, and what you described to me was a medium-term plan or a final solution? It sounds ominous, but it is a big area, is it not? It is a big problem, this one.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of the changes to the existing seating, it would be a solution that we would hope would last for 20 to 25 years, the standard life of a seating solution.

**Len Duvall AM (Deputy Chair):** We are in a position that you can present this Sub-Committee the costings that that would all take, both short-term and long-term solutions, and decisions have been taken already?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No, it is in very early design. Any change to the existing seating solution is in very early concept design.

**Len Duvall AM (Deputy Chair):** This is the one where we need to move fast because of next year, presumably, for the Premiership?

**David Bellamy (Mayor's Chief of Staff):** For summer 2018, a plan is in place and, as Gerry said, that is going to cost around £4 million for the seat moves for the concerts and athletics that are booked for 2018. That is all lined up and that is clearly a significant reduction in costs from the costs that were incurred in 2017. We believe, with the seating infrastructure that we have, that that is the best that can be achieved consistent with hosting both football and athletics in the Stadium.

**Len Duvall AM (Deputy Chair):** Those decisions have been taken?

**David Bellamy (Mayor's Chief of Staff):** Summer 2018's decisions are taken. There are a number of concerts, some of which have been publicly announced, others maybe to follow, that have been being booked, but the decision to host football and to host athletics in the Stadium was taken around about four or five years ago, as Moore Stephens sets out.

What we are then looking at, as Gerry said, is options for changing the physical seating infrastructure and making some capital investment on the basis that then it would make it quicker and easier to move the seats.

There are really two considerations to this: first, the feasibility of doing that and the reliability and ensuring that if we do decide to do that we get the benefit from it that is claimed and so we are going to be taking a cautious approach to that, given previous experience. Secondly, if you are moving the seats, it is all about what events you are staging. If we were to have another International Association of Athletics Federations (IAAF) Athletics Championships in future, then we would want to move the seats back into the blue-ribbon event structure we saw this summer, and there would be a different cost.

There are suggestions and discussions about hosting Cricket World Cup matches in 2019. That would require a different layout of the seats with a different cost. Therefore, it is not just about thinking football, athletics, football, athletics. It is about thinking about the different uses for the Stadium that are possible and, in that context, what, if any, appropriate changes should be made to the seating infrastructure so that they can be moved more quickly and also more quickly in order that we have more time in the Stadium to host revenue-generating events.

**Len Duvall AM (Deputy Chair):** What is the timeline and what is the discipline of moving towards that solution, then? You are telling me you are not going to rush and, OK, given what has happened in the past you might not, but there must be some imperative to sort this out because it is a big haemorrhaging of costs. You have told me about the short-term solution and I am clear on that. What is your timeline for decision-making on your deliberations both about design feasibilities and about putting this into the right place? Are there any timelines you are imposing on yourselves? I say that with caution because one of them is imposing timelines on yourself and you have got yourselves into difficulties, but it does seem to me that you can drift or you cannot, but a short-term solution is a short-term solution, is it not?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes. The reason that I am hesitating is that with any changes to the existing seating, not only, as David said, would we have to be very robust about how well they work, but also any changes to the existing seating have to be implemented in short periods of time because the Stadium is in use. Therefore, the team is currently looking both at what changes could be made and also at the timeframes and the timescales that they could be implemented in. We would want to do a value-for-money proposition that reduces the cost as soon as possible, but we also have to work within the windows of opportunity that the Stadium presents and it has a very full schedule and for the next two years.

**Len Duvall AM (Deputy Chair):** I get all of that. What I would want to know, if I was one of your Board Members, is: when am I going to get a set of decisions that takes me to that bit? When is the Mayor going to receive the information back for that bit, on the basis that seating is one of the biggest problems being highlighted by Moore Stephens that we need to sort out? Where is that? That is it. I am trying to look. Am I going to get it next year or the year after or what? What is it --

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** What you would get - and what the Mayor will get - in the first quarter of next year is the staging point which says either, "We believe there are things that we can do that are cost-effective", or, "Do not spend any more money on there", and then it will be progressive. I cannot set out --

**Len Duvall AM (Deputy Chair):** Yes, it will not be 'big bang'. We get that. We understand that. It will not be a 'big bang' approach, but one of the options you are looking at is progressive changes that will lead us to a longer-term solution rather than a short-term one?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** That is it, yes.

**David Bellamy (Mayor's Chief of Staff):** It may well be that we, given the constraints on Stadium availability in any case, we trial something on a small part, maybe even just one block of the schedule, see if that works and then that might make the case for in the future years doing more.

**Len Duvall AM (Deputy Chair):** You accountants out there will understand this more than I will, but, in that sense, which quarter are we talking about and where does the finance come to?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is the first quarter of the calendar year we are hoping to see, but it will be towards the end of March 2018 that we are due to get the outcome of the concept design.

**Len Duvall AM (Deputy Chair):** Good.

**David Bellamy (Mayor's Chief of Staff):** To be clear, that is decision making. That does not mean that, if the Mayor says, "Go", you have people working onsite the next week doing it.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No.

**Len Duvall AM (Deputy Chair):** For me, look, we are in a bit of a crisis here. Are we acting like we are in crisis? I just want to know. Are you working to Greenwich Mean Time or some Olympic time that you have made up yourselves in terms of coming to a solution? I get the bit about the short term. I now want to know what we are going to do in the long term. You have told me that in the first quarter next year we are going to see a range of proposals - and very difficult decisions, I would imagine - for the Mayor and your Board to say, "Yes or no, this is what we are going to do". Is that fair to say? That is what it looks like? I know I have simplified it and all the rest of it.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** That is what we are aiming for.

**Len Duvall AM (Deputy Chair):** Good.

**Gareth Bacon AM (Chairman):** I am going to bring in Assembly Member Shah in a moment, but a couple of factual questions first, just tidying things up. I am seeking confidence on this £4 million figure, which is the same figure that your predecessor used when he was here at Plenary [November 2017] and also in front of this Sub-Committee [October 2017] about getting the cost of moving the seats around down to around about £4 million. The original estimate was £8 million to £10 million and ended up being £11.8 million. Actually, I had not heard the description given by Mr Bellamy before today - it makes sense and I understand it - about needing to reconfigure specifically for the World Championships and why you could only do that or you had to do that for something like that, but for an average athletics event you would not need to do that and you can save money that way. I get that completely.

Was the difference between the original estimate and the £11.8 million that it turned out to be solely because we had the IAAF World Championships in 2017?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No, included in the difference was about £700,000 of incremental improvements to the seating system that allowed us to move the seats more easily. Some element of that related to the patterns of working and some element related to additional changes to the seating system to make it move more quickly that we are now seeing the benefit of in the £4 million estimate.

**Gareth Bacon AM (Chairman):** Again, I take the point that the estimate in 2016 would be materially different to the one in 2017 because you had a one-off event happening and you had to do things slightly differently. Was the original estimate slightly naïve, then, and is it this learning-by-experience thing you were referring to earlier?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No, it was not slightly naïve. There was a change for the World Athletics and there was a small addition of scope as well.

**Gareth Bacon AM (Chairman):** How much do you put the extra stuff that had to be done just for the World Athletics Championships into that £11.8 million or £7 million?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I would have to go back and look at the full cost of the East Stand move in isolation from the rest.

**Gareth Bacon AM (Chairman):** I am surprised you do not know that off the top of your head because that is one of the key savings, is it not? What we have just heard and what we have heard at previous meetings is that you have worked out that moving the seats in the East Stand may not be necessary every single year; indeed, it might have been necessary only on that one-off occasion.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The cost of moving the seats in the East Stand is about £4 million. My hesitation is in going from what was included in the £8 million to £10 million pre-tender estimate and how that moved to the out-turn.

**Gareth Bacon AM (Chairman):** Yes, because, if you take the £4 million for not moving the East Stand off the £11.7 million or £11.8 million - round it up to £12 million - you have got to the lower end of your original estimate, which was £8 million to £10 million. We are now being told that £4 million is the most likely cost going forward and so I am quite interested in how you are going to cut your original estimate by 50% and how much confidence we can have in that number.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We have reasonable confidence now because we --

**Gareth Bacon AM (Chairman):** You do, but it is a question of why we should be confident.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Why should you be confident? Essentially, there is



no move of the East Stand and there is no move of the West Stand, either, and so two of the stands are not being moved --

**Gareth Bacon AM (Chairman):** Was the West Stand moved last year, then, or this year?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The West Stand was moved in summer 2017, yes. All four stands were moved in summer 2017.

**Gareth Bacon AM (Chairman):** What we are saying is that going forward you would not need to do that?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** You do not need to do that, but what you do need to do is take elements off those stands to reveal the track. It does cost to take off the front X seats.

**David Bellamy (Mayor's Chief of Staff):** The other factor that should give some confidence in the estimate is that it does involve moving the North and South Stands, but that was done this summer by the same individuals. You have confidence that that cost you expect to be very similar this year.

**Gareth Bacon AM (Chairman):** I had heard before - and you referred to it again today - the possibility of hosting matches for the Cricket World Cup at the Stadium, which would be very exciting. That would transform the Olympic Stadium into the biggest cricket venue in this country at a stroke. However, I am interested in the business case of doing it. I would understand why you would want to use the Stadium for that and showcase it, but, if that is going to cost you millions of pounds - and by the sounds of it, it is - how are you going to make that money back up? That would involve even more seat movement, would not it?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It does not, actually. The configuration works for cricket are slightly lower than that for concerts and athletics because - and I will confirm this - it does not require the full move of the North and South Stands.

**David Bellamy (Mayor's Chief of Staff):** Chairman, the point is, whatever one is hosting in the Stadium - and there are contracts in place that ensure football and athletics are held there - the consequence of signing those contracts is whatever seat moves are required. What you need to do is you need to take that into account when you negotiate. The negotiations that will take place with the Cricket World Cup organisers and indeed any other interested parties, just as we do in terms of concerts in the summer, will reflect the cost implications of holding those events. From the positive way in which you asked the question about the event, there is social and economic value to London beyond just the narrow finances of the Stadium, which is a relevant consideration, but nonetheless the finances of the Stadium need to be made to work.

**Gareth Bacon AM (Chairman):** That is a fair comment and that comment applies equally to the Rugby World Cup. Using the venue as much as possible is fine. However, given where we are at the moment, for us, anyway, we would have to be very satisfied that the business case stacked up and was not going to be adding to the financial drain that the Stadium currently is.

**Navin Shah AM:** I am still struggling for a bit of clarity. There are two issues I still want to raise.

One is: you mentioned progressive changes, which I understand, or the period that you will have to make before you come to the long-term, final scenario. Can you tell us? Is it £4 million or whatever figure? What is the figure you have currently estimated for those progressive changes?

The second question related to that is: what timeframe at the moment are you looking into achieving those progressive changes until you can say, "All right, we have nearly got there?"

Then the second question that follows is: when completed and when you have implemented all those progressive changes, what do you reckon would be the new allocation you would require for annual cost for moving seats, etc?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of the estimates we have for introducing changes to the existing seating system, because we are at a very early stage, we do not have anything other than very high-level estimates and they are being worked on currently. In terms of the investment required, I cannot give you a firm figure, but that would be part of the analysis and the consideration around any decision being made in relation to implementing changes to the seating system. Any changes to the seating system would have to pay back in terms of reduction in time and cost to move the seats or else there is no point.

**Navin Shah AM:** Sure.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** As David pointed out, into that mix you have to overlay the type of events that you may want to have at the Stadium. There is an element of what you might want to put on there, what configurations might work and then what additional works you may want to do. We do not have estimates for that at the moment.

As I said to Mr Duvall, we are expecting to get back the results from the high-level concept design work in the first quarter of next year, and the annual costs that we are targeting have to be considerably below the £4 million mark. They have to be sufficiently less than the current costs in order to be an effective investment. However, any decision that is taken will be taken on the basis of a reasonable payback period.

**Navin Shah AM:** Your feasibility study, you said, would be completed sometime next year?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In the first quarter.

**Navin Shah AM:** In the first quarter of next year?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Navin Shah AM:** What happens then? Will you be able to tell this Sub-Committee at that stage what it actually means in terms of where you go from there?

The feasibility is positive in the sense that it points you to a direction that - given the changes you require to accommodate a whole host of different facilities requiring different configurations of seating arrangements, etc - then, if you need to implement that, there would be costing that will go with that and a timetable.

Would you be able to share that with us and, roughly, when do we expect that information - the feasibility itself, the outcome of that - and then what do we do next? Where do we go from there?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of the decision-making process, we would be engaging with the GLA on that. Depending on the merits of it, I do not see why we would not share it. I am keen to not programme-manage the process through the Assembly, but, if the results are good and useful, I would not have any objection to sharing them.

**Gareth Bacon AM (Chairman):** It is certainly something we will be keeping an eye on --

**David Bellamy (Mayor's Chief of Staff):** Yes. I would have expected, if the feasibility work is completed, late March. There are then potential things to be impacted by the pre-election period and so we have to work out whether it is possible to make decisions on this or not in that period. I would have expected the LLDC Board to be taking a decision about that, which, if it requires financial support in any way or approval from GLA, as some things do require explicit mayoral consent, we would need to manage that. At the same time, then, whilst some of the financial aspects may be confidential, the fact that the work would be decided to happen would absolutely be public when that decision was made.

**Gareth Bacon AM (Chairman):** Just an observation of that: I do not personally see any reason why you would not be able to make mayoral decisions during purdah. You just could not press-release them. The timing is important because --

**David Bellamy (Mayor's Chief of Staff):** Yes. Maybe you can come and be our lawyer. I have great sympathy for that view.

**Gareth Bacon AM (Chairman):** Have you?

**David Bellamy (Mayor's Chief of Staff):** Yes.

**Gareth Bacon AM (Chairman):** That is an interesting revelation to be making in public.

Ms Murphy said that the feasibility would come back in early March. Of course, we would run into pre-election purdah at that point in time, but it is important in terms of timing because, of course, you start making the Stadium move in June, do you not? In June and July, it is supposed to be in athletics mode?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** There are no implications from the feasibility report for this year's - and indeed probably for next year's - Stadium moves. The feasibility is about change to the existing system that will improve the system or make it a radically different system.

**Gareth Bacon AM (Chairman):** The key concern that we have is that we do not want something to delay the decision that could mean we go into next summer spending money that we do not need to be spending.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, but any changes to the existing system will take time to implement because of the windows available to --

**Navin Shah AM:** This is why I raised the whole issue. We are just trying to come to grips with what we are talking about in terms of the timeframe. This is just an endless process, otherwise, with no clarity.

**David Bellamy (Mayor's Chief of Staff):** Chairman, if we accept in 2018, if you would say, "Let us try to do some work in 2018", we have a very limited window to do it in around the concerts that are already in the diary, the athletics and the need to make the moves beyond the end of the football season and back again in time for the start of the football season. We already have a very limited window.

You have to add on to that the fact that, if a decision is made to make some changes, a procurement process will have to be run to identify the company to do that. Previous experience demonstrates the importance of doing that procurement with great care and that just inevitably leads to the conclusion that it is going to be very difficult to do anything non-trivial in summer 2018.

Beyond that, we will ask questions like, for instance, if there is an international break during the football season and West Ham happen to be away the week before that and away the week after it, does that create enough of a gap for us to do a trial piece of work in one area sometime during winter 2018/19? It is that sort of thing that we will look at because we are in the same place as the Sub-Committee on this. If - and it is a big 'if' - the work demonstrates that there is value in making the investment in improving the seating, we are keen to see that as soon as possible because that maximises return from that investment. We were absolutely keen to do that, but we have to be realistic: this is a Stadium in live use and that is necessarily going to limit our ability to make changes to its physical infrastructure.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I do want to reiterate: we have been looking at configurations that minimise the amount of cost in changing the seats. I do not want to characterise that we are delaying in anything at all. We have been working hard to try to find configurations that reduce the cost of moving the seats. For next year, we are comfortable that the estimate is much lower than previous years.

**Keith Prince AM:** I understand the issues you have had in putting the seating back, but I also understand there is an issue about maximising the seating in the ground and that there is a dispute over how many seats you have agreed with West Ham. I believe there is a minimum figure - West Ham have an aspiration to have 66,000, I understand - but there is some dispute going on about the bit in the middle. Do you want to just give us a bit more on that?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The concession agreement talks about minimum seating and there are more seats available in the Stadium. However, in order to activate those seats, it would cost E20 additional operating costs and potentially also additional capital costs. There is a dispute with West Ham about what the contract says in terms of capacity. West Ham have absolutely said that they want to increase the capacity to 60,000 and they want to further increase the capacity to 66,000. LLDC and E20 disagree with their interpretation of the contract. We feel that, if West Ham wants to enjoy more seats, then they should commensurately pay more. That is the gist of the disagreement between us. It is subject to legal proceedings.

**Keith Prince AM:** I do not want to compromise that, obviously, but the extra revenue from the extra seats goes to whom?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** West Ham's argument is that they would receive all of the extra revenue from the extra seats. We would contend that we should get a share of that.

**Keith Prince AM:** That is fine. Thank you.

**Gareth Bacon AM (Chairman):** Do you get a share of the seat revenue now?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No, we get a flat, fixed fee from West Ham.

**Gareth Bacon AM (Chairman):** The £2.5 million a year?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes. We get a share of catering revenue.

**Gareth Bacon AM (Chairman):** What capacity are we talking about going up from? Sorry, I was out of the room for a moment.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The current capacity enjoyed by West Ham is 57,000. The concession agreement --

**Gareth Bacon AM (Chairman):** They were asking to go to 60,000. Is that what I heard? You mentioned 60,000? Is it their ask to go up by 3,000?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Their ask is 66,000 but there are two stages. Up to 60,000 is what they currently publicly talk about.

**Gareth Bacon AM (Chairman):** What would be the extra income to West Ham if they went up to 60,000 and kept it all?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Over the period of the total contract, it is hundreds of millions.

**Gareth Bacon AM (Chairman):** Yes, but I am talking *per season*.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I would have to come back to you, sorry. I just cannot --

**Keith Prince AM:** It is between £20 and £30 a seat, is it not? It is a quick 20 times --

**David Bellamy (Mayor's Chief of Staff):** It is dependent on what West Ham choose to sell the tickets for and what the market will bear on top of the additional capacity, which is probably not for us to comment on.

However, I do want to stress the point that Gerry made there. This is not just about one season. This is about an agreement with West Ham United that has 97 and a half years to go on it. Therefore, in terms of protecting the taxpayer interests, we have to think about that.

**Gareth Bacon AM (Chairman):** That is a fair comment, too. My concern is that we are not trying to retrospectively fix a deal that was done that was to the LLDC's detriment now and treating West Ham like the guilty party. My understanding is that West Ham do a lot of very flexible prices for their tickets for local residents that they were not able to do when they were at Upton Park because of course their capacity there was very much lower. I could be wrong on this, but my understanding is that a significant proportion of that extra capacity they are asking for would also be done on the same basis.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** West Ham have an obligation to provide community tickets and I believe that they would, through an increased capacity, deliver more Premier League tickets within that commitment. However, their community ticket obligation is up to 100,000 over the entire season and so it is pretty much small beer in relation to the number of additional seats per match if you multiply it out over the season.

**Gareth Bacon AM (Chairman):** The rumour that I had heard is that one-sixth of the extra capacity that they are asking for they were going to be giving over to community-based tickets.

**David Bellamy (Mayor's Chief of Staff):** The community obligation West Ham have under the existing agreement is not a new requirement that they would accept in exchange for additional seating. The agreement signed in 2013 imposes this obligation on them.

**Gareth Bacon AM (Chairman):** Yes, it is just that where I am keen that we do not go with this debate is viewing West Ham as the big bad wolf that is fleecing the taxpayer. The fact of the matter is, of course, that the overwhelming majority of West Ham United's income - according to their audited accounts - comes from TV rights and they would get that playing on Hackney Marshes. The increase in ticket revenue is comparatively slight going to the Olympic Stadium from Upton Park. A lot of this debate has been shrouded in this view that these Premier League football clubs that pay millions to their players are somehow fleecing the taxpayer.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I am interested to get a copy of West Ham's latest annual report and accounts, which I do not think have been filed with Companies House yet, and so I cannot comment.

**Gareth Bacon AM (Chairman):** It would be absolutely true to say in the case of every single Premier League football club that the vast majority of their income comes from TV rights.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The vast majority of the income comes from TV rights - that is absolutely correct - but, as I say, we have yet to understand the benefit of the increased capacity that West Ham enjoys at the Stadium and the fixed-cost deal that they also enjoy at the Stadium.

**Gareth Bacon AM (Chairman):** They have been playing in the Stadium for two years. How long have they been asking for increased capacity?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I believe that they began to ask for the increased capacity last year, certainly before the start of last year's season, probably early last year, I would say. It first came to my attention around the beginning of last season.

**Gareth Bacon AM (Chairman):** The beginning of last season and so that is --

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Sorry, the beginning of the season that we are currently in and so --

**Gareth Bacon AM (Chairman):** Since August? For the last four or five months?

**David Bellamy (Mayor's Chief of Staff):** The beginning of the 2017/18 season.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** 2017/18.

**Gareth Bacon AM (Chairman):** Have you not already had those discussions, then?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We have had very many discussions with West Ham in relation to the seating capacity. We agreed to increase the seating capacity on the basis that they would agree costs and we would increase the seating capacity, and the cost agreement was not fulfilled or not completed.

**Gareth Bacon AM (Chairman):** Sorry, what does that mean? Can you explain that to me?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We have had a number of discussions with West Ham about capacity. Ultimately, we have a disagreement about the interpretation of the contract. Of course, it would be good for us to have a higher capacity if we would get a share of that revenue, but that is not what West Ham proposed. Therefore, in order to avoid additional costs by providing West Ham with additional capacity, I do not see how we can agree to it without --

**Gareth Bacon AM (Chairman):** This hinges, it seems to me, from what you have just said, on the understanding on the part of West Ham and the LLDC of the original contract because the capacity that they have at the moment, 57,000, they get all of the income from that. You have said that, have you not?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Gareth Bacon AM (Chairman):** All right. I walked in just as you were saying that there is legal action ongoing or pending or something. Is that turning on West Ham's assumption that they can increase the capacity and that they would take the revenue and your assumption that, "No, this is your capacity and we will take a share of anything over that"?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It hinges on West Ham's view that they have access

to all of the capacity in the Stadium and our counterview is that, in order to access the additional capacity, we would need to see some commercial arrangements in place.

**Gareth Bacon AM (Chairman):** Yes, that is what I have just said. You said there is legal action pending on this?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** There is.

**Gareth Bacon AM (Chairman):** When is that going to court?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I believe it is November 2018.

**Gareth Bacon AM (Chairman):** Just under a year from now. What will happen if you lose?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Then we would be exposed to additional costs and no additional revenue, significant over the term of the contract, but our legal advice is strong in this respect. Given the cumulative value or potential loss to E20 over the term of the contract, it is sensible that we --

**Gareth Bacon AM (Chairman):** The potential loss? What would you be losing?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** If we had to support additional capacity at the Stadium, we would incur additional costs that we do not believe would be covered by the --

**Gareth Bacon AM (Chairman):** How much would that be? They want an extra 3,000 seats and, ultimately, in this two-stage process, maybe another 9,000.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** They do want an extra 9,000 seats.

**Gareth Bacon AM (Chairman):** Yes, as I said, a two-stage process: 3,000 this year, which is what you have said, up to 60,000, and then potentially up to 66,000. Let us assume that they got - I do not know - 3,000 to start with. What would be the initial cost to the LLDC of West Ham having those 3,000 extra seats?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I do not know offhand.

**Gareth Bacon AM (Chairman):** We will write to you afterwards and ask for that, if that is possible --

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Gareth Bacon AM (Chairman):** -- because it is very important that we get underneath this. We need to understand exactly what the problem is here.



**David Bellamy (Mayor's Chief of Staff):** Can I also, Chairman, just make a follow-up point on something you said a minute ago about how the finances of Premier League clubs today are such that they receive a large amount of money from TV and the seating is correspondingly less valuable? They are still valuable. That is why a great many clubs - you see it at Arsenal recently, Tottenham Hotspur currently and Chelsea soon, as well as West Ham - are rebuilding their stadiums. They are doing that because they see significant financial value in doing so.

**Gareth Bacon AM (Chairman):** Partly.

**David Bellamy (Mayor's Chief of Staff):** What we have to recognise is that this is a 97-year deal. The media and technology landscape is changing very dramatically around us. One cannot assume that in 20, 30 or 40 years' time, what we now call 'TV rights' will be far more important to clubs than seating rights. We just do not know that.

**Keith Prince AM:** When we are talk about rights, it also comes down to bragging rights. As you know, Tottenham Hotspur are going to be increasing their ground and Chelsea are as well. They will be 60,000-seat stadia. If West Ham achieves a 66,000-seat stadium, they will have the second largest ground in the country.

**Gareth Bacon AM (Chairman):** We are going to move on and we are going to start talking about - forgive me - naming rights, another thorny subject.

**Unmesh Desai AM:** I raised this issue back in January and October and so I will complete my hat trick by raising the same topic again today. I will try to be as brief as possible. I am conscious of the time.

To you, firstly, Ms Murphy, a perhaps somewhat predictable question: how is £4 million of naming rights income realistic when a club the size of Arsenal generates less? In the figures that I have - because I started with my second question - Arsenal generated £3.3 million of naming rights but this also includes sponsorship. In light of that, do you think a joint Stadium and shared sponsorship deal is possible or desirable?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of whether £4 million is a reasonable sum, we have had significant advice that £4 million is a reasonable sum. Indeed, the concession agreement with West Ham reflects the £4 million level in that, above that, West Ham share the naming rights revenue. We have had advice from ESP, which is part of the WPP group, in fact was recommended by West Ham. It was the last agency that we worked with in terms of naming rights and believed that was a reasonable estimate. We have had discussions with two parties over the last year at there or thereabouts this sum. Therefore, £4 million is not unreasonable.

In terms of relevance to the Emirates, the London Stadium is - I am trying to find a different word to 'unique' - a very different proposition. It has multiple uses. It can host, for example, as we saw, the World Athletics last year, which is a blue-ribbon event. In the bundle, what you get for the Stadium is also a different proposition to a standard football club naming proposition.

In terms of whether those rights should be jointly offered with shirt rights, as I said, we have been in conversations with two different parties over the last year and, actually, the focus of neither of these parties was particularly on the club relationship but more on the wider relationship. While, yes, you could look at packaging a naming rights deal with a shirt deal, you would have to be very happy that you were getting sufficient value for the naming rights element that would accrue to the public sector as against the shirt deal. We are looking now at how best to go back to the market on naming rights.

**Unmesh Desai AM:** I am coming to that, but these two deals have been speculated about in the press but have not happened. Therefore, is it reasonable to still include £4 million of naming rights income in your business plans?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The business plans as presented in our budget submission to the GLA do not include any naming rights income for 2018/19. We have submitted our budgets on a very prudent basis and we have included our business plan estimates, plus risk, and the risk is that we will not get a naming rights deal next year. Indeed, we do not currently intend going back to the market until later next year when we have developed and thought about all of these things such as shirt deals. How to package the rights is under consideration.

**Unmesh Desai AM:** It still seems hazy. We were told that you are not actively marketing the naming rights. Is that still the case?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes. I do not believe we will be actively marketing --

**Unmesh Desai AM:** Why not?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** As part of a developing commercial strategy, we want to work through the options for how best to present to the market.

**Unmesh Desai AM:** What I do not understand -- and I asked this question in January and in October and I did not get a satisfactory answer. We were told in January and in October by David Goldstone [CBE, former Chief Executive, LLDC], "I am very confident in securing naming rights", and the same language in October, "Still very confident". What is the problem?

You have this iconic Stadium. Your words, I forget, but I think you described it as a unique Stadium, different to the Emirates. You get far smaller stadia. Dagenham & Redbridge's [Football Club] stadium - I do not know if it is still the case - is sponsored by a construction company. I know it is a much smaller stadium, but you have smaller stadia all over the country that tie up various deals, naming rights deals and so on.

What is the problem with such an iconic institution? Why can you not attract an international sponsor? The Mayor was in India recently, of course, and I followed his trip on Facebook, David. It seemed a fairly successful trip, although we are without outputs in concrete terms. I do not know if he actually went there because [Tech] Mahindra was one of the two companies that was mentioned in the press, a very big Indian company.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Unmesh Desai AM:** I simply do not get why you cannot attract a sponsor.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The Moore Stephens report helpfully points out the challenge to securing naming rights. It is a narrow market and we have been reasonably close on two

occasions now to securing a naming rights deal. As I said, we are looking at our options for re-presenting to the market but, while we are working on those, we will not actively be marketing our naming rights.

**Unmesh Desai AM:** Do you still share the optimism - and I will finish on this note, Chairman - of Mr Goldstone [CBE, former Chief Executive, LLDC] in January and in October about being "very confident" that you will get someone soon?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I am not quite sure of the timing.

**Unmesh Desai AM:** January: "I am very confident... I do not think there is a fundamental problem... "

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In January we were actively in discussion with Vodafone, and then in October David would have been reflecting that we were still very confident about securing --

**Unmesh Desai AM:** He said he was very confident and positive that with the right partner at the right time -- when will that right time ever come, if it comes at all?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** As I said, we are reviewing our options for representing the naming rights for the Stadium to the market, but we will not do that until next year. We are considering it as part of our commercial strategy that is in development for the Stadium business. I am very confident -- shades of David -- that at a point in time we will --

**Unmesh Desai AM:** "Very confident"; I am sure that has been minuted!

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, I know. I can see. I am very confident that at a point in time we will get a naming rights sponsor.

**Unmesh Desai AM:** OK. I wish you luck, but it is something that I cannot figure out.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We have been close twice, and I am sure and confident that we will find the right partner, as indeed David would have been --

**Gareth Bacon AM (Chairman):** "At a point in time" sounds OK, but given the scale of the losses and given that this is one of the premium ways that you can make some of that money back, and it is taxpayers' money that is underwriting those losses, a sense of urgency would probably be good.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Perhaps I am not conveying the sense of urgency. I do feel that with what we currently experience in relation to the Stadium losses there is a huge sense of urgency. I do feel that it would be right for us to consider in the round as part of our commercial strategy how best to go back to the market.

**Len Duvall AM (Deputy Chair):** In going back to the market why are you ruling out going back to the market place with a shirt sponsor?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I am definitely not ruling it out.

**Len Duvall AM (Deputy Chair):** That might well be one of the options when you come to that decision; that you will say, "Actually, can we try to do a deal with West Ham because that is the best way forward"?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, absolutely. I am absolutely not ruling that out; absolutely not.

**Len Duvall AM (Deputy Chair):** Sorry, I was not clear in terms of that. It is an option?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is an option.

**David Bellamy (Mayor's Chief of Staff):** The point Gerry was trying to make is that with the two companies we got very close with it was not the fact that there was a Premier League football team there that was the key driver for them; it was the wider usage and story around the Stadium. From that experience, it is not obvious that the way definitely to go is tying in with the West Ham shirt sponsorship, but it absolutely is an option that we will look at.

**Gareth Bacon AM (Chairman):** With respect, that is one potential commercial partner. As Assembly Member Desai pointed out, virtually every naming rights deal of any big stadium around the country has been allied with a shirt sponsor. It seems strange not to be looking at that or not to be pressing that forward. Have you actually spoken to West Ham about that? Are you in discussions now?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We are currently developing our commercial strategy, and West Ham will be interviewed as part of that process. West Ham will be engaged with us as part of that process.

**Gareth Bacon AM (Chairman):** Surely you should be in partnership with West Ham over this, should you not?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We will engage with West Ham as part of that process.

**Gareth Bacon AM (Chairman):** Engaging and being in partnership are different. We have flogged this horse; let us move on.

Match days. Sorry, this is becoming the Gerry show. I am sorry. The E20 Board minutes that we have recently had sight of indicate that match-day costs are around about £220,000 per match, netted off against the catering revenue of approximately £30,000, which means the E20 is losing £190,000 per match. Why is that?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of the level of stewarding - I referred to this previously - when we started operations at the Stadium for the first season there was some bedding in and there were some security issues. The cost of stewarding essentially drives much of that cost. Over that first winter of 2016 we started off operations with a higher level of stewarding than anticipated, and actually because of the threat level and the security level because of a number of terrorist incidents that higher level of stewarding has been largely maintained. In addition, we had to make additional efforts with heavy vehicle mitigation. We have delivered a safe and secure operation for West Ham's first season, and we are now looking at the efficiency of the stewarding costs. Therefore, we are looking at how we can safely reduce the stewarding costs on West Ham match days.

**Gareth Bacon AM (Chairman):** Do you expect that cost to come down then?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I do, but I do not believe it will ever break even. I do not believe the West Ham match-day costs will break even currently. I believe that the match day costs will continue at some level to exceed the revenue that we get.

**Gareth Bacon AM (Chairman):** The Moore Stephens review indicated that the fixed rate of £2.5 million a year that is paid to E20 was reasonable, and they referenced Manchester City as an example of something similar. If we look at that and extrapolate that out, plus the losses that are being incurred every time, we see the E20 will lose £2.25 million every year from hosting football matches. Is that sustainable?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Clearly it is not sustainable, but that is the deal that we did with West Ham. Perhaps I did not understand the question.

**David Bellamy (Mayor's Chief of Staff):** Chair, the financial performance we see, clearly there are factors around any first season and there are going to be learnings. Where safety is concerned you are going to be cautious about that. People's safety comes first. There were some disturbances during West Ham's first few matches there, just as there were indeed at Upton Park towards the end of their time there. It is important to address that, as well as respond to the counterterrorist situation. We will learn and we will be able to get more efficient there.

It is worth saying that we are in a good place. I understand that arrests at the Stadium are lower than at comparable Premier League teams; therefore, that is a positive sign for the Stadium. We need to learn and we need to get better, but the fundamental reality here is a deal was done by the then Mayor, who was also then Chair of LLDC, in March 2013. West Ham, while the Premier League club, pay £2.5 million a season, and that has proven a figure that we cannot operate the Stadium on match days within.

**Gareth Bacon AM (Chairman):** Yes. I would like to get away from blaming, really, if I can. The Stadium has been operating in its entirety under the present Mayor, and I do not think it behoves us very well--

**David Bellamy (Mayor's Chief of Staff):** Under the contractual arrangements that were put in place before the present Mayor was elected.

**Gareth Bacon AM (Chairman):** Indeed, but a lot of the personnel involved in making those contractual arrangements are still in post; therefore, perhaps we should stop wasting time with that. Do you not think that makes the issue of naming rights rather more pressing?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I completely agree that the issue of naming rights is pressing. We have a programme to address the Stadium financial situation. We have introduced a corporate restructuring officer. He is developing a commercial strategy. My belief is that we should go out to the markets when we have developed that commercial strategy.

I do not think we are over-deliberating, but we have found ourselves in a situation where the Stadium is making higher losses than could ever have been anticipated, and we need to look at what events are appropriate for the Stadium. We need to look at the commercial environment, and we need to understand how we can maximise utilisation of the asset, be that in finding ways to move the seats more efficiently or be that in looking at ground technology to understand how we can maximise the summer event period and also maximise the income that we can get in addition to that from our existing concessionaires. That is all being worked through, and that will be part of a proposition that we take to the market for naming rights. It would be reckless to do anything other than that.

**Gareth Bacon AM (Chairman):** I am interested in probing your relationship with West Ham United again. In her written submission to Moore Stephens, [Baroness] Karren Brady [CBE] said:

*“We have expertise at West Ham of effectively and profitably running football clubs and stadium for 25 years. The Boleyn Ground as a facility could not offer anything comparable to that which the Olympic Stadium can offer, and yet it seems to us that we were able to make more of that facility in terms of appeal and revenue generation.”*

Are you talking to West Ham about things that could be done to make it more profitable?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, we will be talking to West Ham about all those things.

**Gareth Bacon AM (Chairman):** Again, that is “will be”. Why are you not doing that already?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We talk to West Ham all of the time. They are our anchor concessionaire. We are developing a commercial strategy and West Ham will be part of that development.

**Gareth Bacon AM (Chairman):** The thing is it does not feel like a partnership arrangement, from what I am hearing today. Partners do not sue each other, or at least partners who are working together do not sue each other. That seems to be happening on a range of problems.

**David Bellamy (Mayor’s Chief of Staff):** Chairman, can I try to step back and paint the picture on this one? The Stadium has been in operation now for, let us say, 15 months. Clearly that has been a very financially challenging time, and it has nevertheless been very operationally successful. With all the problems we talk about, it is important to remember that the athletics this summer went fantastically. The position now is the finances, having gone through a full year, are crystal clear and the problems are understood. Clearly the agreement with West Ham is open to different interpretation. That is a fair comment to make. West Ham are keen to pursue it from their perspective, and we are considering the taxpayers’ interests in our stance based on our legal advice.

What we are actually trying to do now that the Mayor has taken control of the Stadium is to try to say, "Look, we have had all these problems. We do not want to be in a situation where we are in legal action. We are comfortable that if we have to we will defend the taxpayers' interests, because that is what we are here to do and we will not shy away from doing that, but we do not wish to be in legal action. What we want is to be in a partnership situation where all partners and stakeholders involved in the Stadium share in the agreed understanding and the agreed vision for how the Stadium is going to work and how it is going to be a success".

That is the process that is underway now in terms of talking to the stakeholders and trying to get that agreed vision of how everybody sees the Stadium working. That then gives us the basis to say, "How do we get from where we are today to where we all want to be in partnership?" It is quite clear the contracts that are in place are in place. They are reality and no one party can unilaterally amend those. What we have to do is we have to say, "Are there ways that changes can come along that will be mutually beneficial and that will help us move towards where we want the Stadium to be?" That is the process we are going to go to.

We very much want to have a partnership with all our tenants to ensure mutual success. We welcome West Ham's public commitment to that, and that is why, as Gerry sets out, all sorts of discussions have gone on in the past. Now the facts are clear and on the table, we are working together to address the situation and working out what we need to do for the best interests of the Stadium, which is, and I am sure will continue to be, a great asset for London.

**Gareth Bacon AM (Chairman):** Speed would be good.

**Keith Prince AM:** I have two questions. One I am confused on, but if I can just go back to the naming rights, can I ask: have you ever spoken with or had any discussions with any other clubs that have had successful naming-right negotiations, such as Arsenal, Manchester City and so on? Have you asked them if they could help, or taken any advice from somebody who has actually made it happen?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I do not personally know of any, but we have used an agency. We have used two agencies, in fact, to secure naming rights.

**Keith Prince AM:** Do they have a record of securing large naming-right contracts?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The last agency that we used was in fact recommended by West Ham to us. I cannot remember off hand, but --

**Keith Prince AM:** That was not quite the question I asked though, was it?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I cannot answer that currently, but we will have done due diligence on the agency.

**Keith Prince AM:** I am sure you would have done, yes. Perhaps you could let us know whether either company has any experience of landing a large contract.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**David Bellamy (Mayor's Chief of Staff):** I would say, on top of that, Assembly Member, if you take Manchester City as an example, for the reasons that Moore Stephens set out on page 149 we should regard Manchester City as being in a wholly exceptional situation and not a useful comparator for this discussion.

**Keith Prince AM:** I used Arsenal as well.

**David Bellamy (Mayor's Chief of Staff):** Arsenal is a fair comment.

**Keith Prince AM:** All right. That answers that, and that is fine, thank you. Where I am now confused is, David, you just said, and I wrote it down, "Now that the Mayor has taken control of the Stadium". I would have thought that with a 65% share in any business he already had control of the Stadium, and has had control of the Stadium since he was elected in May last year. Why does he all of a sudden think he has now taken control of the Stadium when in fact he has had control of the Stadium ever since he was elected to Mayor?

**David Bellamy (Mayor's Chief of Staff):** Whereas the partnership shares of E20 were 65% and 35%, the membership agreement provides a great number of matters on which unanimity is required between the members.

**Keith Prince AM:** OK. I get that.

**Jennette Arnold OBE AM:** Chairman, before I go on to stadium operator questions, can I just go back to David? David, you gave us a great bit of narrative there following on from Gerry's answer to questions on the Mayor. As a scrutineer, I have to be clear who is in charge and the flow of responsibility, and I am really confused here. Does Gerry brief you as Chief of Staff or do you brief Gerry? It seems to me that what you did there was you gave some sort of executive overview of what we had heard from the Acting Chief Executive. What do you think?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** My deficiency in explanation.

**Jennette Arnold OBE AM:** It is important for us to understand where the buck stops here and who is making decisions on what.

**David Bellamy (Mayor's Chief of Staff):** The decision-making structure is a matter for the LLDC Board because they govern the LLDC.

**Jennette Arnold OBE AM:** You do not sit on the LLDC Board?

**David Bellamy (Mayor's Chief of Staff):** I do not sit on the LLDC Board. What that obviously requires, as I touched on, is the LLDC to operate under mayoral decisions, and there is a mayoral decision set under the previous Mayor that sets out certain matters that have to be referred up to where consents have to be given. That was done in some of the recent decisions, and the mayoral decisions reflect that. The mayoral decisions reflect where formal approval is required from the Mayor on matters. This is a very financially significant matter, as we all know. It is in that context, it is very important for the GLA, and with my role overseeing GLA Group financial resources. That is why I have been working closely with Gerry and with colleagues to look at options and ensure that we are going in the direction that the Mayor would want to see.



**Jennette Arnold OBE AM:** OK, I will stop you there because I am going to come back to transparency if I get a chance later on.

Merryck, in your report on page 110 -- do you have it in front of you? I do not expect you to have it off by rote -- you say in there that LS185, the Stadium operator, has "yet to prove itself as a commercially astute organisation capable of identifying and exploiting income-generating opportunities". Did you get that from a broad statement?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes, that sounds to me like a lift from a broad statement. Can you tell me where on the page that is, just so I can find it?

**Jennette Arnold OBE AM:** Where on the page is it? It is about halfway down, is it not?

**David Bellamy (Mayor's Chief of Staff):** It cannot be page 110. That is much earlier in the timeframe. It must have been a more recent page than that.

**Gareth Bacon AM (Chairman):** It is an E20 Board minute. It is not in the report.

**Jennette Arnold OBE AM:** From the E20 Board minutes, sorry about that. No, the E20 Board papers made this damning report. That would have been after your review. Not a question for you, Merryck, sorry.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** No problem.

**Jennette Arnold OBE AM:** It is difficult to understand who to put that question to, really. Gerry, I was going to give you a rest, but it is back to you. The E20 Board, in their minute, are damning about LS185: saying it is yet to prove itself as a commercially-astute organisation capable of identifying and exploiting income-generating opportunities. In fact, despite promising substantial income in its bid document -- for instance, it said in its original bid in 2014 that by 2017 to 2018 it would be delivering £5 million net revenue -- in fact, as we understand it, E20 are making net payments to LS185 at just under £500,000. Why is the LLDC persisting with a Stadium operator that is clearly unable to meet its commitment?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is fair to say that LS185 have not delivered the net commercial revenues that they set out in their bid. I would say that the E20 Board is disappointed with the commercial performance, but LS185 have delivered operational performance for the Stadium. We have seen one West Ham season, we have seen a phenomenal --

**Jennette Arnold OBE AM:** That is not what I am talking about. They promised income; I just want to stay with the income.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Sorry, you said that the E20 Board was damning about LS185, and I do want to differentiate between their performance as an operator, for example, the safe and excellent performance of their operation, versus their financial performance, which is disappointing.

**Jennette Arnold OBE AM:** Yes, and I only want to deal with the financial aspect, and it is damning, is it not?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** The financial performance has not delivered.

**Jennette Arnold OBE AM:** How are you going to deal with that? Are you going to say, "Well, they do not have to meet that because they are good in other aspects?"

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No. No, sorry.

**Jennette Arnold OBE AM:** Well, that is your modus of--

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** That was not what I intended.

**Jennette Arnold OBE AM:** That is the way you work, is it not? You find something to balance the negative against. I am saying that a Stadium operator promised to create substantial income in a big document. You are still wedded to that Stadium operator, and I want to know why should Londoners be paying for an organisation that is not fulfilling a promise that it made.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** LS185 is not delivering on its commercial revenues, and we are working hard with them to see an improvement in that. They are a commercial operator and we are holding them to their contract. I just want to explain that they are paid a fixed fee for managing the Stadium for the day-to-day operation, and then they return a net commercial revenue, which is the net revenue over and above operation costs. When we are paying them, we are paying them to operate the Stadium. Their profit from that is a percentage of net commercial revenues. Just by way of clarification, we are not content with the commercial performance of LS185 and we are working very closely with them to hold them to their contract to improve that performance.

**Jennette Arnold OBE AM:** Can I understand what sort of timeline you are working to for that improvement?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of targeting an improvement we are working with them day to day, and they have had a number of changes in senior staff to --

**Jennette Arnold OBE AM:** Are you expecting them to produce any revenue by the end of 2019?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, we are expecting them to produce revenue by the end of 2019.

**Jennette Arnold OBE AM:** When we look at your quarter 2 or quarter 3 reports next year, we will be seeing some income from this company. Is that what you are saying?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** You will see income from the company.

**Jennette Arnold OBE AM:** As promised?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** In terms of the net revenue, I would have to refer to our expectations, but of course we are pressing them to improve upon their current performance, because it is not satisfactory.

**Len Duvall AM (Deputy Chair):** E20: Newham caps its original loan at £40 million. My question to you, David, is did they jump ship? Did you ask them to stay? What was their exposure? What was the motivation? Why did they need to go? You alluded in an earlier answer about how the decision-making on E20 is based. Maybe that is your starting point.

**David Bellamy (Mayor's Chief of Staff):** Yes, certainly, Assembly Member. I think what your question really drives at are two separate issues, which if I may I will go through in turn. First is the need for one owner of E20, and then the second is who should that be. In terms of the need for one owner, first there is absolute agreement between the Mayor of London and the Mayor of Newham that this is what is required. Taking this path removes layers of complexity from the Stadium governance structure. It also allows us to address the Members' agreement, which did not reflect certainly the practical funding ratios between the parties for the Stadium. It ensures that we have one single voice to speak for the Stadium and removes the need to put in a lot of time and energy on coordinating to make sure that we are all speaking with one voice, and enables us to spend our energies on addressing the financial situation. Because of those factors the Chief Restructuring Officer that we appointed jointly with Newham recommended that this step be taken, and both Mayors agreed absolutely that that was the right thing to do.

We then come to the question about who should take on ownership. That is something that I know the Mayor of London considered carefully, and I have no doubt the Mayor of Newham did as well. Ultimately the bottom line on the agreements put into place is that the LLDC has responsibilities towards West Ham and also LS185 if E20 were to fail as a business, and it just makes logical sense to align the asset ownership with this. If you were to try to do it the other way it is actually very difficult to put a financial value on this responsibility in order to affect a transfer between the LLDC/GLA and Newham. Therefore, that actually would be a very difficult thing to do. Financially it would be very difficult for Newham to take that responsibility.

Both parties are absolutely clear that we want the community benefits from the Stadium to be delivered. I know the LLDC Board is very strong on this as well. Really the agreement reached reflects that the LLDC and the Mayor have put in far more of the funding to the Stadium, and that the Mayor of London has a particular interest in the Stadium because it is an asset for all Londoners, including Newham residents, in terms of the events that we are able to put on and how we are able to project London on the world stage, as we saw this summer.

It is fair to say - and I do not want to speak for Newham - that its investment was very much predicated on delivering community benefits and that has always been what matters rather than ownership *per se*. Ultimately, it was a consensual discussion between the two Mayors and an agreement that this was the best way to proceed.

**Len Duvall AM (Deputy Chair):** When you say we are speaking with one voice, we were speaking with one voice when the LLDC was picking up all the over cost, and so, it is quite clear in that arrangement of E20.

Coming back, in terms of the future of E20, in terms of vision of one single ownership, do we need a delivery vehicle for the E20? What is the plan or is it just going to be that we still use E20 because that is the way it is? We have people on E20. When the Mayor says he is taking charge, he is taking charge through the LLDC, but is the Mayor going to take charge and put his people on the Board rather than the LLDC? What are we talking

about? What does the structure look like of this ownership and what is the thinking of the use of this delivery vehicle for the future of the Stadium?

**David Bellamy (Mayor's Chief of Staff):** I will start with that. Gerry, if you need to chip in any more detail, please do. E20 is now fully a subsidiary of the LLDC. That is the result of Newham's withdrawal.

**Len Duvall AM (Deputy Chair):** Can I just point out? It did feel like that before. Even though Newham was sitting at the table, they were like a junior partner. They may have had different voices, and a colleague said it earlier, but I have to come back and say it felt like we were the majority of the owners of the Stadium. Is that not fair to say?

**David Bellamy (Mayor's Chief of Staff):** The contracts are set out as the contracts are set out. Sometimes what may give you that impression is that, a lot of times, E20 unanimously would ask LLDC officers to do work on its behalf and indeed, yes, E20, which has a very small number of staff, is not a big organisation because that is what the Stadium operator is there to do, to operate the Stadium. The small number of E20 staff are based physically in the LLDC offices and those are based in the borough of Newham. That is sometimes where it comes from.

If you are reading through the history, there have been times in the past where Newham officers have led on certain matters but, a lot of the time, we would have an agreement by the E20 Board that particular actions would be taken forward by LLDC staff. That is where that perception comes from.

In terms of E20 as an organisation, legally it is a partnership. We are in a place where it is constituted appropriately at the moment but, ultimately, it is controlled by the LLDC, just one organisation, therefore, we are going to need to review whether it is appropriate to continue with that corporate structure or not. What matters to the Mayor is not the corporate structure *per se* but the success of the Stadium and all those who use it. That is where the focus is.

In terms of your other questions about the Board and about governance, as you know, a new Chair of LLDC was appointed last June [2017]. He asked the Mayor for five or six months to get his feet under the desk, as it were, and get familiar with the current Board and what was required from the Board. Having got through that, we are now in a process of looking to appoint new Board Members. The terms of existing LLDC Board Members expire at the end of March [2018]. Clearly, in the natural course of things, some Board Members will remain, others will move on either because they wish to do so or because it is just good practice to refresh the Board and bring on perhaps different skills. That is the process that the LLDC Chair is starting to lead at the moment. The governance of E20, essentially, as it is now a full subsidiary of LLDC, will get subsumed into the governance of LLDC and its boards and committees.

**Len Duvall AM (Deputy Chair):** Thank you.

**Gareth Bacon AM (Chairman):** Moving on, Mr Clarke, welcome back to the meeting. I hope to welcome you all back at some point. Gerry [Murphy] can take a rest. I want to talk to you a bit about capital because the LLDC is going to be putting in a substantial amount of capital funding in E20 over the next few years; £21.1 million in the forthcoming financial year followed by £28.9 million in 2021/22. The transformation costs of the Stadium are over, they are finished. It has been paid. What is this extra capital money going in for?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** That extra capital money is going in on, worst case projections, the future deficits E20 will make if we do not do any of the things we have been talking about this afternoon. The projection of working capital is capital spending. At the moment,

we have got an LLDC draft capital spending plan that is not painting a rosy picture of E20. That is sort of the numbers, a slightly worse case. In the GLA, we do not look at this Stadium in isolation. We are looking at the whole of the LLDC's capital requirements over the period. At our last meeting --

**Gareth Bacon AM (Chairman):** Can I just ask you to pause there just to correct my understanding? This is money going from the LLDC into E20 and E20 run the Stadium. The LLDC look after the entirety of the Olympic Park, which I understand. This is money going from the LLDC to E20, is it not?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes.

**Gareth Bacon AM (Chairman):** What you have just said then about the Park in totality does not really apply to the capital money I am talking about, does it?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** There is not a separate source for that capital funding. The source for that capital funding is like the source for the whole of the LLDC which --

**Gareth Bacon AM (Chairman):** Yes, but it is paying the money from the LLDC to E20 and the responsibility of E20 is the Stadium, yes?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes.

**Gareth Bacon AM (Chairman):** What is E20 going to be using £20-plus million of capital money per year, escalating up to £28.9 million in 2021/22, given that the transformation costs are done?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** No. It is capital in LLDC books. It is to fund the forecast deficits on E20.

**Gareth Bacon AM (Chairman):** All right. It is to cover the revenue losses of E20 at the moment?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** The revenue losses. As I say, those revenue losses are before some of the measures which we have been talking about today which, if they do come forward, shall we say, as we expect and are as successful as we hope, will reduce that requirement.

**Gareth Bacon AM (Chairman):** All right. It is worst-case scenario, then?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes.

**Gareth Bacon AM (Chairman):** It is basically the LLDC plugging the gaps in the operating losses of E20?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** As the owner of E20, it has to plug the gap or E20 ceases to be.

**Gareth Bacon AM (Chairman):** Capital money is usually borrowed, is it not? There is a revenue cost to the GLA for doing this, presumably?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes. At present, the cost to the GLA is the interest foregone because, otherwise, we would be pulling that money out of the money

market. The GLA has cash and, day to day, that is invested in some means. Therefore, if it is not being invested, it is being given to the LLDC and we have lost that interest-earning capacity.

**Gareth Bacon AM (Chairman):** I understand. Is this a loan or this is a gift?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** This is what we covered at the last meeting. At present, the GLA has provided the LLDC with a drawdown facility which we charge at the prevailing long-term PWLB rates when they draw it down. What we spoke of at the last meeting of the Sub-Committee was - and it was the question of Jennette [Arnold OBE AM] - how much further can you go? What you used was if you maxed out the credit card. I did explain we were doing work to establish a cap on how much the GLA can prudently lend to the LLDC and we were reflecting that in the budget consultation paper that will be coming out next week.

**Gareth Bacon AM (Chairman):** Is this lending to the LLDC, then?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes. At the moment, all of the LLDC's capital spending is financing a loan from the GLA to the LLDC which they then repay when they generate the capital receipts from the developments they are doing on the Park. But, what will happen in future, the GLA will not be able to lend the maximum that the LLDC would maybe want to spend over the next 20, 30 years on its current plans and, therefore, if those activities get to go ahead, the GLA will have to give some direct form of funding.

**Gareth Bacon AM (Chairman):** OK.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** This time last year, the forecast level of capital receipts over the next 20 or more years from the LLDC was in excess of the level of the loans but, since then, we have had the deficit on the Stadium, which, as I have explained, gets funded from a capital source, plus we reviewed all the forecasts for house price inflation and tendering house inflation, and, therefore, the cushion that gap gave is diminished, therefore, it would not be prudent to fully loan fund all LLDC's capital expenditure on the expectation that future capital receipts will be sufficient to repay it.

**Gareth Bacon AM (Chairman):** OK. Is that a long way of saying we are not going to get our money back?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** No, the opposite.

**Gareth Bacon AM (Chairman):** At the moment.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** The opposite because we are going to cap how much we will provide in a loan, but it will mean direct expenditure from the GLA.

**Gareth Bacon AM (Chairman):** Yes.

**David Bellamy (Mayor's Chief of Staff):** The two individuals on either side of me have a statutory responsibility to ensure that we can get our money back and that is why, and you will see this in the Mayor's draft consultation budget, when that is issued, we are taking the action to ensure that that remains the case.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Clearly, I do not want to lend more money than the forecast of future receipts will be. You have to allow some margin of risk because you are talking about events that will happen over a number of years.

**Gareth Bacon AM (Chairman):** Given that you are going to cap the amount of money that might go to E20 --

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Cap the amount of money that will go to the LLDC.

**Gareth Bacon AM (Chairman):** At the moment, it is technically insolvent. Without propping up, it is not a viable concern. Do you draw a line at any point or are they able to keep asking for money?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** It comes back to the responsibility and the accountability, the decisions and priorities; where a finance of the money from the GLA would go is an LLDC decision.

**Gareth Bacon AM (Chairman):** Yes, but the LLDC is a mayoral body, is it not, funded by the GLA?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes, but I suppose what I am saying, it will not be my actions that would move E20 to insolvency. Obviously, it has to be a collective decision, if that was a priority, not to fund E20.

**Gareth Bacon AM (Chairman):** Yes. I am just wondering how far it goes because the trouble we have had with the whole legacy project is that assurances that we have received as Assembly Members in this Sub-Committee in particular, about costs, whether it be for retrofitting the Stadium or anything else, always seem to be underestimates. The concern that we have is that E20 continues to lose money at an escalating rate and continually gets bailed out by the taxpayer. At what point do you draw a line and say, "Enough is enough"?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** I do not disagree with that analysis. If the Mayor and the LLDC want to deliver these priorities, it is quite clear that to deliver everything, all the aspirations, it cannot be funded from resources that the LLDC can generate themselves. Like other bodies we fund, like museums etc, if you want to maintain it, there will be a direct cost.

**David Bellamy (Mayor's Chief of Staff):** What you will see in the consultation budget is two things. Firstly, as Gerry has said, we are taking a very prudent view in terms of the Stadium and assuming that it is going to lose more money than we expect it to because we are urgently cracking on with a range of measures to try to address its financial performance. Regardless of that, we have been prudently putting in worse case numbers into the budget, and in the consultation budget the Mayor will set out the approach we are taking to ensure that the LLDC is funded to the extent necessary to delivery his policy priorities.

**Gareth Bacon AM (Chairman):** That is interesting. We will probably explore that point.

**David Bellamy (Mayor's Chief of Staff):** We will be back on that in January.

**Keith Prince AM:** Basically, what we are saying here is that we are running out of headroom, i.e. the asset base of the LLDC which supports the borrowing is reaching its maximum.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Correct.

**Keith Prince AM:** Thank you. The problem we have is, and this is no criticism because I support the Mayor's right to have policies and policies of his choosing, but we have a real conflict here on the Park, do we not?

The value of the asset base, a lot of that is dependent on the Mayor's policy in relation to affordable homes. If the Mayor was prepared to allow development on the Park with the lower affordable home element, then that would increase the asset value. Of course, the higher the affordable element that the Mayor insists upon, which I support his right to have, devalues the asset base. Would you agree with that?

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes, I would agree. That is why it is a decision for the Mayor and the GLA to take is what other funding is required. At the moment, affordable housing across the capital is delivered by public subsidy, by affordable housing grants. In a way, this is just analogous of that.

**Keith Prince AM:** There is an option for the Mayor, is there not? That would be to use other funding that is used to increase the affordable element of developments to cross-fund the developments in the Park. Although it would be a subsidy, that would enable him to have, what he believes, a reasonable level of affordable [housing] without damaging the asset value that we have in the Park.

The other point, of course, is that it does mean, at the moment, based on the figures that we have, is that that headroom, or that moment of reality when we no longer have the base on which to support the borrowing, and you quite rightly said, David, although you are sitting there, the guys either side of you have a legal responsibility on this; we will soon get to the point where we cannot lend the LLDC any more money and we have to gift the money as a mayoral choice.

**Martin Clarke (Executive Director of Resources, Greater London Authority):** Yes, and there are many ways it can be done. It can be done by allocating housing grants to housing developments on the Park, and that is something that will be looked at. It could be providing the LLDC further annual revenue subsidies, therefore, they can build up a prudent provision to repay debt or there could be direct GLA funding of some of those activities. That is what we have been looking at over the past few months. Our proposals, how we are going to manage that there is insufficient future capital receipts to fund the capital spending will be set out in the budget papers which we will be going through over the [next] two months.

**David Bellamy (Mayor's Chief of Staff):** One point I would say to add to that is that yes, what the Mayor is proposing is different plans for the use of that land which has financial implications. It is fair to say that for all the work we have done, post-Brexit, looking at house price inflation, looking at tender price inflation, we do not, in any case, feel that the assumptions that the previous plan and the previous mayoralty were based on necessarily stand true anymore. Regardless of policy, there are going to be some changes.

Just as a point of theory, the income, when we are going for development on the site, is very much impacted by people's ability to pay. A model which has more expensive housing is very much at the risk of the state of the housing market and whether people are able to do that.

**Keith Prince AM:** Thank you.

**Gareth Bacon AM (Chairman):** OK. This is for you, Mr Bellamy. The Mayoral press release that accompanied the Moore Stephens report, the fourth bullet point down states,

*"The Mayor agrees deals with all councils taken from the Stadium in order to renegotiate deals and minimise ongoing losses."*

Which deals is the Mayor planning on renegotiating?



**David Bellamy (Mayor's Chief of Staff):** What we are looking to do is work with all partners to set out, get an agreed vision for the future of the Stadium and then start working together to deliver that and get the financial benefits for that. It is clear that no partner is going to renegotiate a deal to their own detriment. Why would they do that? None of the organisations we deal with here are charities. Clearly, commercial entities will put their interests first as one would expect. What it is about doing is about working together, finding out how the Stadium can be better for those who use it and finding ways in which changes can be made to deliver that, that bring benefit that can be shared between the taxpayer and those using the Stadium.

**Gareth Bacon AM (Chairman):** How likely is it, do you think, that partners will be willing to renegotiate deals?

**David Bellamy (Mayor's Chief of Staff):** Partners will be willing to negotiate where it delivers benefit for them compared to not negotiating.

**Gareth Bacon AM (Chairman):** Thank you. Obviously. Have you spoken to any of them?

**David Bellamy (Mayor's Chief of Staff):** Our Chief Restructuring Officer speaks to them very regularly. That is his job. I know I had a brief conversation with [Baroness] Karren Brady [CBE] on the morning that the Moore Stephens report was published to notify her of that and Newham's decision to withdraw from the partnership. As reflected in West Ham's public press release, they are keen to work together to try to bring the stadium to a better place.

**Gareth Bacon AM (Chairman):** Good.

**Len Duvall AM (Deputy Chair):** This is back to you, Gerry. Of course, you are going to have the necessary commercial and procurement expertise to deal with these various contract issues in that. Tell us more about the Chief Restructuring Officer. When they were appointed, who are they, what is their background? Is it an E20 appointment or is it your appointment? Are you supervising them? Who is doing this at this moment? Who is directing them? What are the arrangements?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is an E20 appointment. It was made around June but there was a recruitment process. On the advice of advisors, we jointly, with Newham, sought to secure a corporate restructuring officer and that was a joint recruitment exercise that concluded in June, I believe. It is an E20 appointment and that is who he works to. He has got vast experience in turnaround, including in stadia, and he was the most appropriate of the people that were interviewed.

**Len Duvall AM (Deputy Chair):** Who is directing him at the moment? It is a pretty key appointment. It is key because it is mentioned in the Mayor's press release. I am not sure if Moore Stephens mentions it, but it seems to me they are going to be pretty crucial. Are they?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Absolutely.

**Len Duvall AM (Deputy Chair):** Thank you, right.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes, absolutely. He reports --

**Len Duvall AM (Deputy Chair):** Who is supervising him? Is it you or someone in E20 that we do not know about?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is me as the Acting Chief Executive of LLDC and to the Chair of E20.

**Len Duvall AM (Deputy Chair):** All right. Who is the current Chair of E20?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Nicky Dunn [OBE]. She has a lifetime experience in managing stadia.

**Len Duvall AM (Deputy Chair):** You have told us that you are talking to West Ham and all the rest of it and obviously, one of the issues is renegotiating or seeking to make this contract work to mutual benefit, it is fair to say. You have a thing called a contract and then how do you work together to deliver some mutual arrangements in the future? I take it that you are all West Ham supporters now because you do not want them to go down and that would be the worst thing that could happen at the moment.

**David Bellamy (Mayor's Chief of Staff):** Absolutely.

**Len Duvall AM (Deputy Chair):** I am glad you are all on board around that. The question then is - I think the previous Chair answered it, but I do not want to give away your negotiating stance around that - but I do not get the flavour. Even in the language you said earlier in terms of how you are speaking is about you have a long-term contract and there will be rights on both sides. Sometimes they are tested in the courts and sometimes they are not, and it is a bit of a risk on that. I do not get the sense of purpose albeit David [Bellamy] just alluded to that he spoke to [Baroness] Karren Brady [CBE] there that people get into groups with this contract and it is a bit like you can choose your friends but you cannot choose your family. The stadium family, as I think of West Ham United and when I think of you lot, and then we have the Mayor's office and somehow, someone has to come together and cut through all the crap to get to a sensible position on both sides. It will take give and take on both sides. Does that sound about right in terms of a long-term solution, or what is it, or are we all reverting to go back into the courts and putting money in lawyers' pockets? No disrespect to the lawyers around the table but we spend a lot of money on lawyers.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No, absolutely. The idea is David set out developing a vision that engages a commercial strategy. A vision for the Stadium that engages with all stakeholders is to try to find areas where we could work better together and common areas of interest. West Ham have a really good deal. West Ham have a great deal. That was competed in the market. Nobody is saying anything different, but it is the deal that we have. If we want to get a better deal from West Ham, then there will need to be something that we have that they want. We will have to come to some arrangement.

If we cannot get a better deal with West Ham, given that they have a good deal now, then we will have to find ways of absolutely maximising the revenue of the Stadium to make up for the shortfall in financing on that deal. I am not criticising in any way. That is just the financial reality. We are working through the process of trying to understand what all parties would like to get out of the Stadium to see if there is a sweet spot that we can have a partnership discussion on.

**Len Duvall AM (Deputy Chair):** We have a milestone here, have we not? We have a milestone because you are in the courts in November next year, therefore, working back from that, would it be right for this Sub-Committee to assume that we may see some progress around that relationship and see some potential savings? I am not going to hold you to what those savings would be but some progress in where there is - I am not going to say a win-win situation - but a sensible outcome that delivers on both parties.

In the press yesterday, in one of the BBC press reports, I saw that West Ham are indicating they were willing, they thought there could be some additional monies. Am I right? Between now and sometime in November, we may see some, what is it they talk about now in terms of the European Union (EU), papal smoke, white smoke coming out of the Olympic Park that says we have a working relationship with each other which would make sense.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I absolutely hope so, definitely. That is the objective.

**Len Duvall AM (Deputy Chair):** OK. Can I pin you a bit further than November? Can I say in the first quarter, the Mayor is going to have something on his desk that says --

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No.

**Len Duvall AM (Deputy Chair):** No, that is not going to work like that. Am I going too far?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is very difficult to pin down.

**Len Duvall AM (Deputy Chair):** I accept.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** It is going to be something; we do not know whether we can do it yet. We really do want to do it. It is going to take two of us to work that through. As you said, we read the press as well. In correspondence, we are committed to making that --

**Len Duvall AM (Deputy Chair):** This Sub-Committee is not going away. At some stage, we may well have both parties here in a public hearing and start to ask some questions about why there is no resolution. At the moment, it is over to both of you, is it not?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes.

**Len Duvall AM (Deputy Chair):** It is progress that we are looking for in terms of achieving a sensible outcome.

**Gareth Bacon AM (Chairman):** I am not sure who it was that compared the Olympic Stadium to the Sistine Chapel, but it is an interesting one. Just one point before I pass it over; we are going to move on to another section in a moment. Nicky Dunn [OBE, Chair of E20], you said, has a lifetime of experience in managing stadia. Where?

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Without being able to recite, in London and we can --

**Gareth Bacon AM (Chairman):** Shall we write to you on that? I would just be interested to see her back history because I am completely unaware of it.

**Gerry Murphy (Acting Chief Executive, Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** Yes. We can supply you with that. Nicky is involved in arts and cultural development in Belfast and in London.

**Gareth Bacon AM (Chairman):** You specifically mentioned stadia and of course that is the point at issue and so we will write to you. I bounced you with that question; I appreciate that.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** I apologise to Nicky for not --

**Gareth Bacon AM (Chairman):** Yes, it will be interesting to see her curriculum vitae (CV). We are going to talk about transparency now. This is very much Assembly Member Arnold's bag and so she is going to lead on this.

**Jennette Arnold OBE AM:** Yes, Chairman, thank you. Can I just say: I do not think the comparison was with the Sistine Chapel. I thought it was to the --

**Gareth Bacon AM (Chairman):** It was to papal smoke.

**Jennette Arnold OBE AM:** -- the papal smoke.

**Gareth Bacon AM (Chairman):** Yes, but the conclave happens in the Sistine Chapel.

**Jennette Arnold OBE AM:** Yes, like the LLDC, it is its own state. We jest, because it has been a hard session.

I am going to go to David first on transparency. David, you spoke earlier on about the plan to make use of the Stadium and look for opportunities and all that sort of stuff. Does this include a commitment to athletics remaining as part of that plan in the Stadium?

**David Bellamy (Mayor's Chief of Staff):** UK Athletics has a contract with 48 years left to run, something like that. Absolutely, they have rights. One of the interesting points that I think Moore Stephens make in terms of how you need to think about the Stadium is because for the football stadium season, people think of the Stadium as a football stadium that does athletics. Actually, it is not. It is an athletics stadium that does football.

**Jennette Arnold OBE AM:** That is how I see it, being a supporter of blessed Arsenal.

**David Bellamy (Mayor's Chief of Staff):** UK Athletics absolutely has a valid contract and the athletics coming up summer 2018. There are two separate meets in the programme and doubtless some community activities as well.

**Jennette Arnold OBE AM:** You can understand how people would be worried that maybe you could actually be phasing or pushing athletics off the page, but we have a commitment from you.

**David Bellamy (Mayor's Chief of Staff):** As with West Ham, there is a contract and so we do not even need to consider it.

**Jennette Arnold OBE AM:** That contract exists, yes. Now, it seems to us that one of the problems that there is around this whole thing is this whole issue of transparency. We are informed that Merryck and team had a job getting hold of papers; maybe I am taking that too far. One of the things that you could do, David, is to commit to making transparency a key element of any of the future working going forward. Given that the GLA - i.e. Londoners - now are central to funding this whole operation, should all minutes and all documents not be published as soon as possible on the website so that we can all know what is happening to our money and what is happening in terms of this particular project?

**David Bellamy (Mayor's Chief of Staff):** Yes, minutes and documents should be published as soon as possible. That is why we took the step of establishing a special web page called Olympic Stadium or London Stadium Transparency, on which a range of documents have been published. That is something that the LLDC will look to add to. Clearly one of the challenges about this is that this is a very sensitive commercial matter and there are certain financial and other aspects, including legal matters, that cannot be placed in the public domain, but what we want to ensure is that firstly we place as much as we can in the public domain; secondly, that we are transparent about the progress that is being made; and thirdly, that when matters that were previously necessarily commercially or legally confidential are resolved, such that information no longer need be confidential, then the LLDC should publish that.

**Jennette Arnold OBE AM:** But in terms of how Londoners' money is spent, that is not a matter of confidentiality, that is about how it is meeting mayoral priorities and then the accountability framework around that. Whereas in the past, E20, because it was in partnership with Newham, you could say there would be sensitivities there, now E20 is owned by the GLA, so what would be the confidentiality issues there about getting minutes, future minutes, of E20 online or their meetings?

**David Bellamy (Mayor's Chief of Staff):** I do not know if there is anything you want to say about the governance changes.

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** We can do that, in the same way that for the LLDC Board and for all of the committees there are elements in the public, as much as possible in the public, but there are restricted papers in private where they deal with commercial issues. That could be arranged, but I think that would be public and private papers and private papers that deal with commercial issues would remain private until they are no longer commercially sensitive.

**Jennette Arnold OBE AM:** They have not been made available up to this point?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** No.

**Jennette Arnold OBE AM:** Are you saying that they will be made available?

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** They could be.

**Jennette Arnold OBE AM:** Can I have that commitment that they will be made available in the future --

**Gerry Murphy (Acting Chief Executive/Executive Director of Finance, Commercial and Corporate Services, London Legacy Development Corporation):** They could be made available, yes.

**Jennette Arnold OBE AM:** The minutes that you can post, you will be posting?

**David Bellamy (Mayor's Chief of Staff):** As we changed the governance of E20 now that it is wholly owned - and we are what, a week and a half wholly owned - by the LLDC, then if we change the governance structure to that it is effectively run as a committee of LLDC, then that will fall out in the same way as you get transparency about any other LLDC committees, the same as you would any Transport for London (TfL) committees. Those processes absolutely will follow and where there is information, as I say, that historically was confidential but now with the passage of time and circumstance no longer is, then we want to try to see if we can make that available as well.

**Jennette Arnold OBE AM:** Then, lastly, will all appointments to this new E20, which it will be new, will it not?

**David Bellamy (Mayor's Chief of Staff):** E20 exists at the moment as a partnership, it is a company, so --

**Jennette Arnold OBE AM:** Will you not have to change it?

**David Bellamy (Mayor's Chief of Staff):** -- any change to its directors are declared. That would sit in the same way that any decision for membership of LLDC committees is a minuted decision of the Board and publicly available. That would continue.

**Jennette Arnold OBE AM:** Mayoral appointments will be made public?

**David Bellamy (Mayor's Chief of Staff):** The mayoral appointments to the LLDC Board, absolutely, will be listed out on the LLDC website in the usual way.

**Jennette Arnold OBE AM:** E20?

**David Bellamy (Mayor's Chief of Staff):** Likewise.

**Jennette Arnold OBE AM:** Yes, thank you.

**Unmesh Desai AM:** Can I just ask a couple of questions? I am not sure where they will take us, but it is just some information that came to my knowledge after the meeting started. Can I ask you, Mr Lowe, how many people responded in writing? You said [Baroness] Karren Brady [CBE] was one.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes.

**Unmesh Desai AM:** Anyone else?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Certain people whom we interviewed, we actually also received certain materials additionally in writing, but what we have done here is we have picked out those people who only responded in writing.

**Unmesh Desai AM:** The people who responded in writing, did you send them a list of questions?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** We have done various things. In the main, we interviewed people in person or by telephone.

**Unmesh Desai AM:** No, I am talking about the ones in writing.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Yes, so those people who only put things to us in writing, we gave them an indication of the areas we wished to hear about and we put questions to them or they wrote to us with specific things upon which they felt they could comment.

**Unmesh Desai AM:** When you sent them questions, did you have any sort of multiple choice questions, "Take your pick"? If so, can you give me an example of the sort of questions?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Not for the people who we spoke about earlier. You in particular highlighted from the back page of our report those people who only made submissions in writing. That was Baroness Brady and one of the professional firms advising. At the end of our process, we balanced the expression in our report of our opinion by summarising certain key elements of what we had understood and asked people to indicate where they felt the balance of their view lay. We received a number of those in response just to try to help us make sure that our overall presentation fully reflected what we had understood by individual interviews. We used that at the end of the process.

**Unmesh Desai AM:** That was the only example of multiple choice?

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** That is the only example and it was only used in a limited fashion at the end in order to ensure that it fully reflected accurately what we had understood from all the prior work.

**Unmesh Desai AM:** Thank you, Chair.

**Gareth Bacon AM (Chairman):** Thank you very much, Assembly Member Desai. I am grateful to you for that, because the thing that stimulated this meeting was a 139-page report, 117 pages of which were about things that happened in the past. We spent 10 minutes speaking to Mr Lowe at the beginning about his report and two and a half hours talking about the 22 pages going forward. That is the first time you have intervened since I asked two questions at the beginning and so I would like to apologise to you for the fact you have had to spend so much time sitting here quietly, patiently and to thank you for it.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** Not at all.

**Gareth Bacon AM (Chairman):** I have a question to ask you as well just before we close, because we are almost there now, which is really to ask you what advice you might have for the Mayor and the LLDC based on your findings in your report to address the pressing issues in the London Stadium going forward.

**Merryck Lowe (Head of Disputes, Advisory and Investigations, Moore Stephens):** I think the Mayor at the moment, and the GLA, generally are taking a significant amount of external professional advice and trying to spend the time to review it carefully before taking the decisions. That is what needs to happen going forward, that enough time is taken and enough advice and study is put in to make sure that when decisions are

made, cul-de-sacs are not entered. That would be my overall observation, the learning overall of key lessons learned from the report is that decisions can lead one down a path that gets difficult further down. That is what now needs to be avoided.

**Gareth Bacon AM (Chairman):** Thank you for that. Members, we have reached the end of our scheduled questions. Can I thank all our guests, particularly Mr Lowe, for coming and attending?