

## Budget Monitoring Sub-Committee – 21 March 2018

### Transcript of Item 5 – The London Stadium

**Gareth Bacon AM (Chairman):** The main item of business today, is to discuss the London Stadium and specifically the Moore Stephens report that we previously looked at in December 2017.

I would like to very much welcome our guests, Neale Coleman CBE and David Edmonds CBE, both making welcome returns to City Hall and both considerably upping the honours that are present in the room today. You have outranked everyone and the weight is clearly on that end of the room. All right. Welcome, both of you, gentlemen.

Back in December 2017, when the report was issued, we had Moore Stephens and the Mayor's Chief of Staff appear in front of us and there were various questions that we asked them off the back of that report. It was very critical, as we know, of the decisions that were taken that led into the present situation. It focused very much on historic events, not quite so much on the way forward, and we will look at some of those issues today.

Firstly, as a scene-setter, it would be interesting to know what you both felt of the Moore Stephens conclusions. Shall we start with you, Neale?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** They obviously had quite a difficult task. They had quite a short period of time to cover a long period and a great deal of quite complicated legal, technical, operational and other issues.

I thought a lot of their analysis was right. They confirmed one point, which is probably mainly common ground, when they said that only a Premier League football club would be able to provide a long-term mass audience legacy for the Stadium. Experience around the world with other Olympic cities demonstrates that that was true. They therefore agreed that it was necessary to abandon the original 25,000-seat legacy option. They also agreed that the decision not to opt for the Tottenham Hotspur proposal was the correct one. They said it would have failed to provide an adequate athletics legacy and might have caused a public outcry. They do make an obvious point, which was that in the discussions with West Ham, West Ham had a very strong negotiating position as it was the only player in the game once Tottenham had gone.

Where I find the report a little less convincing is in some of the issues where they talk about what might have been done differently. No one can be entirely happy with the current position with the Stadium, particularly the issues that have arisen with the seating, but you need to go back and look at what might have been done differently and the choices that were available.

There are two things that they say specifically, with hindsight, should have been done differently. One is they say that the first competition should not have been abandoned at the time that it was, and they say that is a with-hindsight judgement. The second thing that they say is that, at the time of the second competition, no preferred bidders should have been named. They expressly say both of those are judgements made with hindsight and, inevitably, the report was written with hindsight.

Actually, with hindsight, I do not agree really with those two conclusions of theirs. At the time the first competition was abandoned, you have to think about the broader context within which the Mayor and Ministers were making decisions at that time. We were eight or nine months before the Olympic opening

ceremony. We were about to go to a contest for the World Athletics Championships, to host that. That had been under discussion for very many months with the International Amateur Athletics Federation (IAAF), probably the most important international federation in terms of the Games.

No Mayor, frankly, in my view, and no Minister would have taken a decision that involved London abandoning the IAAF event, particularly bearing in mind that London had abandoned it once before with Picketts Lock. You would have had an international outcry over that. It would have been immensely damaging in the run-up to the Games and you would have been going into the Games with no way forward on the Stadium.

Also, they underestimate the impact of the state aid issues around that first competition. They say at one stage that they are not in a position to explore the legal aspects of the state aid issue and one thing they do not do, actually, is analyse the legal advice that people were getting at the time. There was a very real danger that the litigation over state aid on the first competition might have ended up in a bad place. There was certainly no telling how long it would take. One of the things which we tried to do throughout on advice - we had Allen & Overy and two Queen's Counsel (QCs) advising the London Legacy Development Corporation (LLDC) throughout this period - was to be very risk-averse about state aid challenges. That was right because we could have ended up in a position where we had spent the money on the Stadium, had a successful state aid challenge - and we know there were people about willing to litigate - and we would have spent the money and no one would have been able to use the Stadium.

The more fundamental problem with what they say here - and it bears on a point I know you wanted to talk about, namely the public-sector solution for the Stadium and why that was adopted - is they say that the virtue of the first competition and the West Ham/Newham [Council] bid was that it was a private-sector solution and it passed all the risk to the private sector. It did not because Newham was a party to that bid. It was not a private-sector bid; it was a public-sector bid. Also, it was a bid; it was never a deal. Moore Stephens with a degree of justice later questioned some of the estimates that were made on the second competition, but if you look at the first competition and you look at the detail of what West Ham/Newham were saying, they said they were going to spend £32.5 million on the Stadium. That was all the money they were going to spend. We know now that that would not have bought you anything. What would have happened if you had gone down that route, which they say one should have gone down, is you would have ended up in a position where the bill was much higher and where inevitably there would have been demands both on Newham and I suspect on the Mayor and the Greater London Authority (GLA) to come in and put more money into that. They do not really address that issue. Therefore, I do not agree with that.

On the second point, the point about whether we should not have named any preferred bidders, that is an odd conclusion to reach because, if we had not named any preferred bidders, we would have had to stop there and then and never would have had a negotiation. We can argue about the negotiation and its outcome, but it would not have been right to name no preferred bidder. There was clear advice that they should be named and we had to do that in order to get into a negotiation.

As I say, it is a very full report; it is packed with information. At the end of the day, you come back to the point: what was the choice that had to be made in 2013 eventually and query some decisions that led up to that? However, when we got to 2013 the choice - and it is set out in one of the pages of the report - was: did you go for a proper stadium that would be Union of European Football Associations compliant, where you could stage Premier League football, where you could expect a mass audience; or would you go for a stadium that effectively still had the temporary toilets that were there, that had no turnstiles, that had nothing there, that probably by now you would not have been able to use for any events? That was a pretty stark choice and, to be honest, the right choice was made there. I am not saying everything went as it should have done.

Plainly, it did not. Plainly, there remain issues that need to be dealt with, but the fundamental choice was the right one.

**Gareth Bacon AM (Chairman):** There is lots in that that we will unpick as the meeting unfolds and so, Members, do not indicate at this stage. We will come to much of that in the future questioning. David, your response to the Moore Stephens report?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I would concur with all that Neale has said. There is a lot of value in the report. There is a lot of historic detail. There is a lot of analysis.

From my perspective, having sat through scores, I should think, of Investment Committee meetings and Board meetings, I would probably dispute a little bit the thesis that there was not sufficient information on which we should make decisions. If you were probably to look back at the amount of money we spent on lawyers, accountants and other advisors, and if you looked at the depth of the material in some of those papers, we had a lot of advice. Some of that advice - with hindsight, again - proved not to be correct, but we have the advice at the time and so it is a bit harsh to criticise the Board for that.

Where I do agree is the bit in the introduction where it says:

*“The Stadium is a tell-tale for the success of the Park and when the Stadium prospers it is likely that the surrounding area prospers.”*

I profoundly believe that to be the case. I argued in front of this Committee and in front of this Assembly before that the creation of perhaps the most successful legacy Olympic area that has ever been seen in any country in the world -- much of that is now actually beginning to be shown on the ground. Therefore, I do not think time will tell. Time is already telling. If you look at the success of Here East, I was talking to the guy who runs that only the other day. It is a fantastic success and he says, “Yes, having a functioning, effective Stadium just to the other side the Park is a great symbol of what is happening down here”.

I am a profound believer in that what we tried to do in the LLDC with the support of Mayors from both parties was for the public good. I accept the report says in numbers of areas we miscalculated the impact of some of the decisions we took. However, on balance and looking at it from the overall context, it was the right thing to do. Building the Stadium in the way in which we did was the right decision and I am very proud, to be honest, of the work that the LLDC and the colleagues I worked with in that organisation achieved over those years.

**Gareth Bacon AM (Chairman):** This question is probably to both of you because, again, there is a lot in what you have just said, David, that we will unpick in a moment. Why do you think the Mayor commissioned the review?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** It is an interesting question. The Mayor commissioned the review because in the autumn time of 2016 new numbers were coming out in terms of the costs and particularly of the running costs of the Stadium. The Mayor commissioned the review because there was an anxiety within his staff that the numbers were more than he thought. I would suspect they wondered why the capital costs had risen as they did.

Interestingly, inside the organisation, before I left, I had already suggested that we did a review. I would have been very happy to do a review. I had hoped that it would be a review that we would do internally. We could have done an effective review with some external help. Yes, a review probably was necessary in order to put

the material or the data together in a way that gave at least some explanation to the new administration for where we had got to.

**Gareth Bacon AM (Chairman):** That being so, why did you decline to participate in the Moore Stephens review?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** For the reasons that I almost just gave you. I have spent 33 years of my 40 years as an executive or administrator working inside a bureaucracy. I believe on the whole that the people inside the organisations I have worked with have a great degree of integrity and a great degree of skill. I am very suspicious of bringing in an outsider who knows nothing about the history. If you go through this report, there is an awful lot of history, but it is only, still, a partial history. I lived through all of those bobards and all of those committees. I would have been perfectly happy to work with inside the LLDC, as I was before I left, in terms of producing - I cannot use the word 'dossier' at the moment - an analysis of where we have got to and why we have got to and some conclusions arising from it with external critical scrutiny. It is a better way of doing public administration rather than hiring somebody in from the outside, who then took, what, nine months to produce a lot of historical data. That is why I refused.

**Gareth Bacon AM (Chairman):** Do you not think that as the then outgoing Chairman, who had, as you just said, lived through it, you would have had quite a good amount to input to that?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** That is possibly true. You could say that - indeed, I probably would have done - but I did feel very strongly that this was not, in my view, from my own experience, the right way of looking at what had happened inside the organisation in which I played a part for seven or eight years and for which I had been Chairman for a year. It was a personal view and I held it very strongly, which is why I declined the offer to give evidence or to talk to Moore Stephens.

**Gareth Bacon AM (Chairman):** Other Members might want to pick that up as we go through the meeting.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Sure.

**Gareth Bacon AM (Chairman):** The same question to you, Neale, really: why do you feel the Mayor commissioned it and your role in it?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I can only really go on the basis of what was said at the time, which was that it was done in response to the -- I do not know exactly the sequence of events by which this became apparent and who it became apparent to and when, but there was a £272 million announcement while I was still involved in LLDC and subsequently a £323 million announcement was made in November 2016. It is quite possible that that announcement could have been made earlier, but, again, I was not around and I do not know how that happened. It was said that because that had occurred, that was the reason why there should be a review.

As it turned out - and probably rightly - the review actually did not concentrate so much on that issue and indeed Moore Stephens's conclusion on that issue was - I do not entirely agree with the conclusion but I can see why they came to it - that that was not an unreasonable amount and one might have expected that was how much it would cost in any event. Much more of a focus was on the operational, the revenue position, the things looking forward. You could say that was a good thing, really, because that is really the nub of what needs to be addressed today rather than the historic issue of the capital cost, which has sunk now for better or worse. All I can say is that that is what was said. I have no reason to doubt that.

**Gareth Bacon AM (Chairman):** I agree with what you have just said, the bit you said about there being two main issues: the capital cost, which is historic, and the ongoing revenue cost, which is, as we say, ongoing.

On the capital costs side of things, in your opening remarks you said that you welcome the fact that Moore Stephens had acknowledged that a Premier League football club in that Stadium was the best option. There are many people, including many people on this side of the table, who, right from the early stages, thought that was inevitably going to have to be the outcome to avoid a white elephant.

That being so and the location of the Stadium meaning that it is almost certainly going to be West Ham if they could be interested in coming away from the Boleyn Ground, why do you think it was that the Stadium was not built for legacy in the first place, which would have saved all the capital costs of conversion?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** This is a question that has been discussed many times in meetings in this Chamber and I normally refer you back to what David Higgins said. I could not give you chapter and verse, but it was certainly David Higgins, who was the Chief Executive of the Olympic Delivery Authority (ODA) at the time, who came in and gave the most convincing explanation of why that was. I will try to do it and I do not dissent from what David said.

If you had been able to do that, clearly, there would have been advantages in doing that. You would have ended up inevitably having to build it with retractable seating that you could have perhaps purpose-built. You could have done it a bit more like Stade de France. That would have probably added £100 million or £150 million to the cost.

We need to go back again with all these decisions and think about the context within which they were taken. The decision essentially not to do that was taken at a time when we had just seen the Olympic budget go up from whether you call it £2 billion, £3 billion or £4 billion - there are always disputes about that - up to £9.3 billion. It had gone up sharply. There was quite a lot of criticism about that. It is probably actually a good decision because it gave the contingency to deliver the Olympics.

The first quotes for the Olympic Stadium that came in from [Sir Robert] McAlpine, from memory, were well in excess of £600 million, way over budget, and there was a very difficult and complex process that had to be gone through, which I was not involved in but which David Higgins and the ODA team were involved in, to get that down.

At the same time, there were discussions at the time with West Ham United because, as you say, that was the most obvious way to go. In particular, there was an attempt to see whether West Ham would agree to put up money to meet the extra cost, bearing in mind we already had to get down from a figure that could not be afforded rather than putting in another £100 million. You were also right up against a timetable here and a design timetable that if you had not met you would have got into some of the difficulties that actually occurred on the subsequent works where, if you get right up against the end date, (a) you cannot do your test events and (b) you are in difficulty with your contractor.

There was a letter from people who were involved in West Ham at the time which said they might provide some money, but there was no willingness at all by West Ham to enter into anything that was legally binding or could have been relied upon at the time. You also need to bear in mind that had there been such an offer, it would have come from the people who at the time owned West Ham, who subsequently went bankrupt in the Icelandic banking crash. Frankly, had we had the Olympic Stadium involved in the Icelandic bank liquidation,

we would have been in real trouble. The judgement was made that it was prudent to proceed as it was. That is why the 25,000-seat option was decided upon as the legacy, knowing that it was not perfect.

Again, it is easy to second-guess, but there was no other decision that people were reasonably going to make at the time, given the overall budgetary position and so on and given the failure of West Ham or anyone else to come forward with anything that was actually bankable in terms of the additional costs that would have been required. It was a difficult decision, but it was probably the only decision that could have been made at the time.

**Gareth Bacon AM (Chairman):** The template that could have been followed - and this has been kicked around before as well - was the City of Manchester Stadium that was built for the Commonwealth Games with legacy in mind, which was always going to be that Manchester City [Football Club] would go there. The Council owns it and City pays rent and plays there. Why was that not deemed in any way to be a feasible option for London?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It was a much easier thing at Manchester. The design issues were much easier there than they were in London. The cost issues were much easier than they were in London. You could have done that, but effectively you would have been doing what they did in Manchester, which was to hand them the stadium.

**Gareth Bacon AM (Chairman):** What I am getting at, Mr Coleman, is I am trying to work out why that worked there and was deemed not to work here. I of course take your point that hindsight is always 20/20 and it is always perfect in hindsight, but some of these arguments were being made at the time that decisions were being made as well.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** They were. It would have been a possible option to do that. You would have immensely complicated your design because in Manchester they have dug down. Here you could not do that because of a contamination. Not to say it could not have been done --

**Gareth Bacon AM (Chairman):** The point is, though, that the Stadium has had to be retrofitted to make it fit Premier League rules, part of which involved of course taking off the roof and rebuilding it. That could have been done from the off. You did not need to necessarily do that.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** You are right. You could have done that. You would have had a significant extra bill and you would have had to accept that that was all going to be on the public sector. Maybe that should -- that is an option that could have been followed. You would have still gotten into some difficulty with the owners of West Ham. There has been enough fuss - and it is mentioned in this report - about what is seen as giving West Ham a bit of a gold-plated deal here. What you are suggesting is that we should have spent an extra £150 million on the Stadium and that we should have then given it to West Ham.

An option you could have followed, if we were going down the road you suggest, is actually not dissimilar to the options that were taken in respect of some of the German World Cup stadiums, where of course you did not have the field of play issue. However, if you look at what happened with the Düsseldorf or the Cologne stadiums, there, they were effectively built with public money, they were held in the public sector and then they were let to the football clubs, generally on pretty generous terms, with in most cases naming rights deals and other events coming in. Yes, you could have done that. You would have had to deal with the design issues with that. It would have been something you could have done.

Given the constraints there were on time, on the tendering, on all that, the judgement was made by the people at the ODA not to do that, that that was simpler and more certain in terms of delivery. Maybe this is wrong. I am not trying to say I am definitely on one side or the other of this. Maybe, when push came to shove with decisions around the Games, we always talked about Games and legacy and we did do a lot about legacy as well, and so legacy was thought about, but always people knew that if you did not deliver a very good Olympic Games, you could forget about a legacy. Therefore, if you were putting at risk delivery of the venues on time, in time to do the test events, people were risk-averse about that.

**Gareth Bacon AM (Chairman):** The suggestion I was putting to you is that we had a relatively recent example of how you can build for this, which was the City of Manchester Stadium. Whilst taking your point that there would have been additional costs over and above what the Olympic Stadium cost to build for the Olympics, it would still have worked out cheaper than having to retrofit the Stadium, which was almost the cost of a new Stadium, and we could potentially have been slightly more long-term in our thinking around that than we ultimately ended up being.

Again, I take your point that the focus had to be on delivering a good Olympics. That was first and foremost the most important thing, granted, but the focus was solely on that to the exclusion of legacy, which has ended up costing a lot of money.

Also, because we did not follow the example that there was in Manchester, it has landed us with a very big bill because, in Manchester, Manchester City has significantly more control over how the Stadium operates than West Ham United does. I have seen press releases referring to 'West Ham United Stadium' and of course it is not their stadium.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It is not their Stadium.

**Gareth Bacon AM (Chairman):** That is part of the problem in terms of the revenue costs that we now have. Do you accept that?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes, I do accept that. They are not strictly comparable. What you say is an absolutely fair point. It is a point made by others, as you say. I have had this this self-same discussion with Richard Caborn, who was Sports Minister at the time, who has made no secret of the fact that he thinks something like what you are saying could and should have been done. To be honest, the actual decision was well above my paygrade. I can say that Tessa Jowell [former Minister for the Olympics] overruled Dick Caborn at the time and there were some very good and cogent reasons why she did.

As for whether one would want to pass full ownership of the Stadium over to West Ham and full control, I am not so sure about that. One of the potential advantages of the Stadium, from which we have seen some benefits but which we could get greater benefits from, is its potential to be a multiuse stadium. It is probably by common consent about the best Stadium in Europe for staging concerts because of access and other issues. We had the World Athletics Championships there, which was a phenomenal event, which one needs to bear in mind, and there was a huge economic benefit to London from that.

Whether you would have wanted to end up with an Olympic Stadium without a substantial measure of public-sector control or public-sector ownership I do not know, but you could have done that within the scenario you are describing. You could have done it by way of a lease or a concession agreement similar to the one that was put in place.

I am not saying I disagree fundamentally with you. It was a difficult decision. A call was made, which put very much Olympic delivery, lack of risk, lack of overspend and those sorts of issues in first place. You could have taken a different view.

**Gareth Bacon AM (Chairman):** Again, there is more stuff in there, particularly around the way forward, which we will come back and pick up with you a bit later on.

**Jennette Arnold OBE AM:** Neale, you started with your introduction about past decisions and you shared with us your - I will just use the word - unease about Moore Stephens's comments about the first and second competitions. What else, knowing what we know now, would you have done differently with the Stadium?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** With hindsight, yes --

**Jennette Arnold OBE AM:** Go for it.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes. With hindsight - and I actually go rather the reverse to Moore Stephens - we should have gone for a public-sector solution in the first place, in fact, because we ended up there and we were always going to be in problems in state aid in going the other way. Once people start litigating, you are in difficulty there.

As I say, I have talked about the German experience, which was very good. If one had started earlier with a public-sector solution, some of the things we had to do because we were under time pressure; in particular, making decisions about end-users before we had looked at the operating model and before we had run a procurement for the operator. If we had done it the other way around, that would have been better because one of the problems we had and one of the problems about the costs and so on is that we ended up making decisions on the end-users before we had being able to cost on the basis of real numbers the operating costs and the operating model for the Stadium.

We took advice, as David has referred to. We took advice from the people who we were told were the best people in the business to advise us on stadium operating costs, but we were always going to be dependent on the outcome of the procurement for the operator in part for this, assuming we were not going to try to run it ourselves, which I am sure we were right not to do. If we had done that, we would have been in a much better position.

I suspect it might have led to some - perhaps a year's - further delay, probably. This is where, again, we were constantly under pressure both publicly and also from West Ham. If it was going to have a new Stadium, it wanted to get in there as quickly as possible. The time pressures that we were under throughout this period were one of the things we had to contend with. Again, with hindsight, looking back, we should probably have relaxed about that a bit and given ourselves a bit more time. That would have meant that we would have sorted out the operating issues better.

Plainly, with hindsight, we would not have wanted to have had the problems with the seats. I must admit I am still not 100% sure why the problems with the seats were as grave as they were. There were arrangements in place, certainly from my time there. I never foresaw what eventually happened with the seating system, but that, clearly, is a big issue.

You have three problems really now. You have three big problems, which mean that the Stadium is not doing as well as it should financially. One is the seats, two is the lack of a naming rights deal as yet, and three - and



linked with the seats - is that there could be more events in there. There is no doubt there could be more public events in there.

As I say, I do think that taking a bit more time, doing a procurement for the operator first, working out the operational stuff first, that would probably have been a better thing to do.

**Jennette Arnold OBE AM:** Then you have talked a bit in answer to my colleague about the decision finally to go with the public sector-led solution. Who took that final decision? Do you recall?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It was a decision taken by the board of the Olympic Park Legacy Company (OPLC), but it would have been a decision that certainly had support from Ministers and the Mayor at the time. As the report makes clear, one very large factor in that decision, certainly, was the staging of the World Athletics Championships and the need to provide a degree of certainty over that.

It is also worth saying that if you read the report, it is also the case there had been a letter from Newham Council as part of the West Ham/Newham consortium saying that it was no longer able to meet the requirements of the competition. In the face of that, it was December 2011 that the decision was made, but it was certainly a decision in which both the Mayor and the Secretary of State and the Sports Minister at the time would have had a major say.

**Jennette Arnold OBE AM:** They would have had to have agreed that?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** They did.

**Jennette Arnold OBE AM:** At the time, there was a legal challenge from Tottenham and Leyton Orient and the anonymous state aid complaint to the European Commission. Do you think there was a sense of, "My goodness, this thing is going to get bogged down in all of these legalities", and that pushed --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes. If one had persisted with the litigation, who knows what would have happened? There was real concern about the state aid point. There had been a lot of other things going on. There had been the business which had happened with a member of staff at the LLDC having been found out to have been associated with someone at West Ham. That was not very helpful. The litigation outcome was uncertain.

One thing you could be certain about was that it was likely to be protracted. We were going to have to go to the High Court. Whatever happened in the High Court, they were very likely to end up having to go to the Court of Appeal. Who knows how long it would have taken, but these things can take 18 months or two years without too much difficulty. Certainly, that was in people's minds.

As I said in what I said at the beginning, eight months before the Games, to be in a position where we were saying, "(a) We cannot run this Athletics Championships that we have been talking to you about for ages and (b) we do not know what is going to happen with the Stadium until all these court cases are out of the way, which may be another 18 months down the road", as I said, no Mayor nor any set of Ministers would have been content with that.

**Jennette Arnold OBE AM:** Of course, you had a relationship with the current Mayor, the successive Mayor, if you like. You were involved with three Mayors on this project.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes, less with the current one than the previous two, but a little bit.

**Jennette Arnold OBE AM:** I wanted to know in terms of steer because you were seen, certainly by me and others, as the Mayor's person on the Board. Did you get extra steer from successive Mayors like, "At all costs, let us go for the public sector"? What steer did you get from them?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Certainly, throughout this period, from the Mayor's point of view, whether it was Ken Livingstone [former Mayor of London] or Boris Johnson [MP, former Mayor of London], the Olympics and everything to do with it was probably number one or two on their lists of things that they were concerned with. The idea that they let me just get on with what I fancied would not have been on. Subsequently, the Mayor himself - Boris - chaired the LLDC for quite a long period of time, reflecting his great interest in the Olympic legacy. Therefore, yes, all fundamental strategic decisions around things like this would have been taken essentially by the Mayor directly. That does not say you did not advise them or discuss it with them in detail and give your own view. You would, but these were plainly mayoral decisions and indeed often ministerial decisions as well because often you were talking not just about the Mayor but Government Ministers needing to sign off as well.

**Jennette Arnold OBE AM:** There was that sure commitment. The Mayor chaired the Board and made the last call on decisions.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes, but with the support of the Board. It is important to -- certainly when I was involved with the LLDC, it had a very strong and capable Board, and there were not ciphers. We had people on the Board technically who had managed out the last stages of Wembley Stadium and who had built the Anshutz [Entertainment Group] development at the O2. We had people who had been responsible for the development and delivery of Arsenal's new stadium. We had people who had run some of the most successful events in the world. We had David, who has in his past life built probably 20 or 30 big buildings in the city --

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** In London, anyway.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** In London. We had the Mayor of Newham. We had the Mayor of Hackney and the Leader of Tower Hamlets. These are not ciphers. Obviously, the views of the Mayor of London at all times had a lot of weight, but these were decisions which the Board as a whole were party to.

**Jennette Arnold OBE AM:** Thank you. I am going to you, David, just following on from what Neale has just told us, which is information to be welcomed. All of this expertise was sitting there, but you said earlier that it was clear that there were miscalculations in the advice that was given and there could have been better advice, and so --

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** If I said that, I did not quite mean that. The big issue - and Neale has just touched on it - is the impact of the seating decisions on the ongoing costs for the Stadium. The other issue is to do with naming rights and then events. However, when I look back at my years on the Board, we had very good advice, which we thought at the time was the right advice. In hindsight and retrospect, it turned out not to be right.

The first decision on the seats was taken on the basis of going to the market and saying, “Here is a specification. We need seats that you can run forward and you can rack back for athletics. Can you do it?” The contractor who won that deal proved unable to meet what he said he was able to do and went bust. Following that, many of the problems that led to more investment different solutions and now what appears to be a quite weighty cost in terms of seat moves back and forward followed that initial decision to go with that particular contractor.

Whether it was a mistake or not on our part -- maybe it was. Maybe we were not thorough enough. Maybe we had not thought through enough at the time, but from that rests a lot of problems.

**Jennette Arnold OBE AM:** I was just going to say in terms of that experience, reflecting back, do you think there was enough due diligence? It is such a bespoke area and we recognise that, but can you say that there would have been opportunities to have checked that out a little bit more?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** On any board, with respect, if you take a set of decisions and they go wrong, you think afterwards, “I could have asked more questions”. At the time - again, Neale has made the point - we were always working against a particular deadline. We were not negligent. There is no suggestion of us being negligent. Papers came to the Board. We looked at the papers. We endorsed. Everything went through the Investment Committee of the LLDC and then went to the main Board. The big decisions - again, as Neale has just pointed out - would come here. That we do take responsibility for and, in retrospect, clearly, we probably did get it wrong, yes.

**Jennette Arnold OBE AM:** Just touching again on this ongoing sore, the decision to go with the public sector, you are a private-sector Board, are you not? Were you involved in that decision when you --

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** The whole Board was. At the end of the day, the whole Board had the paper, a submission, that we agreed, which then went on to the Mayor and my recollection is to Ministers.

My view is that we ended up in a very complicated solution with partly private sector and partly public sector. We have the LLDC. We have the E20 [Stadium LLP] Board. We have Newham’s involvement. We have the GLA’s involvement. We have West Ham’s involvement. Is that a private-sector solution or is that a hybrid solution? The hybridity, if I may so describe it, led to some of the problems we have had subsequently in having a coherent route forward. It is very difficult to manage a situation where you have at least six and maybe more players sitting around a table - or sometimes not sitting around the table, sometimes sitting in another building - trying to run something as complex as a stadium conversion.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I would just like to go back on this point to what I said at the beginning. The idea that there was in place a private-sector solution that would have borne all the risk in the private sector and never involved any call on the public sector is fanciful and not the case. There never was any such solution.

There was an initial proposition from West Ham and Newham - and Newham quintessentially is a public-sector body - that was never negotiated through and, when you look at it now, clearly the initial bid is one that had no chance of ever being successfully implemented in that they were talking, as I said, about spending £32.5 million and that was all they were going to spend on the Stadium.

That would never have worked. There would have been a demand for more money and, to be honest, I am not sure that West Ham would have stepped forward in that situation. “We had this private-sector solution and they were taking all the risk. It was all fixed price. It was never going to cost us anything.” That is not right. That did not exist. It never existed.

**Jennette Arnold OBE AM:** Just one thing. In papers in front of us, coming out of the Moore Stephens report, it said that financial value for money was not the justification about the Stadium design and that the OPLC gave finances a 40% weighting in its decision. That was in 2010. By 2012, when West Ham became the preferred bidder, this rating was 50%.

Was the decision made at that time, then, that the cost and the risk if it arose would be fine after - do you see what I mean - rather than putting in the monies and building for legacy? If somebody could just say, “Somebody made that decision”, then that would really round it off for me. It just seems nobody made the choice to say, “We will not put the money in first. We will just work on this pathway and leave the risk with the GLA after”, as we have ended up.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It was almost inevitable in this situation. Given the earlier decision which Gareth [Bacon AM] was questioning, and the fact that you did then have to do a rebuild of the Stadium, it was almost inevitable that a substantial part of that cost - the majority of that cost - would fall on the public sector.

Without broadening the discussion too much, if you look at what has happened everywhere else in the world, the Olympic Stadium is difficult to find a legacy for because nobody needs a 60,000 or 80,000-seat athletics stadium. The field of play is different and all the sight lines are different and all that.

What has happened elsewhere? In Brazil, the Maracanã has been looted. It is lying in ruin and the power has been cut off and it is a disaster. In Beijing, the only big sporting events that have happened there other than the World Athletics Championships have been friendlies between Arsenal and Chelsea and Arsenal and Manchester City. In Athens, they do have a football club in there, but it is moving out. In Barcelona, they had a football club in there, but it is moving out. In Sydney, they now want to knock down the stadium and the New South Wales Government is planning to spend £1 billion on rebuilding it. That is an investment in sporting infrastructure in the city. In Germany, the World Cup stadiums were built with public money and then leased.

When you are talking about the scale of investment that is involved here, it is very rare that football clubs can do this. We have seen them do it in London. We have seen Arsenal and now Tottenham Hotspur do it, but they have been very risky and difficult ventures and have involved huge amounts of money. In this situation, given what people were talking about, it was almost inevitable that if you were going to produce a stadium that had the capacity to stage Premiership football or Champions League one day - who knows - it was very likely that the public sector was going to have to step in and take the lion's share of the risk and the cost of doing that.

There are great benefits in that if you can get it right, if you can solve some of the problems we have had here. The biggest benefit is the one David [Edmonds] talked about when he was starting, which is the overall impact and importance of the Stadium for the overall legacy of the Park and the economic benefits that we have seen there and which continue to flow there. That is the overriding reason why it was a good thing to do.

**Jennette Arnold OBE AM:** My last question is to David. In your role, what steer did you get from the Mayor, if any? The Mayor was the Chair, but you also had a similar leading position. What steer did you get or not get from the Mayor?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** It was the other way around, actually. The Investment Committee and the E20 Board took a view. Those views were then expressed. Whether it was a revision of a contract, whether it was a new development, it was then put on the board table at the LLDC main Board, and they were then sent on and endorsed by the Mayor. When they were of that size, we had delegated authorities and we did things on our own, but it was us giving material to the Mayor to take decisions --

**Jennette Arnold OBE AM:** E20 feeding --

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** E20, LLDC. E20 did not go direct to the Mayor. That went through the Board of the LLDC. The Mayor, where it was big enough, would take the decision.

The point was that all of us, certainly the non-elected members of the Board, had not been elected by anybody. We had been appointed. We saw it as our job to provide logical work-through advice through the Board to the Mayor. That is what we did.

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

**Andrew Boff AM:** Thank you. Mr Coleman, did you receive advice prior to the first competition that that competition was likely to result in breaking state aid rules?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** No. We did not. As the report makes clear, we had advice from Eversheds that although there was risk associated with it, they thought on balance that there were strong arguments that it was state aid-compliant.

**Andrew Boff AM:** They were the ones, but you did not receive any other information?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** We had advice at that stage --

**Andrew Boff AM:** Just from Eversheds?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Eversheds was advising LLDC at that stage. Their advice is given in the report.

**Andrew Boff AM:** Are you saying it is quite obvious that it would have failed if it --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I am not saying it is quite obvious that it would have failed. I am just saying that there was concern about the dangers of the state aid point. There was subsequent advice by the lawyers advising, Allen & Overy, about ways in which one should try to ensure that one did avoid the risks of state aid challenge.

**Andrew Boff AM:** Did you receive subsequent advice after the first competition was abandoned that the second competition might also be a problem in terms of state aid?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** No. We received very detailed advice from Allen & Overy, who were then the lawyers advising LLDC about how to avoid risks of falling down on state aid. The advice that they gave was very much directed to avoiding a successful challenge. Clearly, nobody can ever give you 100% advice, but we had advice and we complied with their advice. We were very cautious about this and so, in addition to taking advice from Allen & Overy, Allen & Overy had two QCs to assist them in supporting their advice about state aid.

**Andrew Boff AM:** Did you receive anything from Steve Lawrence [British architect], who raised the original – it was anonymous at the time; it is not now – objection on state aid? Did you ever receive any advice from him?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I do not recall receiving any advice from him. It is the first time I have heard his name.

**Andrew Boff AM:** Did you receive advice that the requirement for keeping the athletics track could cause problems for hosting football?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It was common ground for everyone that one of the issues that had to be addressed was the large field of play and the sight lines. Everyone knew that.

**Andrew Boff AM:** It was established that it was not a problem? Did you ever consider not having a track in legacy terms? Obviously, you needed a track for the Olympics but --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Do you mean did I personally or --

**Andrew Boff AM:** Was it ever considered not having a track?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Clearly, it was considered in that the Tottenham Hotspur bid did not have a track, and so it was considered.

**Andrew Boff AM:** Only when Tottenham Hotspur forced that upon you?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** We have had this discussion in this room before, Andrew, and you know --

**Andrew Boff AM:** Yes, and one of the signs of madness is to repeat the same behaviour time and time again. I did not get the right answer last time.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It is the case that both Ken Livingstone and Boris Johnson – and it was both of them personally – took the view, rightly or wrongly, that the commitments London had made to the International Olympic Committee (IOC) and the IAAF to retain an athletics legacy in London had to be honoured.

**Andrew Boff AM:** Yes, but that is not quite the question --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** What is the question?

**Andrew Boff AM:** It was whether or not an athletics track at the Stadium -- of course, we had to have an athletics legacy and nobody has ever denied that, but was this requirement to have it in the Stadium --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Indeed. If there had ever been a proposal that would have provided a satisfactory athletics legacy that had not been in the Stadium, then that should and would have been very seriously considered. It is one of the issues --

**Andrew Boff AM:** You never had that proposal put to you apart from the Tottenham Hotspur bid?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Apart from the Tottenham Hotspur proposal, because to provide -- the obvious point was that --

**Andrew Boff AM:** I put the proposal to you.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** The obvious proposal in relation to this would be that one would have provided it at Crystal Palace.

**Andrew Boff AM:** Yes, absolutely.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** That was the obvious proposal that one should have put it at Crystal Palace. I am stretching my memory, but the costs of doing up Crystal Palace to provide an adequate legacy - and you may quibble with these - were talking about certainly between £60 million and £100 million as a minimum.

**Andrew Boff AM:** You have saved something.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes, maybe, but, unfortunately, when Spurs put forward its proposal, it was not planning to spend that much on Crystal Palace. It never offered anything remotely approaching that for Crystal Palace.

**Andrew Boff AM:** Just to get this clear because we might not be able to call you back again --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I am always happy to come back.

**Andrew Boff AM:** Just to get this clear, not having the track in the Stadium was never seriously considered until we got the Tottenham Hotspur bid?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes, that is right. I cannot remember anyone putting that forward, no one in the Department for Culture, Media and Sport (DCMS), no one here. I do not remember anyone suggesting that until we had the Spurs bid.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I was just going to add --

**Andrew Boff AM:** I beg your pardon. Sorry.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Not at all. It is going back an awfully long time. I was involved in discussions at the time. I was involved in helping to draft the consultation document we put out on the future use of the Stadium. I was there when we interviewed Tottenham Hotspur on its bid.

My perception as an ordinary Board member was that it would be unacceptable in any circumstance for us not to have an athletics track within the Stadium, given the commitments that had been made to Sebastian Coe [President, IAAF, and former Chairman, London Organising Committee for the Olympic Games] and others in previous years.

**Andrew Boff AM:** As I said at the time, we also made a commitment that the marathon would be through the East End, but they cut that off quick enough and lost the whole justification for the Olympics for me, but still. Did you ever do a cost-benefit analysis of hosting the IAAF in 2017 against what that would mean for the costs of the Stadium?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I do not believe any such analysis was done, no. I am aware that there has been an analysis done of the economic benefit to London of hosting the World Athletics Championships, which has put it in the region of £200 million, but that was after the event.

**Andrew Boff AM:** Why was demolition never considered? When I say “demolition”, I mean demolition of the seats. I am not talking about the whole thing. Why was demolition never considered?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** What, of the lower bowl seats?

**Andrew Boff AM:** Of the seats.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** They were demolished.

**Andrew Boff AM:** No, all the seats, to allow reconfiguration.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No. One of the options in the original consultation document - I am again going back to that - was to go back to what was known inside the organisation as the ‘dustbowl’ option. The ‘dustbowl’ option retained a 25,000-seat uncovered athletics track, which, to be honest, would have been neither use nor ornament. I am answering your question. We did not go beyond that to demolish the whole lot and start again.

**Andrew Boff AM:** That was the essence of the Spurs bid, was it not, to --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** The Spurs bid involved the full demolition of the Stadium and I suspect that had you demolished all the seats, it probably would not have made a lot of sense to keep very much else.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** The phrase, with respect --

**Andrew Boff AM:** Apart from the Spurs bid, it was never considered?



**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No.

**Andrew Boff AM:** I know about the 25,000 and that.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Sure, but, looking back, it was an iconic stadium --

**Jennette Arnold OBE AM:** It still is.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** -- which had brought huge credit to the United Kingdom in 2012 and, no, so we did not. You are quite right. We did not.

**Andrew Boff AM:** Yes. You give me £100 million and I will show you some credit. Did you at any time feel that we should have removed the athletics track?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Did I personally feel at any time?

**Andrew Boff AM:** During the process because you were there from before the start, almost. Surely, on reflection, I am just surprised that nowhere along the line did we ever consider that this athletics track was going to be -- my view is the athletics track has caused all the problems, quite frankly, but did you ever at any time think that perhaps this athletics track was not such a good idea in the Stadium?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** As I say - and I have said this to you before - there were commitments made to the IOC and to the IAAF. Both Mayors did obviously consider the matter and both Mayors decided that they wanted to honour those commitments.

**Andrew Boff AM:** Could the IOC have sued us?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Technically, they could. They probably would not have done. I very much doubt if they would have done. That is not a decision I made to honour those commitments. You know fine well that --

**Andrew Boff AM:** Did you give advice to either Mayor?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** No, not on that issue because you know well that there were many other people who held very strong views about this matter who would have spoken to both Mayors about it, prominent figures in the world of athletics and the world of sport.

**Andrew Boff AM:** I am absolutely convinced - and I know personally - that the previous Mayor at least put a lot of faith in your judgement in this. I cannot speak for him, but he would have personally put a lot of weight, if you had said to him --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** "Get rid of the athletics track"?

**Andrew Boff AM:** -- "Get rid of the athletics track because it is going to be a problem for the future".

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Maybe.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** There is no answer to that.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Who knows? I never said that to him. I am not convinced it would have been appropriate for me to say that to him. That issue was around. You were raising it at the time. Others raised it. He was aware of the issue --

**Andrew Boff AM:** That is what these grey hairs are about.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** He was aware of the issue. He took the view that he did. He did not take it because I told him to. It was a view which he took. I am sure he discussed it with Ministers. I am sure he discussed it with Seb Coe. He took the view that he did.

**Andrew Boff AM:** Thank you, Chairman.

**Caroline Pidgeon MBE AM:** It is really helpful, actually, hearing from you both. It reminds me a bit of listening to the reunion on Radio 4, just reminding ourselves of the context that all of this was going on. We are in some ways forgetting it was at Secretary of State and Ministerial level rather than here always thinking it is a mayoral decision. You had all those other pressures as well and you had to deliver the Games almost at any cost. Then there was the legacy afterwards and also, following on from Assembly Member Boff's questions, Sebastian Coe's huge influence on insisting on athletics remaining there, which is in the room but perhaps not being spelled out.

One of the issues that comes up now time and time again - we have talked about the capital costs and what could have been done cheaper and so on - is the ongoing running costs and everyday costs. The thing that I find when I talk to people across London is that they find it amazing that it certainly appears to be that West Ham had this fantastic deal at the Stadium and almost anything that comes up is another cost for the taxpayer rather than West Ham.

Can you explain who was responsible for negotiating the agreement with West Ham?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** This was some time ago, but my memory fairly clearly about this is that the form of a concession agreement was determined largely by the legal advice that we had at the time from Allen & Overy. Bearing in mind that we knew there was going to be litigation and we had already had litigation and we knew Leyton Orient were going to issue further litigation, rightly or wrongly, we basically did what the lawyers told us to do in terms of framing the concession agreement. We did not have any choice. Whether their advice was right, it did set very clear parameters for the agreement and for a concession basis for the agreement rather than a lease or anything like that. The main consideration was state aid, but there were other legal issues as well. All I can say to you really is that the structure of the agreement and the way that it worked was in substance determined by the legal advice that we had at the time.

**Caroline Pidgeon MBE AM:** David, you as a Board member were getting legal advice saying, "This is the only way to deal with all these complex issues and potential litigation. This is going to be the best deal for the taxpayer". Is that correct?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No, not quite. At the end of the day, this was the best deal we could get, to be honest. I will be very honest. I felt that we were in a

negotiating position that you never like to be in in real life when there is only one person on the other side of the table. There is only one person on the other side of the table who has another option - ie not to do the deal - you at the end of the day have to take a balanced judgement on whether what you are being offered is acceptable.

We did not think it was a bad deal for the taxpayer because at that stage we had the other assumptions about income coming in from naming rights and income coming in from the other events and we were looking at, broadly, in those days, at the very least a breakeven budget or even a small surplus. We did not think it was a bad deal for the taxpayer.

On the other hand, many of us on the Board at the time were worried that we were getting into a partnership based on a sum of money that actually, in terms of public criticism, was something that could well expose us to public criticism.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** If you look at the report, it talks about improvements that were made to the original proposition from West Ham during the course of the negotiation after it had been made preferred bidder. There were some improvements. Moore Stephens said, "Maybe you could have improved other things". We were reliant on the executive team at the LLDC and their advisors to negotiate this deal and the legal advice that we had.

At the end of the day, as I say -- it is on one of the pages of the report, if I turn to it. On page 98 of the report, there are two options. There is the existing competition with retractable seating or there is the do-minimum multiuse option. We had to make a judgement about whether the deal we were offered was good enough to avoid the very obvious disadvantages of that do-minimum option, which still cost a significant amount of money, meant you could not do football in there and raised some doubts about whether it would be IAAF-compliant, but left all the temporary Olympic overlays - the only toilets and cafés and whatever - to support the Stadium. That was a bad outcome. Rightly or wrongly, we were concerned to get into the deal both some capital contribution from West Ham, which originally had not existed, and also there was concern that there should be provisions around the resale of the club by the owners of the club. Those were pretty red lines in the negotiation.

One of the things that Moore Stephens - I do not agree with the way they put it and it may be just the way they put it - said was that we never considered no deal. I know that the people who were doing the negotiating did consider no deal. We very much considered no deal all the time. It would have been a mistake.

**Len Duvall AM (Deputy Chair):** Can we just probe a little bit further, then, on that? If that was the case, then, was that brought up to the people making decisions higher above the negotiation team to consider that? Was there at any time at a high level in this organisation, the LLDC, when you came to the negotiations and when you thought, "Actually, we are going to walk away"?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** This was almost constantly under discussion. As I say, what I have described, rightly or wrongly, as red lines were big issues of concern around getting a capital contribution, around dealing with onward sale and some other lesser issues which I cannot really recall the detail of. Those would have been discussed in the LLDC Board, which would have said, "We must get these things. Otherwise, we are not going to do this deal". If your Chief Executive is having a negotiation, he needs to be able to go back and say, "My Board will not stand for this unless you do this". They were brought to the LLDC Board.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Every component of the deal was gone through by the Investment Committee and by the Board, and so we did look at it all at the end of the day. We decided at the end of the day - I will not repeat the answer I gave before - that there was sufficient in it to proceed. Had there not been, we would not have done. Neale is quite right. We would have reached a different view.

**Caroline Pidgeon MBE AM:** You were not that happy with it, were you, by the sound of it?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No, a lot of us --

**Caroline Pidgeon MBE AM:** You thought, "This is a Premiership club coming in. Really, it ought to be paying more towards some of the costs of putting on the matches, the security and all the other things in there". There is no break clause. That is what I do not understand. There is no break clause.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Partly, yes, we were suffering from the thing I was talking about before as well: that we had not done the operator procurement, we did not know the operating model and whatever. Remember that the advice that we had, which has not turned out to be as accurate as we would have liked, was that when we looked at the operating costs as they were estimated to be and when we look to the sources of income, we were not going to be in the sort of deficit that we are now.

**Caroline Pidgeon MBE AM:** It was a projected surplus position --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes.

**Caroline Pidgeon MBE AM:** -- that, clearly, has not been true. You had advice on the operating costs, which, again, has proven to be wrong.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Yes. To be fair to the people advising us, they were giving that advice prior to the procurement of the operator.

**Len Duvall AM (Deputy Chair):** Can I just come in again?

**Caroline Pidgeon MBE AM:** Yes, of course.

**Len Duvall AM (Deputy Chair):** David, earlier you mentioned about partnership. It is very straightforward in the world I live in. It is called a contract and arrangements. It does seem that in negotiating which was your key anchor tenant, somehow that was missed: the importance of getting that bit right. In your view, has that led to where the relationships that we are dealing with now between that key anchor tenant and the various organisations -- is it because we never got -- whether we got the operating side and the other bits right, that is the legacy, if I can call it that, of where we are in terms of the relationship? It does not feel like a partnership, I suspect, from what we hear in the media. It does not feel like people were working together for the same solutions. There are key parts of this contract that was negotiated that do not seem to make sense for me, as a follower of football, about sound management issues and about who does what around that. I can understand simplistically what you said, Neale, about the governance arrangements and earlier on about getting those bits right, who was taking what decisions, but the actual day-to-day operations of the Stadium all flow from these contracts, or do they?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Some do.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Partly. Some do; some do not. I will start with a general thing, which is that it is not right to say that at the core of all the bad relationships such as exist is the contractual terms. There are all sorts of other reasons for that and it is regrettable, and it is a fundamental issue that needs to be addressed.

David has talked about the complexity of the arrangements. If they could be simplified, we all think that that would be a good thing. Part of that simplification has occurred with the withdrawal of Newham from E20, which is a wholly good thing, probably. There is no criticism intended there of Newham, but just the simplification that has happened is a good thing. It makes it easier to manage. You have one less party involved.

There is no reason why these arrangements should not work. There really is not. They worked in Germany. They work quite commonly where you have a stadium owner, an anchor tenant and an operator.

We did end up in this position. Because of legal advice and the concession-type arrangement and whatever, we ended up in this position whereby the costs fell on the LLDC rather than on West Ham. That is one point where you are correct about the difficulty because that creates some tension, does not it? We have seen that in recent days and weeks around the stewarding issues and control and cost and all of that.

There is something in what you say, but, fundamentally, the relationship problems are not caused by the contractual arrangements.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** If I might add - again, I will be very honest - the contract was too long. There is too much detail in it. West Ham was a very tough and very hard negotiator. To go back to the point I made a moment ago, if you are sitting on one side of the table and you think you have one person who is going to take the deal or not, you tend to make compromises and you tend to get to the end of a process that you might not have wanted to be when you started. We have a contract that is too detailed, is too lengthy and has too much in it.

That gives the people on the other side of the table the ability to question you a lot of the time about whether you are fulfilling your side of the contract. I remember some very interesting discussions with Karren Brady [Vice Chairman, West Ham United Football Club] about the whole concept of 'look and feel', which I had never really heard of before, but in the contract we had promised to give the Stadium the look and feel that the old stadium had. The interpretation of 'look and feel', written in a contract between you and I, may be quite different. That did enable a lot of dissension to arise thereafter and that did stem from the nature of the contract. Again, looking back with hindsight, I would have gone much more for a partnership rather than this very strong legalistic contractual relationship.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** If that had been achievable.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** If it had been achievable, surely. I am using hindsight. You looked at outcomes rather than a rules-based contract, if you had had an outcome-based deal, and we did not get that in retrospect. There have been problems since.

**Caroline Pidgeon MBE AM:** It is interesting what you are saying. It reminds me of the public private partnership, which ended up in litigation all the time because there was so much detail in the contract. It sounds like it is a similar one you have there.

Obviously, your forecast for all of this turned out, in hindsight, to be wrong in terms of the transformation costs, the ongoing profitability. Why were they so wrong? Is it just that you relied on expert advice that clearly was not expert advice or is it just --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** In respect of the transformation costs, Moore Stephens says, "It would have cost that". You could not have forecast that. You were in a position where, for example, the extent of the foundation and roof reinforcement works, to forecast those in advance and the extra costs that arose on that would have been very difficult. It could have been the other way. We might not have run into those issues around the roof reinforcement and the foundations on the capital side. On the revenue side, as I have said already, there are three main issues. There are some subsidiary issues. You come back to the seats. You come back to the naming rights. All these are issues which have, at least, partial solutions to them. In the case of naming rights, the obvious solution is to do a naming rights deal and put on more events in the Stadium to bring in more money.

Potentially, if both parties stand back - this is a very high-level point - there is an absolute commonality of interest between GLA-LLDC and West Ham in the successful running of the Stadium. There should be enough common interest to look at ways in which things can be improved. That needs to be discussed and worked through. It absolutely ought to be possible because the common interest is very strong from West Ham's point of view and from the point of the GLA. That is about naming rights; it is about having more events.

Let us be clear. The Stadium has hosted some fantastic events. There have been millions of people in it. There are concerts, the World Athletic Championships, the Diamond League events, the Paralympic Championships. It is, from many points of view, a great stadium and it could and should be used more often for other events. There are constraints on that because you have a Premier League football club in there. Those issues can be addressed.

I do come back to - and I would not want to be too harsh on the people who gave us the advice - it is very difficult to do this in advance of going to the market for an operator. It is very difficult to do this until you have some hard evidence. There have been issues particularly around stewarding and security, as we well know. Again, it is very difficult to get on top of that in advance, particularly in advance of procuring an operator.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Could I, if I may, supplement that on naming rights?

**Caroline Pidgeon MBE AM:** Please do.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Your question was whether we were badly advised. I am not sure how you do get advice that can be better than the advice that we had. We went to - I am just reminding myself of the names - the International Management Group (IMG) and ESP [Properties], two of the world's leading naming rights advisors. I personally - and, Neale, I do not know if you were still there - sat through submissions by these very smartly suited men and women telling us about 10, 20 or 30 potential naming rights partners for us. As a lay Board member, I was amazed at the breadth of their knowledge. In fact, nothing came out of it but, at various stages, we were being told by these experts that the naming rights could be anything up to £10 million or £12 million.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Just on naming rights, as we have gone on to it, just to add to that, though, it is worth saying that it is clear that LLDC have come

close on two occasions to doing big naming rights deals, very close. I have no doubt there is a naming rights deal to be done. One characteristic of stadiums and naming rights is it can take time. If you look at Wembley, it took them quite a few years to do the deal they now have with Everything Everywhere (EE) at Wembley.

If you look at the Juventus Stadium, they have just done a deal with Allianz and they have been in their stadium seven years trying to do a naming rights deal. Spurs are having some problems with naming rights now and it will take time. I am certain there is a naming rights deal to be done. Talking to one or two people who are still at the LLDC, there is a view that following the World Athletic Championships and the success of that event, there is a lot of interest in that.

Let us be clear. Some of the things which have been happening lately or more recently do not help with that. In due course, there is a naming rights deal to be done there.

**Gareth Bacon AM (Chairman):** On the naming rights thing, I am not familiar with the deal you have described at Juventus. Is that aligned with their shirt sponsor?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I do not know.

**Gareth Bacon AM (Chairman):** Are you aware of any naming rights deals? Wembley's name was different because that is the national stadium, although this season is slightly different because Spurs are playing their home games there just for a year. Are you aware of any naming rights deals where a football club plays their home games where the naming rights of the Stadium are not aligned with the shirt sponsor?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I do not know of any. I am not saying that there are not any. Coming back to the partnership and the relationship, David probably knows a bit more about this than I do, but certainly there has never been a lack of willingness at LLDC to talk to West Ham about trying to sort out a joint naming rights deal.

You have to say that in any such discussion, there is going to be an issue, which is: what is the split of the money? There is also a possible complicating issue in that it depends on individual mayors, but there is an issue about whether the Mayor and LLDC would be comfortable with certain sponsors. Would they be comfortable with a betting company, for example? Probably not, I would have thought. There are issues like that.

Plainly, it comes back, as it does with the other events points, to the relationship with the football club. It would make a lot of sense - and there has never been any unwillingness on LLDC's part - to try and do this together, but without a breaking commercial approach to "we are going to try and snaffle as much as we can" on either side because that is not going to work. As I said, I come back to the point that it is really important that the common interest that the public sector and the tenant have is more reflected in the way they work together in the future.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Indeed. It is from memory, but my recollection is that the deal on naming rights will want to be achieved does have a revenue share with West Ham but once it is achieved. It is not all going to the LLDC. I have forgotten whether it is the first two or four.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** No, it is the first two.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Anyway, it is a significant share to West Ham once a deal is secured. As Neale said, we did work very closely with West Ham on the appointment of ESP, the second bunch of naming rights advisors. We took their advice on who to go to.

**Gareth Bacon AM (Chairman):** Yes. It seems to me that on the naming rights issue and on the rest of the Stadium issues, West Ham has to be part of the solution. Any naming rights deal at the Stadium, I would suggest to you, is more about the fact that there is Premiership football played there than the fact that it is the London Stadium. Therefore, there would have to be some considerable commercial interest for West Ham in being involved in that and being beneficiaries of it. The Premier League is watched all around the world and that is the point of somebody coming in and putting their name on the Stadium.

With that in mind, much of the mood music that we hear or certainly the impression that we get from the LLDC is that West Ham is viewed by them as some kind of problem child or some kind of naughty tenant. Both of you are no longer within the LLDC. Do you think that is a fair description?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** It is not a fair description of how LLDC views West Ham. David has talked about West Ham being tough negotiators and they are and they are entitled to be. It takes two to make an argument and two to do a deal. I would certainly not accept that there is balance on one side or the other. I also think it is worth saying that certainly some of the advice I recall from the naming rights experts that we had were that, although obviously a lot of the value is in the Premier League television, the fact that this was the Olympic Stadium, and is linked with this project and the park more broadly, that that is a significant premium factor in trying to do the naming rights deal. This is the sort of argument the parties would be having over the split.

All I am saying is that, at the end of the day, it ought to be possible to get a larger cage and split it up in a way that is reasonable.

**Gareth Bacon AM (Chairman):** To flip the question I just asked you a little bit, going into this deal there was obviously a great deal at stake for West Ham United. We talk a lot about how West Ham was the only game in town because it is a big stadium. It is in the East End. It is right in their hunting ground as far as it goes for supporters and local communities. There was an awful lot at stake for them as well. This is a very big move. Leaving the Boleyn Ground, with all the history and emotional attachment that their fans have for that, is no small thing. I cannot speak for West Ham, but if I had been negotiating for them I would not have been at all interested in taking the risk that they took without a very long lease, without a break clause in it, because otherwise they do not have certainty. They cannot go anywhere else. The Boleyn Ground does not exist anymore.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** Absolutely.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Sorry to interrupt, but the long lease was an essential part of their negotiation. We never questioned that.

**Gareth Bacon AM (Chairman):** OK and that is fine. Where I am going with the question is, every time there is any kind of press comment about the Stadium - and there are politicians that mirror this sentiment as well as journalists - West Ham are consistently portrayed as the big, bad wolf who caused the problem or the implication is that they have caused the problem and that the taxpayer has been overly generous to West Ham. Do you think that is a fair characterisation?



**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I take the same view as you on this. I do not think it is fair to West Ham. You are right that they did take a substantial risk in doing this. For any football club to uproot itself from its home and do something else is a big, big deal. I have been watching Arsenal for nearly 60 years and we did not move very far. Quite a lot of this has to do with the performance of the club on the pitch. The number of people at Arsenal saying, "We should never have moved from Highbury" has increased substantially with the recent poor performance of the club. It is a complicated thing, the relationship clubs have with their fans. I absolutely understand why West Ham is anxious about that. It is a problem for them. It is difficult for them. It plays off against the performance of the team and everything.

Let us be clear, it ought to be possible to get this deal and these arrangements back into a place where it works for West Ham and the public sector. It ought to be possible to address the issues around the seats, around more events, around stewarding, all those issues. I read a piece that Karren Brady [Baroness Brady, CBE, English sporting executive, politician, television personality, newspaper columnist, author and novelist] wrote in the *Evening Standard*, following the Moore Stephens report, in which she said she wanted to work with the GLA and with the Mayor to make those improvements and to make changes. It seemed to me, in the spirit in which she said that, if that could be reflected in the discussion. West Ham did give up their property. They gave up their main asset, the Boleyn Ground, and they are dependent on this.

When you look at their accounts, which came out recently, one of the things that I read - and I am relying here on what was reported in the *Evening Standard* - they have not made a mint out of the extra capacity at the Olympic Stadium, and that is because a lot of the pricing has been very keen to make sure that they sell all the seats. The idea that this was a crock of gold to West Ham is not fair. We know they have had the issues that there have been with stewarding, so they have suffered in a sense from the difficulties that there have been as well. I absolutely do not think it is fair to be critical of West Ham or to present this as some crock of gold they have been given because it is not like that, so I would concur with what you say about that.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** If I could add a gloss, which is slightly different. My relationship generally with Baroness Brady was very good at a personal level. I do think the gloss I would put on Neale's remarks there is that there is a mentality inside West Ham that sees litigation as the first port of call. For a period we were almost getting a legal letter a week. I have not been there for 18 months so I do not know now. I do think in the give and take world that Neale was suggesting, yes, it ought to be possible to run it but it also needs a bit of a shift in attitude - going back to my 18 months - in the behaviours of the West Ham side of the partnership.

**Gareth Bacon AM (Chairman):** You mentioned earlier on, in terms of the contract - I wrote down what you said - it was too detailed, too lengthy and too much in it, and then you talked about things like the look and feel of the Stadium, because that is one of the points in issue at the moment, as I understand. I went to the Boleyn Ground on numerous occasions, not as many as certain other Members here. I was there for the last ever game there. I was not too happy with the result of that game as it happens. I have also been to the new Stadium with West Ham playing there. I can say with a fair degree of certainty that that looks nothing like the West Ham United ground that I have seen. There are a few concessions to them. The bubble machine is there and there are a few things around, names of ends and things like that, but it does not feel like West Ham United's ground. The pitch surround, for example, which I understand is another issue, has become what seems to me to be an almost pointless bone of contention, particularly since West Ham has offered to pay for a new pitch surround.

Why are things like this becoming so much of a sticking point? Surely these are things you can sort out with a five-minute conversation. I do not understand why this has become such a big issue. Can you shed any light on that?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No, not really, is the answer. Again, I left the Board in October - whenever it was - nearly two years ago. I had been to both grounds as well. I had been to the Boleyn Ground as a supporter of Fulham, and you were tucked in a nasty little corner in rather squalid accommodation, unable to get a beer. As a visiting supporter, I think the new Stadium is infinitely better.

Whenever I went into it, I thought it did have a pretty good aura of the club. The efforts in terms of the video screens and all of that went a long way. I do not know whether look and feel is still an issue. I was using that as an example of some of the contractual disputes that arose when I was still there.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** A lot of what you say, Gareth, I can understand why there is frustration around these issues. This all goes to the fact that at a very senior level people need to improve this relationship because it is a problem. There are issues on both sides, no doubt, but if that is not addressed and solved then getting into the minutiae of the detail of resolving stewarding costs, sorting out more events and so on, if you do not create that better relationship you will not succeed in addressing those issues.

**Gareth Bacon AM (Chairman):** In light of that then, the Moore Stephens review, as we have discussed, it took slightly longer than we originally indicated it would do. This Committee, among others, brought pressure to bear on that. I understand the Mayor's Chief of Staff had to bring them in and basically say, "We need this review completed as soon as possible".

The Mayor issued a colourful press release to accompany the Moore Stephens review in December and talked about taking personal charge of the situation and sorting it all out. Do you find it surprising, therefore, that neither he nor your successors, as the chair of the LLDC, has yet met with Karren Brady?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I am a little reluctant to be critical of them because I do not know what their reasoning for that is and, hopefully, such things will take place. They need to, but I do not know why that should be. I am not party to --

**Len Duvall AM (Deputy Chair):** That is the issue, is it not? If we go back to look and feel, I am a supporter and anyone who follows football understands that. There is some look and feel I do not want from the Boleyn Ground. I tell you that, the toilets and all the rest of it because the club was run down. But, equally, let us take it away from the emotion of football supporters and talk about a contract. Putting look and feel into a contract almost says it is going to be tested by the courts. That some judge is going to have to arbitrate about what look and feel is if you are in dispute. I am not sure. I would not want to be that judge; do you know what I mean?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Yes.

**Len Duvall AM (Deputy Chair):** Let us hope for my sake it might be a football supporter who might understand what look and feel is. I do not understand how those things, even in negotiations, crept into a contract or were not bottomed out within that contract about what we need. What we can say about the Stadium is the colour of the seating is one issue. There is some attempt in the outer ring about putting some colours up. The wraparound, if I can call it that - it is not quite a wraparound - if you know what I mean that

the Stadium doors on match days present that, the overall decorations around. Clearly there are more things, but I do not understand how they got into a contract without some bottom line of what it was about that look and feel. How does that work? I suppose the point I am coming to, does the relationship really have to go through litigation before it gets better, in your experience in terms of when you were involved?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** It absolutely should not. There is no purpose in litigation. Once you are in litigation you have had it. The lawyers have got hold of you and you are never going to get anywhere. It is very regrettable that there should be litigation. It is difficult for me because neither of us is involved now. We do not know the stuff that is going on. It is difficult for us to comment or to say, "Somebody should be doing this" or "Somebody should be doing that". As a very high-level point, however you do it - and it does need senior involvement - unless you get hold of this relationship and improve it and stop people sending legal letters and going off to court, you are never going to get anywhere. Both parties surely ought to see that.

In any other walk of life, in the property world or something like that, I mean obviously people sue each other from time to time but they do not normally try to do that or conduct their relationship like that. They try to resolve things through sensible, commonsense negotiation and give and take. That is what is needed here.

**Len Duvall AM (Deputy Chair):** On this final section before we move on, E20 is the operating company/delivery vehicle for the LLDC to deliver the Stadium and for this Mayor to deliver it. We have Newham out of the picture, which you said simplifies issues. Is it E20 then in relation to some of the other contracts, the stadium stewarding contract, the catering contract, is that one of the tasks as you see it from Moore Stephens of getting to grips with this? Is it fit for purpose or was it fit for purpose in the past, from what we know with hindsight? What is your thinking about that, considering the main anchor tenant contract was done before, as we talked about, before some of these operating issues arose? What could you help this Committee to understand about the future?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** E20 was invented as a mechanism to create a joint partnership between Newham and the LLDC with a 40% Newham shareholding. That has now gone. The E20 Board members, of whom I was one, were actually delegated to their job by the LLDC Board. The three of us did not take any decisions on the E20 Board unless they had been through the LLDC Investment Committee and we had the authority of the LLDC behind us. That was the view the three of us took because we did not want to be in a different statutory fiduciary responsibility.

My own view, for what it is worth - and again I have only read Moore Stephens in the Mayor's press notice - I would wrap up E20. I would bring it back into the LLDC and I would probably go further than that. If it is going to be run by the Mayor, the Mayor's office and the GLA, create a single unit because every LLDC decision going forward has to be brought to the Mayor, why not bring it in-house and run it from now on as part of the GLA or as part of the Mayor's office. That is a very simplistic response.

The LLDC would not like that because it would take the management of the Stadium out of the greater concept of the park. However, as with all the big schemes going forward in the park are still subject to mayoral approval of various kinds, I am not sure that is a totally compelling argument against what I am proposing but, Neale, you probably take a different view.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I am not sure I would do that. I do not feel strongly about it. The critical thing, though, is making sure that the capacity and capability to do it is there. Again, I am a bit blind to that now. In the Mayor's press release there was reference to a turnaround appointment that had been made. I have no idea what is happening about that but

obviously that was a sensible sort of thing to do. Whoever is running this operation or taking responsibility for the Stadium and its future, whether that is within the GLA or whether it is within the LLDC, obviously you need to have people of sufficient capacity and capability to do that job.

In the past I have known people who were at the LLDC who were responsible for this who, in my experience, were pretty good and competent people, but that is clearly important and beefing that up may be something that one needs to think about in the short run. I understood that was what was being talked about when it was said that this turnaround person had been brought in. Obviously, they are presumably engaged on a programme of work to that end. Again, I do not know anything about that. I do not think it matters quite so much whether it is in the LLDC or whether it is in the GLA. I can see an argument for it being in the GLA if that means it is going to get even greater priority and attention, I suppose.

**Keith Prince AM:** You have touched on the areas I was looking at anyway, to be honest. I do not want to talk about where we are now. It is a bit of a mess but I do not expect you to comment on that. I do not think it is fair. You are not in the business.

You said earlier that the operating model works in Germany where you have an owner, an operator and a tenant, but this model is not that, is it? You have sort of an owner and then another sort of an owner and then you have somebody else who is doing the dog work. Why was it so complicated in the first place?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** That is a perfectly fair and correct question; a good question. Every individual decision that was made you can probably give a good explanation for why it was done in that way. The fundamentals of the agreement were necessary because of the legal advice. The E20 had to be set up because we needed £40 million from Newham to do the work to the Stadium, and clearly they needed some way in which they could come in and have influence, therefore, over the Stadium. It was right to go for an external operator rather than to try to create an in-house team to run something as complicated as a stadium. All the other venues in the park, most of which run pretty successfully, are run by external operators. As I say, each individual piece, in the time it was available - and I go back to a point I made that one of the things that did create difficulty is just the fact that you did not do the operating model and the operating stuff first.

It needs to be simplified and it needs greater clarity. Part of that, as I have already said, is achieved by having just the GLA/LLDC there. Maybe you need to clarify because of the confusion about LLDC and the GLA. This is a huge London asset, so the more we talk about it the more I am thinking maybe David is right and it should come in-house into the GLA and get managed here, but that is plainly a decision for the Mayor and people at LLDC to think about and make their own judgement on. I do think that there needs to be some simplification in the way in which the staging is operated, but that can only be done now through negotiation and discussion between the GLA and West Ham. It cannot be done any other way.

**Keith Prince AM:** Again I am not asking you to comment on where we are now, but would it not be fair to say that part of the reason why we are where we are now, and there is all this litigation flying around, is because poor old West Ham did not know who they were talking to. They could talk to the LLDC or talk to E20 or talk to LS185 and there must be real issues around command structure, who is making the real decisions. I daresay that LS185 have probably got the contracts but they do not have the ability to vary the contracts, so all this confusion is probably compounded and has made a big contribution to where we are now.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I know it has made a big contribution to where we are now on some of the big issues we talked about but I fundamentally agree with your basic contribution that running the thing on a day to day basis is much more difficult because West

Ham are dealing with those three different agencies, and the Mayor's office and the GLA as well. It is tough for them and I have sympathy for them in trying to work their way through that. By now, though, it has been going for two or three years. They have pretty good lines of communication with the various bits but it is too complex, I agree.

**Keith Prince AM:** Surely that is the point. I am not saying they do not have lines of communication, I am sure they have, but it is trying to find who the decision-maker is. You used the example, Neale, earlier about property and how it works in property. My knowledge of that is you have a developer and you usually have to engage with the local council and usually that is the planning department and, in the worst case scenario, the chief exec or the leader. It is very easy to understand who is making the decision and who has the right to make the decisions. In the set up that we have here, I would think that it is probably quite difficult. I could make another analogy --

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** The fundamental point is we agree with you about simplification and clarity, if that could be achieved but it needs the will on all sides to change things. I would not have thought there ought to be that much confusion by now on West Ham's part about who is the decision-maker on different issues.

**Keith Prince AM:** Can I ask you, when you were involved was there a single point of contact that West Ham could contact and know that they were dealing with the right person? I know there is one now.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Yes. Baroness [Karren] Brady dealt with me directly all the time.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** People at various levels. On a day to day basis there was a team that was working then for E20 and the person in charge of that team. For the day to day matters it was quite clear who you spoke to. There was a single person there. Obviously you have LS185 there. I cannot speak for them, I do not know the detail of it, but I would have thought it was pretty clear who was responsible in that organisation for different things. It depends on the issue. Some issues are always dealt with at working level, bigger more fundamental issues you need to escalate but that is not an uncommon situation in any walk of life.

I do not think it would have been right for LLDC and I do not think it would be right now for the LLDC or the GLA to try to run the Stadium for an in-house operation. Assembling the skill and the ability to do that in the public sector is probably not something you should try to do. You are faced with the situation where you are likely to continue to have an external operator, as well as LLDC. If there is a lack of clarity in who is saying what, that needs to be addressed.

**Keith Prince AM:** There is a certain irony that there is one of the partners who is very experienced at running a stadium and running the operation and running a stewarding, and that is West Ham.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** There is an option that could be done whereby West Ham would operate the stadium. Clearly, that could be an option. It would require a fundamental renegotiation of all the agreements. I am not saying that would necessarily be a bad thing. It would be essential in any such process that both parties benefited from that renegotiation.

**Keith Prince AM:** You could see a situation where the LLDC would pay West Ham to run the Stadium?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** You would have to renegotiate the contractual arrangements. There would be issues about who decided what other events went on there. All the decisions would have to be made around it, but it would be possible to do it like that, absolutely.

**Keith Prince AM:** That is interesting. The next point I want to make very quickly. I think you conceded the point to Gareth Bacon. Gareth did make the point quite well that, whenever the media talk about the Stadium and what is going on, West Ham always come across as the nasty people who are ripping off the taxpayer. The question I would have is around negotiation. Is it West Ham's fault that they are excellent, very professional negotiators and, to be as polite as I can, you were not?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I actually do not agree. What Moore Stephens says, and it is correct, is that because of where we were West Ham had a very strong position in the negotiation and you cannot do away with that. You can do the best you can. West Ham were not to be blamed for trying to negotiate the best deal they can. We talked about earlier, that there was always going to be a judgement to be made about whether we had negotiated a good enough deal for the public sector to sign up to. The people who were working on the deal, could they have done better? I suspect not. I do not think that means they were bad negotiators. It reflects the position that we were in, and the judgements that were made at the time about what the key negotiating points were going to be.

As I say, they tended to be around making West Ham put something into the capital costs and resolving the potential dangers of the club being sold and people walking away with a load of money. Those improvements - and there are other improvements mentioned here - were achieved in the negotiations that the LLDC executive carried out and, as I have already said, that strategy came back to the Board.

It was a negotiation. Let us be clear. Looking at the situation now, West Ham has issues with their supporters, which they were bound to have. They have all sorts of issues around their moving to this Stadium. No one is saying that they found themselves in a land of milk and honey.

**Keith Prince AM:** The point I wanted to get to was I believe you said you ran the negotiation. You did what your lawyers said, basically. That was the phrase you used. I wrote it down. Did you have a professional negotiating team working for you? Did you go to the market and find professional negotiators? Who were you using to negotiate?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** We had an executive team of highly experienced people, many of whom had been involved in negotiating very difficult commercial issues in relation to the Olympic Games because most of our senior people had at one stage or another worked on the Games. These were experienced and competent people. Moore Stephens expressly say that it is not a question that West Ham out negotiated people. There was a difficult negotiation and I do not think we should be saying that the people involved day to day doing those negotiations did a bad job. They did the best job they could in that situation and, as they say they achieved the improvements that were regarded as critical. Would it have been better if we could have negotiated more money from West Ham? Obviously it would have been great but we were not going to get that. It would not have mattered how brilliant they were.

**Keith Prince AM:** You were happy with the negotiation as it was? You were happy with the final outcome?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** We tried to say this earlier that we were not brilliantly happy that we were in this difficult negotiation position with one party. You always prefer a negotiation to have the spur of competition and to be able to play parties off against the other.

**Keith Prince AM:** The bottom line is that it is not West Ham's fault that they got a good deal, is it?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I do not think either of us said that.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I do not think either of us has said that it is West Ham's fault. I do not think it was.

**Gareth Bacon AM (Chairman):** I am keen to move this on now. Members, we have been going at this for more than two hours and, while I am sure we could all come back and have another bite of this particular cherry, I am very keen that we move it on to the next section.

**Unmesh Desai AM:** When the present Mayor took office did he talk to you about his plan for the Stadium and, if so, what did he say? Secondly, what advice, if any, did you give to the Mayor in his first month of office and, if you did advise him, did he follow your advice?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I was only here working for the present Mayor for about three weeks. All I can recall is that, within that period, we had an introductory meeting where he met with David Goldstone CBE, the LLDC Chief Executive, with David Edmonds here. I was in that meeting. It was an introductory meeting and David can probably say better than I the issues that they ran through and I was not subsequently involved in giving advice to the Mayor.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Can I very briefly quote? I wrote to the Mayor on 9 May with a series of annexes about the work of the LLDC. I said the following:

*"Before our next briefing on the Stadium it has amazing potential to be the focus of a wide-ranging sporting and other activity but, as we finalise transformation works and the Stadium becomes fully operational for the first time, there are still challenges over capital cost and future running costs. Of course it has been a political issue in which the media has taken a close interest. The leadership and the principal tenant, West Ham United, is highly demanding."*

That is what I said to the Mayor on his first day in office. I did not give him any further advice or have any further discussion with him until I left my job.

**Unmesh Desai AM:** You wrote to him. Did he reply back?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** As Neale said, we had a meeting three or four days after he was -- and we ran through what his agenda was likely to be, but my recollection is I did not give him any further advice on the future of the Stadium, no.

**Jennette Arnold OBE AM:** Neale, from your CV you are a sticker and you get results, so in terms of the appointment with Mayor Khan what was it, was it a bad spec that it was after three weeks you said, "I cannot do this. I made a mistake"? The *Evening Standard* said that Khan was dealt a blow, as if to say you walked away, you walked out of the relationship.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** All I would want to say about that is that I was not able to agree with the Mayor a long-term role in his administration. For whatever

reason, I was not able to and, to be honest, unless I had been able to agree a long-term role, I took the view that I did not want to continue on a temporary basis. I wanted to go and do other things.

**Jennette Arnold OBE AM:** That is straight, so we have that on record. Thank you.

**Gareth Bacon AM (Chairman):** David, you talked about the letter and the appendix that you wrote to the Mayor on his first day. How much engagement did you have with him in the six months that you were still in post while he was Mayor?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** We had the meeting that I have just described. I had regular meetings with the Chief Officer of the GLA, Jeff Jacobs, and the Finance Director. I did not see the Mayor again.

**Gareth Bacon AM (Chairman):** Jeff Jacobs is obviously the Head of Paid Service at the GLA. He is not in the Mayor's Office. Did you see anyone in the Mayor's Office at that time?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I saw David Bellamy [the Mayor's Chief of Staff] on a couple of occasions when we were talking about budget, going forward. I saw Jules [Pipe OBE, Deputy Mayor, Planning, Regeneration and Skills] and David [Bellamy], when we were talking about restocking the LLDC board. A series of appointments were due at around the turn of the year, and I was involved in discussions with both David and Jules over that.

**Gareth Bacon AM (Chairman):** Did you have any substantial discussions about how the Stadium was being run?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Not with the Mayor. I did with Jeff [Jacobs] on that.

**Gareth Bacon AM (Chairman):** Jeff as I said is Head of Paid Service.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I know, sure.

**Gareth Bacon AM (Chairman):** OK. May 2016, Sadiq Khan gets elected. November 2016 you decided to resign. What was the cause of that?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I never commented on why I resigned. They were for --

**Gareth Bacon AM (Chairman):** That is why I am asking you.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Indeed. They were for personal reasons. I have always done jobs where I felt I was making a difference. I have chaired a number of organisations. By the autumn time I felt I was not making a difference. To be honest, I also felt - and if you were to look at some of the media at the time - the Stadium had become a bit of a ping-pong match between the Foreign Secretary and the Mayor of London, and I decided being a ping-pong ball was a little bit above my pay grade.

**Gareth Bacon AM (Chairman):** OK. I think that is quite revealing, so I thank you for it.



**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** It is an honest one.

**Gareth Bacon AM (Chairman):** Indeed, I do not doubt that for a second.

**Andrew Boff AM:** How often did you request a meeting with the Mayor, Mr Edmonds?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I am not sure I did request a meeting with the Mayor.

**Andrew Boff AM:** In that six-month period you met the Mayor once. You met David Bellamy a couple of times?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** A few times, yes.

**Andrew Boff AM:** A couple is right?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Probably more than that, but I cannot remember.

**Andrew Boff AM:** More than that, and you met with Jeff Jacobs.

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Also, the Finance Director, yes.

**Andrew Boff AM:** During that period, what was being negotiated, what big deals were taking place in those six months? Was there anything of substance?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Yes. We were talking about particularly the cultural sector, the development on the island site and clearly, at official level, we were talking about the Stadium and how it was being run.

**Andrew Boff AM:** Were there any issues with relationships with what was going on in the Stadium at the time? Everybody was --

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** What kind of relationships?

**Andrew Boff AM:** Was there any substantial breakdown in any communication between E20 and anyone else?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No, I do not think so. E20 was fully integrated into the workings of the LLDC, and I think the LLDC was pretty fully integrated into the workings of the GLA.

**Andrew Boff AM:** Six months and only once to see the Mayor on such a major project. Is there nothing that you wanted to raise with the Mayor about the Stadium or, indeed, the whole Olympic Park?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** If the Mayor's Office had wanted to talk to me about those issues they could very happily have asked me in. I do not think on the

whole it is the job of the Chair of - whatever we were called - a subsidiary body, particularly as I was having good, strong working relationships at official level.

**Andrew Boff AM:** Thank you very much.

**Gareth Bacon AM (Chairman):** To close that particular point, the Mayor had been in office for six months and you had met him once. You referred to the newspaper coverage that immediately preceded your resignation. The Mayor made some very robust remarks in some of that press coverage, and you are saying that he made those remarks without having called you in to discuss them with you or to discuss the situation with you. Is that a fair summary?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Me at a personal level. His office may well have talked to my office.

**Gareth Bacon AM (Chairman):** The Mayor had not met you and spoken to you because what triggered it was the apparent revelation that there was going to be another cost for the retrofitting of the stadium, and he had not picked the phone up or asked you for a meeting or anything like that?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No.

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

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Sorry, can I just say about the cost thing, there was no question at any stage of the LLDC not telling the GLA what was happening. The cost issues became very apparent in the October time, particularly in terms of the seating costs and that could well have been a trigger, yes.

**Gareth Bacon AM (Chairman):** Bearing in mind that that cost was known and should not have been a shock to anybody in this building, do you feel that the --

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** It became known in October. It probably was a shock. The £8 million number that emerged in October probably did surprise people, yes.

**Gareth Bacon AM (Chairman):** Do you feel that the press coverage that followed it was a fair description of events and circumstances?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** I would not like to comment on that, if you do not mind.

**Gareth Bacon AM (Chairman):** OK. That is fair enough. I can understand why you would not want to. Moving off that subject, to both of you, bearing in mind what was known and the situation that was in play from May 2016 until now, what is your assessment of how the Mayor's Office has handled the Stadium issue?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** You mean just now?

**Gareth Bacon AM (Chairman):** The Mayor has been the Mayor for two years and we are where we are now.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** That is quite a difficult question to expect me to answer because I do not have any direct knowledge of what the Mayor's office, as such, has been doing or not doing.

**Gareth Bacon AM (Chairman):** The reason I ask the question, it goes back to a question I asked you earlier on: four months ago, the Moore Stephens review was published with some very robust commentary from the Mayor. A lot of it was focusing on how he was going to take personal charge of this situation and sort it all out, and he has not yet met Baroness Karren Brady, which seems extraordinary. From what I read in the press there is a meeting that has been arranged for next week, but I gather that the trigger for that may have been the unrest that there was in the Stadium to do with stewarding a couple of weeks ago. It seems very surprising to me that two years into office, with a stadium that has been losing money, which has had well-trailed problems and a promise that he was going to take personal charge and solve it, that he has not even taken the initial step of seeing the chief person at West Ham United to start talks on this. Do you find that surprising?

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I do think it is difficult for either of us to comment on that, since we are no longer engaged or involved in events. We do not know what the turnaround people are doing. We do not know if people are preparing for that meeting and want to get various things done before they have it. You need to ask the people you are raising questions about, those questions, rather than us, probably.

**Gareth Bacon AM (Chairman):** Yes. Thank you very much. We will do that. David, did you want to add to that?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** No, thank you.

**Gareth Bacon AM (Chairman):** I am not very good at tempting people. To close the meeting off and to give you the opportunity to answer a hypothetical question, if you were still in post, either of you, what would you be advising the Mayor to do now?

**David Edmonds CBE (Former Chair, London Legacy Development Corporation):** Certainly, in terms of the Stadium, I would revert to my previous answer. Many of you have asked questions that point to the complexity of the current arrangement. It is not just who you talk to. It is the fact that if you have four people involved in an organisation - even if you know the right people are - they have different interests. LS185 interests are different from E20's interests. E20's interests are different. It is just too complicated, so I would certainly be suggesting massive simplification. I would almost certainly be suggesting you take the role of the LLDC Board out of it because you have another intervening layer. I would be having a single project manager, sitting somewhere inside this building, running the various complexities of the Stadium. That is the advice I would give.

**Neale Coleman CBE (Former Chair, London Legacy Development Corporation):** I am not quite sure about taking it out of the LLDC. You have a well set up organisation there that is on site that is dealing with everything else in the park. I can see the argument, though. Any simplification, any change is going to require a fundamental look at all the agreements. In a sense, if the meeting that we have been talking about - the meeting that has not happened - is being carefully prepared to set up that sort of discussion, then that is probably a good thing. The improvement in this relationship, I have said several times now, we all know that. We have to make strides there. It ought to be possible. As I say, this ought not to be so adversarial. You have to accept that that is a message to both parties in this relationship and that needs to be solved. It can only be solved by the principals in the organisation. That is the way things work.

**Gareth Bacon AM (Chairman):** We have reached the conclusion of this. Can I thank you very much indeed for your attendance and your answers? It has been quite an illuminating couple of hours.