Appendix 1

Budget Monitoring Sub-Committee – 18 October 2017

Transcript of Item 5 – The London Legacy Development Corporation

Gareth Bacon AM (Chairman): Item 5 is the London Legacy Development Corporation (LLDC), the main item of business for today. I would like to welcome this session's guests. We have Martin Clarke who is the Director of Resources at the Greater London Authority (GLA); David Bellamy, a regular attender here as the Mayor's Chief of Staff; and David Goldstone CBE, the Chief Executive of the LLDC in what I think is probably your penultimate appearance in front of the Assembly, is it?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is probably right, yes.

Gareth Bacon AM (Chairman): We have the joyous experience of an (Assembly) Plenary meeting coming up in a couple of weeks.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation I am looking forward to it.

Gareth Bacon AM (Chairman): We have Gerry Murphy who is the Deputy Chief Executive of the LLDC. Welcome to all four of you. Thank you very much indeed for giving up your time.

The opening series of questions falls, as is tradition, to me. Unsurprisingly, it is about the London Stadium which occupies a lot of our attention. The first question is to you, David Bellamy, and this is about the Moore Stephens review that was commissioned some time ago. As you are aware there was a question on that at Mayor's Question Time, the one before last I believe. The Mayor indicated that the review would be published by around about 22 September [2017]. We have not seen it. There was a written answer to Assembly Member Boff that was released last night as well in which various things were asked for. Can you update us on where the review is, and why information has not yet been forthcoming?

David Bellamy (Mayor's Chief of Staff): Certainly, Chairman. Good afternoon, everyone. In the written answer that you refer to the Mayor says he is very disappointed that Moore Stephens have yet to complete the review. I think that is diplomatic under-speak. Probably all members of the Authority share that disappointment and that frustration. Martin [Clarke] is the officer who has been acting as the client for that review. I will allow him to add in some of the detail of how that has been going on. It is clear that Moore Stephens have had challenges in terms of securing some of the historic documentation they need in order to carry out that review and some of the things they need to do clearly have taken longer than they anticipated.

It is, of course, an independent review. We want to ensure that Moore Stephens do the work they feel needs to be done so we have conclusions we all can rely on. Clearly, as indicated, this is a really important topic indeed and we want all the facts to be out. Equally, the repeated delays here are not acceptable. That is why I have asked Martin [Clarke] to arrange for Moore Stephens to come in and see me, which will happen on Friday, in order that I can firstly express the Mayor's frustration and displeasure over this delay and, secondly, understand from them directly how we can bring this matter to a quick conclusion and the Authority can receive a report that the Mayor can then move quickly to publish. I believe that is what all of us wish to see happen.

Gareth Bacon AM (Chairman): Mr Clarke, would you like to add to that?

Martin Clarke (Executive Director of Resources, Greater London Authority): A bit of colour is that the process they have adopted is to try to review all the available documentation relating to the Stadium, which obviously goes back at least ten years, to understand all of the key written decisions, reports, advice, etc. The basis of that is to then identify what questions they want to put to individuals. Doing it that way around – [and] I am not telling them how to do the review - has led to it being more protracted as maybe speaking to some individuals earlier may have made some shortcuts into that.

They have had difficulties getting all the information. I will just give one example as an illustration and I am not criticising. For example, on 13 March [2017] I wrote to the Director General in the Department for Digital, Culture, Media & Sport (DCMS) asking for its co-operation in finding documents and releasing them. I did not get a reply to that letter until 24 April [2017] saying it would assist. It is a qualified assistance and talked about Gerry Murphy's intervention, offering how we could help it do it. It was not until 14 July [2017] that it provided the documents it said it would provide, and at the beginning of August Moore Stephens identified lots of gaps. This process of wanting to look at all the documentation, the response and probably the volume has caused it to take obviously an awful lot longer than I anticipated.

Gareth Bacon AM (Chairman): Who were they supposed to be getting the documentation from?

Martin Clarke (Executive Director of Resources, Greater London Authority): You go back to the history. You have Government departments that were involved in Stadium decisions and the principal one is DCMS because of its involvement with the Olympics. They have documentation relating to the Olympic Delivery Authority that was involved at that stage that DCMS are the custodians of. Then there is documentation in Newham and in the LLDC. There is a vast range of organisations.

Gareth Bacon AM (Chairman): I can understand that we cannot compel the DCMS to hand stuff over. We certainly can compel the LLDC to. Given that Newham are party to the LLDC Board, I am struggling to see why there would be a problem there. Who else is causing a logjam?

Martin Clarke (Executive Director of Resources, Greater London Authority): I am not saying anyone is causing a logjam. A number of parties are involved in it.

Gareth Bacon AM (Chairman): To help you out, Mr Clarke, the written response that we had yesterday - Mr Bellamy has just confirmed today - suggests there has been some difficulty in acquiring all the documentation required to be reviewed and to then start doing the investigation. That would suggest there has been a logjam in terms of getting information out of them.

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes. It is hard to be specific other than to generalise. There were a number of bodies involved in decisions. Many decisions around the Stadium were taken by multiple parties. Obviously when they get a suite of documents - for example, a committee report - where there is decision making and they think that was a key decision their line of enquiry is, "What advice was provided?" That leads you into the supply chain of the officials, contractors and consultants providing that advice.

Gareth Bacon AM (Chairman): OK. When was the executive decision signed off to commence this work? I have seen it but I cannot remember what the date was.

Martin Clarke (Executive Director of Resources, Greater London Authority): It would have been shortly before my letter to the DCMS because that was the initial starting point. Therefore, it is going to be late February, early March, [around] that time. The initial action was I needed DCMS to provide everything.

Gareth Bacon AM (Chairman): When Moore Stephens were commissioned to do the work they presumably put a proposal in that would involve a timeline.

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

Gareth Bacon AM (Chairman): What was the timeline?

Martin Clarke (Executive Director of Resources, Greater London Authority): The original timeline was three months.

Gareth Bacon AM (Chairman): From February or March, we thought it would be delivered by June?

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes, end of June was the initial plan. Given the initial hiatus that date quickly slipped to the end of July. Then, without clarity, it has been dragging on. By way of illustration, this bundle of papers here is mainly correspondence with them chasing, facilitating or asking for information, etc. They can explain for themselves why the process has taken so long and the difficulties they have. I think at times there is some confusion.

Gareth Bacon AM (Chairman): How much are we paying them to do this?

Martin Clarke (Executive Director of Resources, Greater London Authority): I cannot remember the precise amount but the contract value to the nearest round figure is £150,000.

Gareth Bacon AM (Chairman): What do we think they are going to add that has not already been covered by scrutiny committees of the Assembly?

Martin Clarke (Executive Director of Resources, Greater London Authority): I do not think they will add anything.

Gareth Bacon AM (Chairman): So why did you commission them?

Martin Clarke (Executive Director of Resources, Greater London Authority): Sorry, I thought you were talking about the future. I misheard your question.

Gareth Bacon AM (Chairman): Why did we commission Moore Stephens? There have been umpteen examinations of the LLDC, the Stadium, etc conducted by the Assembly and others. What do we think Moore Stephens is going to add to the sum total of knowledge in exchange for that money?

Martin Clarke (Executive Director of Resources, Greater London Authority): I, personally, do not think we know why we are in the position we are in now that you are going to ask questions on. Is it due to events that happened over time, or was it due to a handful of key decisions around the Stadium? I genuinely do not think we do know. At the time, the report was commissioned we did not really know, in the first year of operation of the football club, how much money running the Stadium cost, in a steady state. Therefore, part of the remit of the review was to give clarity to that. As it happened - as time has gone, and down to Gerry [Murphy] and the team as part of doing the 2016/17 accounts and doing all the issues of the close down - we obviously now have a very clear picture of the costs and income relating to E20 and the Stadium that we did not have when this work was commissioned.

Gareth Bacon AM (Chairman): How much oversight has been conducted of what Moore Stephens are up to since they were commissioned?

Martin Clarke (Executive Director of Resources, Greater London Authority): Oversight in the sense -- There has been no oversight. I have not given any oversight telling them what to do. My role as client has been to try to facilitate them getting information and facilitate getting the people they want to interview to agree to be interviewed. Fundamentally, for the past couple of months it has been chasing, chasing, chasing and asking for a date when we are going to get it.

Gareth Bacon AM (Chairman): The problem we have, obviously, is that it is £150,000 of taxpayers' money. I do not think I or my colleagues are getting a tremendous sense of reassurance that that has been money well spent so far. They are four months and counting beyond the date they said they would do it. They are over a month beyond the date the Mayor suggested that they would provide it when he was questioned about it in a public meeting. I imagine - and perhaps Mr Bellamy can confirm or deny this - the Mayor is not particularly thrilled that the estimate he put out in a public meeting has been undermined by Moore Stephens. We have the power here to summons all the documentation relating to this. We may do that at some point, it might even be today. I am not feeling terribly confident from what I have heard so far. Does any colleague have a view? Mr Bellamy?

David Bellamy (Mayor's Chief of Staff): If I may, Martin has given an account there from a client perspective. If there is anything the Sub-Committee needs it is to hear an account from Moore Stephens. The Sub-Committee should hold them to account for what they have done. From my side, I am very keen that we do not do anything that gets in the way of them producing the final report. We all have a shared interest in getting this report produced and published so the public have transparency about what decisions were made, when and the factors that went into the financial status of the Stadium. I want that to come to a conclusion very quickly. What I would say is that I am going to meet the Partner at Moore Stephens on Friday. I am very happy to write to the Sub-Committee quickly following that to share what commitments have been given. I think collectively we need to hold them to account to ensure they deliver that. We all want to receive this final report and we all want to get it published.

Gareth Bacon AM (Chairman): Are Moore Stephens still in the information-gathering exercise or are we approaching the emerging conclusions stage of the process?

Martin Clarke (Executive Director of Resources, Greater London Authority): They are at the stage where they are going through a series of interviews with key participants in the past. As a result of those interviews at times - I think David [Goldstone] can give an example of the recent interview he had - they will say, "Can you give us some documentation relating to that?"

Gareth Bacon AM (Chairman): So they are still information gathering now?

Martin Clarke (Executive Director of Resources, Greater London Authority): Only in response to what people say.

Gareth Bacon AM (Chairman): They are verifying information they have received?

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes, of what people are saying.

Gareth Bacon AM (Chairman): They are still doing their basic research?

Martin Clarke (Executive Director of Resources, Greater London Authority): No, I think they have done all their basic research. I think they have formed their opinion of all the key matters but it has to be tested with the people who were involved in the decisions at the time. If I was interviewed and I said something I might have to provide some follow-up information. I really do think they are very much at the concluding stage.

Gareth Bacon AM (Chairman): The concluding stage of the information gathering stage?

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

Gareth Bacon AM (Chairman): Are they writing up their findings now?

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes. Due to the way they structured it I am certain they have formed a clear view of what they think has happened and why we are where we are now. In a way, I think they are at the confirmation stage. When you are going through the confirmation stage if you hear something you might need to go back and check it.

Gareth Bacon AM (Chairman): On the basis of that, when would you expect to receive a final report?

Martin Clarke (Executive Director of Resources, Greater London Authority): That is what we will hear on Friday. I have given David and the Mayor estimates, which have been wrong in the past. However, I cannot see any reason why it should not be within the next two to three weeks.

Navin Shah AM: Chairman, my question was about the anticipated new date for publication of the report. You indicated now two to three weeks. You are meeting the consultants on Friday, is it?

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

Navin Shah AM: Can you please confirm after that meeting what is the realistic publication date so we know where we are. It will be very helpful to have this published if possible before our Plenary session, which is on LLDC and issues like this, on 2 November 2017.

David Bellamy (Mayor's Chief of Staff): I certainly am happy to undertake to write back and let you know what commitment Moore Stephens has given. As I say - with permission on behalf of this Sub-Committee, as well as the Mayor - I am happy to speak to Moore Stephens in very strong terms about the need to get this work brought to a conclusion. We all want to see this thing published.

Jennette Arnold OBE AM: Assembly Member Shah has covered the point I was making. David [Bellamy]'s response in terms of the level of authority he is going to convey to this organisation I would hope would mean they would be able to give an end date that then could be sent to the Chairman.

David Bellamy (Mayor's Chief of Staff): Yes, I will do that.

Caroline Pidgeon MBE AM: Two quick questions. I am wondering if Martin or David [Goldstone] have had any indication from them [Moore Stephens] of where they are looking and where they have found concerns? Have they given you any feedback at all yet?

Martin Clarke (Executive Director of Resources, Greater London Authority): The indication I had - in a way it might be playing into the Chairman's question - is that the pivotal decisions, as they see them, are around the first disposal process to West Ham [United Football Club] - there are issues around that which they are focused on - and also the subsequent second process that saw the tenancy going to West Ham. They are the two milestones they have focused on. They have looked at all the decisions that were taken up to the early decision part of what the Olympic Stadium would look like for the Games, etc. The decisions they believe have resulted in the costs we have now are around those two events.

Caroline Pidgeon MBE AM: OK, so that is not too historic in terms of pulling out --

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

Caroline Pidgeon MBE AM: That is helpful. To David Goldstone, when were you interviewed by these accountants?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): 9 October, last Monday.

Caroline Pidgeon MBE AM: You were only interviewed on 9 October?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That was the second interview, I had one session the previous week as well. I have had two sessions.

Caroline Pidgeon MBE AM: When was the first one?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The previous week.

Caroline Pidgeon MBE AM: Basically early October is the first time you have been interviewed?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes. I should say we provided an enormous amount of information of all the Board decisions and the decision making that has been through the LLDC in the course of --

Gareth Bacon AM (Chairman): That is fine. It is not your fault at all either, by the way. It is Moore Stephens' fault. Given that the Mayor made an undertaking that the report would be published on 22 September [2017] and Moore Stephens did not get around to interviewing you for the first time until after that date and you are the Chief Executive at the LLDC, that does raise even more concerns in the minds of the people sitting on this side of the room. As I say, that is not your fault. That is aimed squarely at them.

Caroline Pidgeon MBE AM: It gives us a flavour, which we do get from that, that you may not get it in the next two to three weeks by the sound of it.

Len Duvall AM (Deputy Chair): If we work on an assumption it is three to four weeks that puts us in mid-November. How much time does the GLA and the LLDC need to look at this piece of work, come up with their response to this work and have a way forward for the Stadium, what is the 'guesstimate'? I appreciate it is a 'guesstimate' because we do not know what the quality of this work is. The quality of the work does not sound too impressive at the moment if they are overrunning by that level. What do we think you need in terms of turning around and coming to a view on it? I take it as one. Your timescale of going to your Board is going to be fast-tracked as it is mayoral, so what is it?

David Bellamy (Mayor's Chief of Staff): Firstly, to be clear, it is the GLA that has commissioned this report - not LLDC --

Len Duvall AM (Deputy Chair): We might want their views.

David Bellamy (Mayor's Chief of Staff): -- so it is independent of them because, of course, it may impact if these are the LLDC decisions in the past.

There are two parts to your question. One is on receipt of the report how quickly can the GLA publish it? To my mind that depends somewhat on what it says. What I would hope is that we receive the report, we read it, it all makes sense, we are happy in terms of the explanation of the work they have done, it is fair enough and we are happy to put it out. Then we just need to prepare the covering material, fact check if we feel a need to but hopefully that should not be necessary and publish very quickly. That is what we would like to do. Being honest, I have to reserve the possibility that there may be something in their findings that throws up a legal question on which we have to take advice before we are able to publish. I hope not because I want it to be published as quickly as possible but until I have seen the report - and I have seen precisely nothing at this stage - I do not know whether that is going to be the case. If I do need to take any advice before it can be published my commitment is to do that absolutely as quickly as I can because, as I say, we all want this published.

The other part of the question is about what next for the Stadium? This may well come out in other questions that you have for David [Goldstone] and Gerry. It is fair to say that while this review has been going on - and looking primarily at the past, what decisions were made, by whom and how, etc - we have not been idle in terms of understanding the situation we are in regarding the operation and finances of the Stadium, identifying those challenges and trying to address those. There are various activities underway, probably many of them not yet at a conclusion and we obviously want to talk about those when we're at conclusion but I imagine David [Goldstone] will be able to give you an update on all that this afternoon.

Len Duvall AM (Deputy Chair): When is that bit concluded by? The bit of work that you have about the future and some of those issues, when do you think that will be concluded?

David Bellamy (Mayor's Chief of Staff): I would say it is incremental. Some aspects of it - David [Goldstone] can talk through the sort of work that is going on - probably will conclude quite quickly. If you get into other areas and you say, for instance, "OK, we need to renegotiate contracts", that could potentially take quite a long period of time. If you say, "Actually, we need to look at the seating infrastructure in the Stadium and potentially consider making some changes", were we to consider that we would want to do it on quite an incremental basis to minimise costs so that would take a period of time.

Len Duvall AM (Deputy Chair): I understand about the actual actions of doing it. However, the recommendations of a way forward, when do we think we would have those ready? You will have this report from Moore Stephens and you are going to have a response. Alongside it you are going to see some decisions that seek to resolve the Stadium. I am trying to find the right word for this about the Stadium but it is very difficult because it is not all a mess but it is pretty messy. What is it that is going to take us out of a messy situation that may take a number of years to resolve, when are we going to set recommendations around that bit?

David Bellamy (Mayor's Chief of Staff): David can give a flavour of what we are doing today. My hope is that by the end of November we will be in a position to say, "Here are some key decisions from the Mayor about the direction we are going to take through those and what the formal path is through some of the other aspects".

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Maybe a bit of flavour on why the answers are of the type they are. There a number of different strands of working going on - not presuming the outcome of the Moore Stephens' work but not waiting for it - because there are things we can see that can start being addressed now without waiting for the outcome.

For example, one of the things that has been referred to before is looking at the seating system that is installed. I suppose there are two interconnected pieces of work. There is an engineering study going on and an exercise to say, "Is there a way that what is installed can be made considerably more efficient?" That has made good progress. The other aspect affecting the seating that is interconnected is looking at how, with the system we have now, we can reconfigure it in a more efficient way for different types of events so we are not incurring the cost of full seat moves. As an example of that, not for this year's athletics but for last year's many people will not have noticed but the East Stand was not moved. The three other stands were moved. On the East Stand some parts were taken off and some blocks were moved, but the whole stand was not moved which saved considerable cost. If we can reconfigure the Stadium for different modes in those sorts of ways, and look at engineering improvements to the system, we can incrementally make quite big indents into what is a very significant part of the long-term cost. That sort of work is going on. That is not waiting for a decision. It may want a decision to implement but it is not waiting to get on with it.

We are looking at another area, for example, around crowd management from the Stadium - you will know this - through the Park, through the station and the different entrances and the challenges we have with that and the interface with shoppers coming into and out of the Westfield centre. In some ways that is a symptom of success, it is so popular that the station is becoming very crowded. The egress routes need a lot of resource to manage to make sure we are safely looking after those crowds and people are being dispersed as quickly as possible. We now have some proposals around it that we can implement just by agreement with Westfield, with the police and with Transport for London (TfL) - it does not need a decision - to simplify that. That will reduce stewarding costs considerably.

There are things like that that we can do that are in train now, that we are looking at taking forward and will make a big difference.

The other points just to finish off - as David [Bellamy] said - will require us looking at the contracts and saying, "Can we get better value out of these agreements by renegotiating aspects?" Then it is bilateral negotiations.

Len Duvall AM (Deputy Chair): Let us say Moore Stephens is in hand, albeit it is delayed. It is not problematic, or should not be problematic, that we start to schedule a meeting in mid-December to bring you back for all the 'caboodle'. If we cannot have Moore Stephens then we really ought to concentrate on some of these solutions to reduce these costs. I have to say that because that is the thing that is exercising Committee Members and Assembly Members. Maybe, Chairman, we ought to start thinking about a mutually agreed date in December when that takes place. It seems to me that unless there are some milestones here we just drift and drift. That cannot be good in terms of where we are. I understand the importance of the Moore Stephens report but the question is more about what is going to be part of taking that forward and resolving the situation. Maybe we can look at that.

Gareth Bacon AM (Chairman): Yes, we will take that away and look at it. One of the things that is a concern is that this report may lead to findings and conclusions that may have an impact on the Mayor's budget proposals for next year. Of course, the timing of receiving that report, giving you time to consider it and think it through, is important. What we will do is take this away and consider what has been said today and we will see where we go with that. It may be that we have to come back again in a few weeks' time and have another look at it but we will get in touch online.

Changing the subject, sort of - moving away from Moore Stephens but talking about the Stadium generally - this one is aimed at you Mr Goldstone. E20's accounts for last year show that you expect to lose £200 million on the Stadium. Does that look fundamentally unprofitable to you? It does to me.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That sentence implies that is an annual loss which, of course, it is not. I think the number you are referring to is the provision for onerous contracts.

Gareth Bacon AM (Chairman): Yes, exactly.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is an estimate of an accumulation of many years, long-term, future losses. Most importantly - I think Gerry [Murphy] will be closer to the accounting standards than I am - the way the accounting standards require us to do that is to effectively look at it as the business is at the moment, in effect without all the corrective steps of which I started giving you a flavour a few moments ago. If we do not fix it then long-term we would be looking at very significant accumulated losses. That is what the onerous contacts provision implies.

Gareth Bacon AM (Chairman): Yes, it means lossmaking, does it not?

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

Gareth Bacon AM (Chairman): Do you think you are going to fix it?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): What I started describing and can say a bit more about is that absolutely what we have all been focused on in parallel to the work that has been going on looking at, "How did we get here?". We have not been waiting for that to try to start fixing the issues so we can get into a much better position. It is difficult to say today, when so much of that is work that is in train, that we can definitely fix it to a specific outcome. We are very confident we can make it an awful lot better than it is and an awful lot better than that provision recognised. If we can, for example, in the ways I described considerably bring down the cost of moving the seats and the cost of stewarding match days. We do think there are opportunities on the income side around the way that rights are split, for example, that we can better manage. We will be able to move the whole business into a much more sustainable long-term position than it is now. We can make it considerably better, that I am confident about. The Moore Stephens report will tell us something about the findings from that. The work we will do in terms of how we take it forward will tell us how far we can go on that.

For the avoidance of doubt, that number you referred to is, if we did not fix it, provision for long-term losses over a very long period.

Gareth Bacon AM (Chairman): OK. Mr Clarke, how much working capital did the LLDC give to E20 last year for E20 to stay afloat?

Martin Clarke (Executive Director of Resources, Greater London Authority): As I understand it - Gerry might correct me - for last year, 2016/17, was it just under £5 million.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): It was under, it is in that ballpark.

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes, £4.9 million for 2016/17.

Gareth Bacon AM (Chairman): Who makes the approval decisions around that?

Martin Clarke (Executive Director of Resources, Greater London Authority): The injection of working capital requires the approval of the owners of E20 so it is an LLDC and also Newham Council, via their company, decision to inject new capital. Over the financial threshold, it becomes a mayoral decision. In fact, working capital, for all intents and purposes, is a capital investment that gets built into the GLA's capital spending plan and borrowing limits that the Mayor signs off. You could say it forms part of the whole of the LLDC's capital expenditure because under accounting conventions it is treated as an investment.

Gareth Bacon AM (Chairman): Mr Bellamy, sorry, for being so formal and calling you Mr Bellamy because we have two Davids.

David Bellamy (Mayor's Chief of Staff): I understand the challenge.

Gareth Bacon AM (Chairman): It is challenging. Do you think the LLDC will remain a part-owner of E20, and if so for how long?

David Bellamy (Mayor's Chief of Staff): I do. There is a separate question about the medium to long-term future of the LLDC as it works through its work developing the Olympic Park and area that we may come onto later. However, I am not aware of any plans for the LLDC to not be involved in the ownership of the Stadium.

Gareth Bacon AM (Chairman): Mr Goldstone, a final question from me in this section and then we will move on. You have commissioned a company called ESP to work with you to find out a sponsor for the naming rights of the Stadium. I believe it had Vodafone lined up and that did not go where it wanted it to go. What progress has been made on that?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): You are correct in what you say. At the moment, partly because of all the work that is going on, we are not actively marketing the rights. However, I would say - I think Martin said this earlier - we are in a context where the Stadium became operationally live just over a year ago. In the context of securing rights for major venues of this sort it is often a long-term process. It is something that takes many other venues a considerable time and I do not think being in the market for one year is unusual in that context. We are effectively not actively marketing it at the moment because of the issues around the future structure, ownership, operating model and what it is really going to look like that will come out of all the decisions we have been touching on.

Nonetheless, I should say we have talked about a lot of the challenges already in this discussion. We had a fantastically successful summer this year with some great concerts and, of course, the World Athletics Championships and the Para Athletics Championships. Enormous crowds day-in-day-out were managed very successfully. The profile of the Stadium, the Park and the regeneration that has been achieved around it was really positive and very well received. On the back of that we have had a number of unprompted enquiries from very significant brands who have wanted to come and talk to us to start exploring the possibility. That has happened over the last few weeks since the athletics events concluded, as I say unprompted. That does reflect a very positive profile for the Stadium, the Park and the area. The events that have been hosted there have been very successful. They have been very well received and have created a great image. I remain very confident and positive that with the right partner at the right time those benefits will still be secured.

Gareth Bacon AM (Chairman): The deal you did with ESP, when they were commissioned to find a partner, is that contingent on success or have we paid them upfront?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It was contingent on success.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): There was a base retainer.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There was a base retainer but most of the income was success related.

Gareth Bacon AM (Chairman): What was the value of the base retainer?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Could we come back to you on that? We would have to revert, I do not have that to hand. I would not be confident to give you an accurate number.

Gareth Bacon AM (Chairman): You will have to write to us afterwards.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We can come back to you afterward, yes.

Unmesh Desai AM: Going back to the question of naming rights, I do not think I can accept your answer, David. Back on 5 January [2017] I asked you this question about naming rights and your reply was,

> *"I am very confident that we will secure naming rights and I do not think there is a fundamental problem."*

We are now coming up to the end of October. I know these things take time but you have been on this since last year. What is the problem? You talked of a successful summer. Stadiums with the same profile as the London Stadium - I know these things cannot be compared necessarily - do not seem to have problems securing naming rights. There is something here.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is one of those things where you need the right partner, the right sponsor, who wants to spend the money to see that value. Corporate organisations make their decisions about where they want to spend their marketing and sponsorship funds. Obviously, they have to make those decisions. We can offer and promote the venue but finding the right partner who is both compatible with the objectives, mission and profile of the Stadium, its place in what is a unique location, the Olympic connection of the Park and the regeneration programme that is around it, and that wants to commit the money for the time we think it is worth, is something that often takes time. I said in January, as you say, we were confident and I remain confident. The fact it has taken longer than we would have hoped does not mean, over what is the very long life of a major asset, we will not successfully secure a partner in time.

Unmesh Desai AM: Can I just put this to you, could it be that firms are put off by being unable to brand their name during, say, the Athletics World Championship back in the summer that was effectively held in a clean Stadium? If they had been a sponsor of the Stadium they would not have been able to brand their product. Going through some of the press coverage, according to Tim Crow - Chief Executive of sports and entertainment marketing agency, Synergy - effectively you just become a sponsor of a stamp when you have events where you cannot brand your product.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is quite usual practice for the major global sports events to be held with clean stadia requirements. It was something that was quite a constraint for the existing venues that were used for the Olympic and Paralympic Games that they could not use their sponsors' names around those events and it applied here. What happened this summer with the World Athletics and the Para Athletics was an event that we will not have very often. It will be maybe once every number of years but not frequently. For concerts, the Diamond League and obviously the West Ham matches there are much more regular opportunities.

This is not an easy thing to fix - and I was alluding to this earlier when we were talking about what we can do to make it better - but a challenge we will be wanting to resolve in time is that, in effect, the interest in the rights is split in the way that the current arrangements are set. West Ham obviously have all their club rights on the shirts and their own sponsors. We have the operator that is managing some of the secondary rights. Then there is the interest in the building in the venue itself. That does make it a challenging sell and it means we are looking for a partner who wants specifically that interest, whereas in other situations they may be more able to combine the rights. That may be something we will be looking at whether we can move into a better position in time.

Len Duvall AM (Deputy Chair): Any more questions?

Keith Prince AM: Yes, a couple of things. First of all, about the retainer. You are paying a retainer but I thought you said a few minutes ago --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are not paying them a retainer anymore.

Keith Prince AM: That answers that question.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): When we appointed them there was a retainer element for a time period and there was a success fee if they were successful in bringing a sponsor. The retainer expired sufficiently long ago that neither Gerry [Murphy] nor I can remember the amount. We are not paying it any more.

Keith Prince AM: When did you stop looking for a sponsor?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): In effect the terms around the ESP appointment, the retainer and the period that was paid for is the information we said we will come back with. We can answer this question as part of that same answer.

Keith Prince AM: For clarity, you are saying now that at the moment you are not actively looking for someone to do the naming rights?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are not actively marketing through an agency like ESP in the way we were previously. We think it is better to resolve some of the decisions and issues that are being addressed so we have a cleaner price to pose to the market and we have a very clear proposition.

Keith Prince AM: When did you take that decision to stop marketing?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I think that is the question you just asked me. Effectively when the ESP contract was allowed to lapse we stopped actively marketing. We decided not to renew and to keep going back into the market. We did not re-engage them or anyone else so in that sense that was the point. I need to come back and clarify for you exactly when that was.

Keith Prince AM: Yes, I am not asking for a specific date, just an indication. If I can help you, was that this year or last year?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am pretty sure, but I will confirm, it was the spring of this calendar year. Before the summer but it was into 2017.

Keith Prince AM: That helps me, thank you. I have read that one of the major problems, and I think you have touched on it, is around the fact that you are not working with West Ham on the naming rights. You should explore doing a deal with West Ham because clearly - looking at Arsenal, for instance - you have the Emirates Stadium and, of course, they are emblazoned with Emirates on their shirts. I would have thought - he says, tongue in cheek - any team that had any sponsor that had the naming rights of the Stadium would want to also be associated with the success of the football club.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I did not say we were not working with West Ham. Certainly, in this area, on the previous marketing exercises, we have worked with them in promoting the Stadium and trying to attract sponsors. You will know, because it is a public document, the concession agreement anticipates West Ham benefitting from a naming rights agreement that we might reach.

Keith Prince AM: Can I just push you on that? I understand that deal. I have seen that deal whereby if you get a sponsor then West Ham get a kickback on that deal.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): No, I understand what you are saying.

Keith Prince AM: But that has not actually been a mutual agreement with West Ham, where West Ham agreed to have the marketing on their own --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The distinction I was trying to make was I think you said that I had said we were not working with West Ham.

Keith Prince AM: No, I did not say that.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I want to be clear that when we were actively in the market and there were actively interested potential partners we worked together with West Ham on that and it was part of occasions when people came to the Stadium and were shown around. We did work together. We need to do that because they do have, as you say, that interest in the contract provisions that provide them with an interest in a deal over a certain threshold.

However, you are also right, as I was saying earlier, that that is different to offering a combined deal for shirts and stadia. That is not where we have been so far. West Ham has done their own deal for shirts that have been on different time periods and obviously they had those long before they moved to the Stadium. So far, we have done the exercises separately. It is an interesting question and something we can definitely be looking at for the future. I suppose I was alluding to it when I said that there is some lost value between the different interests in the rights that we might be able to address if we did explore it in the way you describe. It does have different challenges. I would not want you to think it was as simple as it would be in the example of Arsenal and Manchester City where they do have one sponsor supporting the team and the Stadium. There would be different arrangements. However, I am not disagreeing with what you are saying in terms of the potential value there.

Keith Prince AM: Thank you.

Len Duvall AM (Deputy Chair): Chairman, can we look at two sites specifically now, the cultural and education district the figures are moving, both in recovering capital income as well as in the budgets. Let us begin by setting the scene.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There are two sites. One will have a University College London (UCL) campus solely. That is the site on the South Lawn which was used extensively this summer for athletics. It has been an event venue so far just to the south of the Orbit. That will solely be a UCL university campus. It is tremendously important, I should say, in terms of the economic benefit for the area and in terms of bringing one of the great universities of the world to the area. The Stratford Waterfront site - the site opposite Aquatics - that is currently vacant is where we will be housing both cultural and educational partners; University of the Arts London as well as the other partners.

Len Duvall AM (Deputy Chair): I am quite excited by this project.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): So are we.

Len Duvall AM (Deputy Chair): I want you to dispel the issues of downsizing to me and the movement of these figures. We are not moving from a - let me give you an analogy - great Tesco superstore to a Tesco Express cultural experience in terms of that Waterfront site.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I can absolutely reassure you about that.

Len Duvall AM (Deputy Chair): Explain then the working relationship with key partners, particularly around the Cultural District. How is it working? Who is doing what? Where are the contributions coming from? We really are walking the extra mile to get this to be a significant cultural quarter.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): There are a number of questions in there. I will do my best to pick them all up.

It has not been downgraded in any sense to any analogy around smaller supermarkets that you might want to use. The aspiration is absolutely unchanged. The ambition, as we set it out, is absolutely unchanged. We have had to remodel the masterplan on the Stratford Waterfront site for specific reasons arising out of what was the emerging direction of what is going to come through in the future London Plan around the Strategic Views Management Framework and protecting the view of St Paul's. We were in danger of impacting it through the tall towers we had on the scheme. We reached a point where, through common sense, we said to ourselves we should stop pursuing this route because it was going to come into significant planning issues. That has caused delay and it has caused us to effectively go back and remodel the configuration of that site so that the residential accommodation will be in a greater number of lower rise blocks but taking a greater footprint of the site. We are reconfiguring how the culture and education partners are then reconfigured on the rest of that site.

There is no change in ambition at all. A planning issue has meant we had to remodel. It is coincidental that it is today but the consultation on the remastered planning was launched last night. It is available and starts local consultation events today. That has reconfigured that site in a way we think addresses those planning concerns.

To go to your subsequent questions, we have been working really closely with all of the partners involved. Obviously, we are the landowner, we have developed the project and we lead the delivery of the project. However, obviously these are great and independent institutions in their own right. We cannot do anything without taking it all by consensus and taking everyone forward in a way that everybody is happy with it, albeit everyone understands we need to work together and the whole needs to fit together in a way that works. We hold the ring in our collective discussions. We have a design masterplan team, Allies and Morrison, who were appointed a while ago for the original masterplan. They have redone the new one. They work with all the partners. We co-ordinate all that activity to come to a consensus of how this could all work together.

We remain enormously excited about this. We have reached two important milestones recently. At the conference ten days ago that was jointly sponsored with Here East, the International Quarter London and the *Evening Standard* the Mayor very forcefully and publicly committed his support to the scheme and how positive he is about this project. We had confirmation from the Government in the last few days that the revised plans are getting the business case approved, effectively updating the original approval we had on the previous plans. Those both help build that confidence. We launched the planning consultation, as I said, today. We are going forward now very positively. We are back in delivery mode for that whole scheme.

The UCL side of it was not affected by those problems. The planning application was submitted in May [2017] and is due to be determined in December [2017]. The agreements are going through our and their approvals. We feel very positive that that is moving in the right direction as well.

You can be reassured those ambitions, that really are fundamental to the addition of this great economic benefit of bringing these cultural and educational partners to the area, is on track and is re-kicking off, having had the hiatus of the delay I referred to.

Len Duvall AM (Deputy Chair): I suppose this is a question to Gerry, as part of that are you looking for more philanthropic supporters to invest in those schemes or is that being done by the other partners? What is the role of the LLDC in trying to get some more funding upfront? We are yet to talk about the figures in the future. Can you shine a light on that for me?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): There is, hopefully, going to be a philanthropic element to the future plan. The LLDC helped constitute an independent charity, the Foundation for Future London. I have to declare an interest, I am a trustee on the Foundation for Future London's Board.

It is very difficult to fundraise while the structure and masterplanning were being re-scoped. There has, I would acknowledge, been a hiatus in the fundraising. However, I think I can say the charity is regrouping now with the partners and with the project, and developing plans for a fundraising ambition with the partners. That charity will work with the partners. It will be independent but I expect to see a fundraising strategy arising now out of the reconfigured masterplan working with the partners.

Len Duvall AM (Deputy Chair): Of course we would expect the GLA to be part of that, and the Government to support that as well in its way.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes. I think in your questions at the start you were touching on different contributions. It has always been the case, and remains the case, that we are managing a cocktail of funding to make this project work. As you say, the Government committed to support it originally, some three years ago. As I say, that has been reconfirmed now. There is significant support through the GLA and the Mayor of London through our budget process and through the recycling of residential receipts that will come out of the scheme. The universities are both bringing significant funding contributions themselves and are major contributors to the totality. The residential is part of the scheme to generate receipts. Also, as Gerry was just alluding to, there is the philanthropic element.

Aggregating that funding - which we are doing but will, of course, go through our GLA budget process - is all part of our flow of funds through the business. It remains that sort of package of funding, as I think we have talked about in these meetings previously a few months ago.

Len Duvall AM (Deputy Chair): You are now forecasting for 2017/18 that you are going to spend £9.5 million than budgeted on capital costs. That was all to do with that work on that specific site and the difficulties we were facing.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): Yes.

Len Duvall AM (Deputy Chair): On the issue of a further figure, I think it was on capital income of £14.1 million, you are suggesting you are going to get less. That is the less figure, is it not? Is that contributions by other partners or what? How does that work? Explain it to me.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): In the budget we presented last year the issues were not clear at the time, much less the resolution. Therefore, last year's budget figures are very much based on previous assumptions. There was an assumption about philanthropic funding in there and I have explained about the hiatus. We will be working hard to try to ensure the budget figures we submit now in November to the GLA will reflect the new scheme to the extent we are clear how that is going to pan out.

Len Duvall AM (Deputy Chair): When do we start locking some of these partners in there or are they locked in? The Victoria and Albert (V&A) is working with the Smithsonian. Are they locked in yet or is still too early in that phase? We are all committed and in principle working together. When do we start saying, "Yes, this is what it means for you and this is where it is"?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): We have an agreement for lease with University College London. We are working with them on updating some of that. We have advanced discussions with University of Arts London, with Sadler's Wells and with the V&A. We would hope, and the Government would hope, that we will be closing out those agreements for lease by the end of the year. There will be some conditional elements of those agreements for lease. However, if you want to feel you are locked in, an agreement for lease is the business to make you feel more comfortable. By the end of the year is our target.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is an important point. An agreement for lease, by its nature, is conditional on things before an actual lease becomes operational; that is things like planning permission, that we do not have today for the site, and securing all that package of funding certain enough for us to let construction contracts. Those are things that will be progressed.

It is worth saying everybody is working fully on the basis they are in the scheme, fully committed, working together. I mentioned the recent conference. All the partners were there supporting that event. All the behaviour and all the intent is that those partners will all be part of the scheme. As you go through these big projects there are hurdles you go through where things become incrementally more certain. As Gerry said, getting agreements for lease signed is an important next milestone. We will be going through planning and we will be going through a final business case process with government. Out of all that it gets absolute certainty.

David Bellamy (Mayor's Chief of Staff): I would add, from my perspective, that all the partners have put huge amounts of effort into this. They are not doing this without the active support of their governing bodies. It is a bit like exchanging on a house. You are absolutely desperate to do it but until the signatures are put on the document it is not there. We are going through that process at the moment.

I attended that conference. I spoke to most, if not all, of the partners there. I have spoken to them previously as we have worked with them through the challenges that have been talked about. They are all very excited about this. They have all put in very significant efforts to get the plans to the level they are and how exciting they are. With the support of the Government, an important part of the finances, with the support of the Mayor, again a very important part of the finances, and with their own individual approaches we fully believe this is going to happen.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): David [Bellamy] was just reinforcing what I have already said. You wanted me to confirm and I obviously confirm that is still the case. We are working together very well, very positively and everybody is really excited about the new scheme and the new design. In many respects, it is at least as positive as before. We have had a delay, as we acknowledge, but we are now going forward. Today is an important day. The fact we have now been able to go public with a new masterplan for the Waterfront site shows we have come through that hiatus period Gerry and I referred to.

Len Duvall AM (Deputy Chair): We are right to ask the tough questions and there are some tough questions around the Stadium and other issues. However, we should not lose sight that this has been a great quarter for London. I go over there for different things, not just in terms of using the venue for football or other purposes, and they have been great experiences, such as the athletics one. I am always amazed by the number of people that use the Park. You think of other ex-Olympic locations that are desolate and underused but not there. I really would like to see this taking off. You seem to be getting there.

Back to you, Gerry. Thinking about what the up and coming budget process is, in terms of forecasting - and I think you alluded to it earlier on - what is going to happen on these particular projects? It seems the university education district is there. It is happening. This one, even though we have reached these milestones, is the interesting one on budgeting. What is going to happen?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): We have already discussed the Stadium at length. That will be the most challenging. We do have a much, much better understanding now of the costs of running the venue and the sort of income we can attract. It is overlaying onto that the activities that we are currently engaged in for reducing costs. It is the balance of cost and cost reductions that is going to be probably the big challenge.

One of the other areas - and I think we discussed this the last time I was here - was about the forecasting of receipts for residential development. That is not particularly in our hands. That is overlaying our experience of some slippage in those receipts. I do not want to be too prudent but at the same time I do not want to keep coming back and telling you why we have not hit the target on receipts. There have been some delays in getting the receipts in but we are seeing now significant receipts coming in, maybe not in June but you will see it in the next quarterly report. It ties in as well with our revenue income. The more people who live and work in the Park the more revenue we get through our fixed estate charge. There is a tie-in between capital receipts and our revenue position. They are the things that are tricky for the budget.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): You alluded to how busy the Park is when you visit. I checked before we came over and we passed 18 million visitors in the Park in the three and a half years since it reopened. A lot of that is people using the venues. The venue usage is again one of those areas that has a significant impact, particularly on the revenue budget. We can only influence so much. We cannot directly control in the way Gerry said, but it has gone really, really well. We passed 3 million people using the London Aquatics Centre alone, again with many thousands of local school kids and children learning to swim there and all those uses you know about. The venues' budget is a really great story. It is going well but it is difficult to anticipate.

As Gerry said, for a lot of the other activity we are dependent on developers or tenants who we have occupying spaces but we have an interest in how they perform. Here East is a tenant of ours. It brings the individual occupiers into that facility. There have been a number of announcements recently with new partners; Ford committing to moving there with some research capability is exciting. UCL have just opened both The Bartlett School of Architecture, a real estate team there and a lot of the high-tech engineering. We are dependent on those agreements. We are, if you like, a level removed and that does affect all our budgeting.

However, as you said, the activity in terms of usage of the Park and the venues, the activity in terms of new employers coming in and what that does in terms of the jobs and the economic benefit is going fantastically well and we are absolutely delighted.

Caroline Pidgeon MBE AM: Two quick questions. In 2014 the Chancellor had promised £141 million for Olympicopolis, is that still in the mix?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes. We do not use that title anymore.

Caroline Pidgeon MBE AM: I know you do not, but I wanted to check it was still in there for this new quarter.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes. The exercise I was referring to a bit earlier was on the basis of an original business case that was on a different configuration. We have effectively been going back and getting that reconfirmed recently.

Caroline Pidgeon MBE AM: Your forecast for the year is £27.8 million of capital expenditure in this area. What is that money spent on? I can understand you are going through masterplanning and whatever, and that will cost a chunk of money but that cannot be the £27.8 million. What is that money being spent on?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): The forecasts will be revisited in the next quarter. I anticipate seeing a substantial reduction in that forecast. The main costs at the moment are the costs of masterplanning, the costs of preparing for planning and all of the legal costs. Included in that mix - which will, I think, come out - were some early infrastructure works. You will see a reduction in that forecast in the next quarter.

Caroline Pidgeon MBE AM: It might be useful to get a breakdown because I appreciate consultants and lawyers cost a lot. However, when you think that is approaching £30 million it feels a lot.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): Yes, that is not a problem. As I said, some of the anticipated infrastructure works will not be happening. However, the masterplanning work is a significant piece of work.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is worth bearing in mind the scale of what we are doing here. The Waterfront site is bigger than the Pompidou Centre. It is significantly bigger just in terms of the cultural and education part as well as the residential. We are also delivering effectively a whole new university campus for UCL. It is very significant masterplanning. We need an environmental impact assessment, transport impact and all of those things to contribute to the planning process. There is a lot of work going on but, as Gerry said, we can provide that breakdown.

Caroline Pidgeon MBE AM: That will be helpful, thank you.

Gareth Bacon AM (Chairman): Yes, we will write to you in the usual way afterwards and ask for that as well as other things.

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

Gareth Bacon AM (Chairman): I am going to move on and talk about affordable housing now. Assembly Member Arnold is going to lead on that for us.

Jennette Arnold OBE AM: Thank you, Chairman. Good afternoon, all. My first question is to David Goldstone. David, I want to refer you to your corporate performance document, dated June 2017 Q1 2017, page 12 and the top box there. I see that you have identified key risks and issues. I will just read the summary you put in. You said,

> *"There are challenges to the ability of the LLDC to return expected receipts from housing development and repaid borrowing."*

You then go on to the impact on the LLDC, "significant financial and reputational impact". Then you set out as mitigation,

> *"Consider alternative deal structure to support generation of receipts, close working with GLA, including on affordable housing, management focus on housing development."*

My question is what is higher priority for the LLDC, generating enough capital receipts or meeting affordable housing targets that Londoners are desperately in need of?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are looking at our future housing programme. The text you referred to reflects a need to balance the priorities we want to meet all of, as much as we possibly can.

You will know that as a public body, as a local authority, we need a long-term financial plan that does repay our borrowings to the GLA. Effectively all our capital expenditure is funded through loans from the GLA. We have to be able to show, to meet the prudential borrowing requirements, that we can repay that borrowing. Obviously, the Mayor has made very clear the very high priority there is on maximising the volume of housing, particularly the volume of affordable housing, and to do so as quickly as possible.

What the text alludes to is work we have been doing since the Mayor came into post last year - indeed, obviously we had started looking at it in anticipation of that - to say how can we accelerate the delivery of affordable housing, how can we maximise it and how can we make sure we do so in such a way that our financial plans are still sustainable and we repay our borrowings. That is compelling us to maybe look at our housing delivery in more innovative ways and in different models than we have for the two schemes we already have under contract with housing developers. For example, the type of thing we are looking at is that we might explore joint venture arrangements. That would be a different arrangement that might give us a higher stake. It also puts you in a different risk position but potentially a higher share of the receipts that come out of housing development to enable us to deliver both more affordable housing and maintain the financial position.

The two sites - I am talking about future sites in Pudding Mill and off Stratford High Street, Rick Roberts Way - are ones where we have been exploring. They were previously planned to be later on in our programme, a number of years away. Because of the priority to deliver more affordable housing more quickly we are looking at whether we can bring them forward, whether we can deliver more affordable housing in recognition of the Mayor's policies and also do so in such a way that is financially sustainable.

Jennette Arnold OBE AM: David [Bellamy], I have noted that the LLDC's aim that a third of homes are affordable falls short of the Mayor's long-term goal that 50% of all homes built in London should be affordable. When it says here in terms of close working with the GLA, including on affordable housing, can we understand whether the Mayor is pushing the LLDC, despite its issues, to meet its target and, in fact, not just meet its target but go beyond its target? Is that the position that the GLA has when it talks about, "close working with the GLA"?

David Bellamy (Mayor's Chief of Staff): Absolutely. We have had a number of sessions both at advisor level and also officer level between the LLDC and the GLA Housing and Land Team to look at how we can do this. As David [Goldstone] said, we are looking at different approaches and considering all options. It is fair to say the plans under the previous administration were based around an idea of, "We will hold onto the land, we will develop it at some point reasonably distant in the future. House prices will carry on going through the roof and therefore the sums add up." That is not an approach, in the view of the Mayor, which meets the needs of

Londoners. Therefore, we are having to work harder to find a way of doing that. We have not concluded all that work but there are some very promising approaches that have been identified and we do think we have a way of getting there. We are continuing to work on that to get those plans to a point where we can include them in the LLDC long-term financial plans that feed into this next budget round.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Can I add one other point?

Jennette Arnold OBE AM: From what you have said - looking at David [Bellamy] - I take it that the Mayor has no intentions of taking the lever off the LLDC and its commitment to deliver the affordable housing that has been agreed?

David Bellamy (Mayor's Chief of Staff): We are absolutely committed on those two sites - the two sites that are yet to contract and go through the process - of doing all we can to deliver as much affordable housing as possible. We are absolutely looking to deliver 50% there. Everybody's efforts are focused on doing that. As I say, we have made some good progress. We have not bottomed out everything yet but we are working through it well.

Jennette Arnold OBE AM: So, these two sites are expected to meet the new long-term goal of 50% of their development.

David [Goldstone], can I just carry on questioning so I can stay with my flow and get on record, how many homes are you now expecting to deliver at each of the development sites at the Olympic Park and what proportion at each site will be affordable?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The point I was going to make a moment ago but I will make now is the other constraint we have is that we are working within an existing planning permission for all of our sites. The Legacy Community Scheme (LCS), which was given planning permission in 2012, does outline a planning baseline assumption for all of the sites. As we look again at the plans we have to look at how we can amend that within the constraints of the existing planning permission that was about building long-term sustainable neighbourhoods in the area, for example, the very high concentration of family homes as well as the affordable targets.

In the five sites that are within the LCS, Chobham Manor is under contract. Phase 1 of that is nearing completion. We are still aiming at the contract and it is around 850 homes. Just under 30% affordable is what was contracted when that contract was signed in late 2012. That has been in contract for a while. There is a particular focus in that project on a high level of family homes. That is the already contracted affordable position. Almost all of the phase 1 homes, up to 180, are being occupied now. The second project contractually is East Wick and Sweetwater. Again, we signed contracts before the mayoral election and therefore it was contracted under the previous policy. It is about 1,500 homes; broadly split a third, a third, a third between affordable, private rented and private for sale: give or take 500 in each category. We expect that to start on site early in the New Year. We are working through some final issues with the contractor on that.

Stratford Waterfront is different because having originally been planned as a housing site it is now effectively providing the residential component that is contributing to the costs of and funding for the CED in the way we touched on earlier. To maximise the receipts for that and to help make that scheme fully funded we are developing it on the assumption it will be all private sale. It will not have affordable housing because, in effect, the value the affordable housing would otherwise take is being factored into the delivery of the cultural partners and the universities. At national Government, Mayor and City Hall level, and all the local boroughs, they have all agreed the greatest benefit is to bring in the economic benefits of those universities and cultural partners to the Park rather than continuing the plan from a number of years ago where that would have all been housing.

Jennette Arnold OBE AM: Let me get this right, at the Sweetwater development there will be no affordable homes?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): At the Stratford Waterfront development the masterplan - as we have been discussing a bit earlier is at the first stage of development - is currently being taken forward on the assumption that that one site will not have any affordable housing because it is supporting investment in the CED. East Wick and Sweetwater is a third affordable. Stratford Waterfront is the one without.

Jennette Arnold OBE AM: If you say you have taken affordable homes out of Stratford Waterfront, have you put those units back in and where have you put them?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is what I was coming to. There are then two further sites which are the ones we have been referring to as where we are working on how we can deliver more affordable and more quickly. They are Pudding Mill and Rick Roberts Way. They are both, to answer your question, work in progress at the moment. For example, on Rick Roberts Way we had a capacity study carried out jointly with the London Borough of Newham, which jointly owns the site, to see how we can optimise the units on this site in the context of meeting the affordable policies and the financial parameters we discussed. We think we can get significantly more units on that site and more on Pudding Mill Lane than are in the current planning application. That is what we are currently working through, to finalise the strategy.

A lot of the units of affordable housing that are, if you like, being lost on Stratford Waterfront we will be able to replace and compensate through provision on Pudding Mill and Rick Roberts Way within our area.

Jennette Arnold OBE AM: Will that compromise the design standards? Where will you find this emptiness from?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It is not emptiness, it is in the sense the plans have not really been developed previously for those sites. There have been some very outline estimates of what they might deliver. We have now commissioned much more detailed work on capacity and the masterplanning configuration on that site with an object, for the reasons you alluded to at the start, of trying to deliver as many affordable homes as we can.

What I have carefully not said, for the avoidance of doubt, is that we are fully replacing every unit that would have been on Stratford Waterfront but we are going a significant way towards it. We are delivering more units and more affordable units than we would have originally, that is for Pudding Mill Lane/ Rick Roberts Way.

Jennette Arnold OBE AM: What you have said applies to that as well?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): To both, yes.

Jennette Arnold OBE AM: In summary then, you are saying in the contracts that were put out under the previous Mayor the agreement there in terms of affordability stands?

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

Jennette Arnold OBE AM: All new contracts, as I understand it from Mr Bellamy, will meet this Mayor's long-term goal of 50% affordable homes?

David Bellamy (Mayor's Chief of Staff): That is certainly what we are working to achieve, yes, and making very good progress on.

Caroline Pidgeon MBE AM: Can I pick up with David [Goldstone] and Gerry on housing? With the work you are doing with developers and all their viability stuff, does that still assume that developers make a 20% profit? That seems to be the baseline for all these viability assessments. Are you trying to squeeze that down?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): Broadly, yes, we are assuming a 20% profit in our modelling. We have taken the view that in order to engage with the market we have to be realistic about the market expectations. However, the one thing I would say is that looking at different models for how we can deliver the housing - David [Goldstone]mentioned joint ventures - there is an opportunity for us to put more equity into those ventures and reduce the requirement for equity from the developer. Although there is still a headline 20%, if you did a calculation of the totality the developer's profit will be around 20% but it will be of a smaller equity.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The point is we would share the same benefit and be able to reinvest it. That is the benefit of it, we would then reinvest it into our programme to deliver the greater units and the more affordable units we referred to. We would share in that upside.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): I would have to check on the exact number but as a ballpark it is around 20%.

Caroline Pidgeon MBE AM: It is astonishing that we are asked to assume you will always make a 20% profit.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): As Gerry said that is a modelling assumption. Obviously, you then go to the market, compete, procure and you try to negotiate the best possible deal. It does not mean we end up there. It means in modelling what we think is going to be an outcome that is a market assumption.

Caroline Pidgeon MBE AM: OK, it is just a bugbear of mine. Governance, let us move onto that. To the Chief of Staff, what is your day-to-day involvement with the running of the LLDC?

David Bellamy (Mayor's Chief of Staff): Obviously the running of the LLDC is invested in the executive team who are accountable up to their Board. It is fair to say we meet periodically in terms of senior LLDC officers and senior GLA officers to discuss what is going on and ensuring that the two organisations are joined up. Beyond that I speak periodically to the Chairman, as you would expect. If there are particular issues that we are working through with the Stadium, the cultural and education district, or affordable housing as we have just talked about then I will have direct contact with David [Goldstone], Gerry or members of the executive team.

Caroline Pidgeon MBE AM: For the last year obviously we had not had a Chair. Did you have to be a bit more involved because of that?

David Bellamy (Mayor's Chief of Staff): We had a gap from November 2016 until June 2017.

Caroline Pidgeon MBE AM: David [Edmonds, former Chair of the LLDC] resigned in May 2016.

David Bellamy (Mayor's Chief of Staff): No, he did not. He resigned in November 2016. You may be thinking of Ed Lister [Sir Edward Lister, former Chair of Old Oak and Park Royal Development Corporation (OPDC)] at OPDC.

I did work with David [Edmonds] when he was in post. It is probably fair to say that there are a couple of big issues that we have been talking about today. Probably through the winter, into the spring, we were talking quite a lot about those issues to try to work through them. We did have that level of contact. Of course, Philip Lewis, as Deputy Chair of the Board, was acting Chair. He very much took the lead on the governance side of things and the line management of David [Goldstone].

Caroline Pidgeon MBE AM: OK. One of the strange things I found about the whole set up is you have E20 with its own Board with three LLDC members and three Newham members. The three LLDC members also sit on the main LLDC Board. Do you not think that looks rather conflicted and odd from an outside perspective?

David Bellamy (Mayor's Chief of Staff): It is the arrangement that was put in place by the previous administration. We are where we are. It is three LLDC members and two Newham members, reflecting the partnership shares. It probably does make sense the three LLDC members are drawn from the LLDC Board to try to minimise duplication and confusion. Yes, that is the arrangement as it stands.

Caroline Pidgeon MBE AM: Do you think you might make some changes to that?

David Bellamy (Mayor's Chief of Staff): It is fair to say, per the conversation earlier, that we have a number of issues about how the Stadium and everything is structured. Moore Stephens clearly are going to conclude whatever they conclude about that. We are working constructively with colleagues at Newham to try to plot the right way forward for the Stadium. We will discuss anything and everything with them.

Caroline Pidgeon MBE AM: E20 is part of that discussion?

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

Caroline Pidgeon MBE AM: Thank you. To David Goldstone, the housing you have just been talking about is one of your big things for the Olympic Park site?

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

Caroline Pidgeon MBE AM: On your Board you have representatives from sports, industry, retail, leisure, arts and local politicians. Who is there pushing the case for affordable housing?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Apart from anything else we have on the LLDC Board the leaders of the four boroughs who obviously have a very major interest in that. We have the three mayors and the Leader of Waltham Forest. They are very strong voices in terms of the provision of housing for local people. The Deputy Mayor for Regeneration and Planning, Jules Pipe, is a member of our Board. We have five either London or local borough representatives on the Board all of whom, you can rest assured, have that interest at heart. There are members of the Board, as you say, with particular specialisms but I do not think that means they are not also immune to which way the local, London-wide and national political interest is blowing. Those points are bought to bear by the members of the Board. They do not confine themselves to their area of specialism. They are corporate Board members.

Caroline Pidgeon MBE AM: That is helpful. I had not realised Jules [Pipe] is on there. That gives a very good link.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Yes, Jules has been a member of the Board since he was appointed Deputy Mayor.

Caroline Pidgeon MBE AM: Then to Martin, in terms of risk, how are you able to manage the risk surrounding E20 when it is two steps removed from the GLA? This was something that was picked up in your annual governance statement, that you are exposed to financial risk due to overspends on a reduced income from existing LLDC projects, the requirement to underwrite risk and provide cash flow support.

Martin Clarke (Executive Director of Resources, Greater London Authority): There are several levels. A fundamental way of managing it is making sure that all the costs and so on are very properly reflected in the LLDC budget'ssubmission and capital spending plans that agree, are well cited and can understand the issues. I have monthly meetings with Gerry [Murphy] and their finance team. David [Bellamy] often joins us on that. There is that ongoing engagement. In-between that, Gerry is very good at keeping me abreast of issues and I would say we have a very good, close working relationship. We have a shared responsibility for managing those risks. Gerry as the Chief Financial Officer (CFO) of the LLDC, and mine with the wider GLA Group finance responsibilities.

I can say this is one area though where you could say the internal GLA governance oversight is currently having a regular Mayor's Office for Policing and Crime (MOPAC) internal audit. That will be concluded and we will be reporting to the next meeting of the Audit Panel, the one in December. It is something we are keeping under review.

Then it is not just the E20, but your major projects. Take the cultural and education district, I am a member of the Programme Board. I am there at the six-weekly finance and policy liaison meetings with David Bellamy and the senior team. It sounds a bit weak but we are really closely involved.

Caroline Pidgeon MBE AM: In terms of your risk register, is pretty much everything to do with the LLDC red?

Martin Clarke (Executive Director of Resources, Greater London Authority): It is certainly the highest in finances. It is at the high end of our risk register. It probably is the top risk at the moment and that is because there is so much work in progress. We have had discussions on delivering the formal housing and what that means. We need to work through those things. I do not rule out, but it is not an immediate thing, whether the GLA might need to strengthen its balance sheet to manage some of those risks although at this stage there is not a contract to be on the cultural and education district yet, for example. It is a high alert anyway, yes.

Caroline Pidgeon MBE AM: OK, thank you.

Gareth Bacon AM (Chairman): In the interests of transparency, is it possible to disaggregate the E20 costs and income from the LLDC budget?

Martin Clarke (Executive Director of Resources, Greater London Authority): What goes in the LLDC budget is the contribution of the LLDC to E20.

Gareth Bacon AM (Chairman): Right, but that is not their budget in total, is it? It would not be their financial statement in total.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It would not be E20's, correct. It is the LLDC contribution to funding into E20 and Newham, through Newham Legacy Investments, account for Newham's funding contribution into E20. E20's total is the combination of the two. E20 produces its own accounts which obviously aggregates and those will be available.

Gareth Bacon AM (Chairman): Yes, and that would declare the LLDC contribution within their own accounts?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): Yes.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That will show the aggregate of all the funding into E20.

Gareth Bacon AM (Chairman): We have not seen E20's accounts. Are they available at Companies House, is that where we would find them?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): The last set of accounts filed at Companies House were the 2015/16 accounts. The deadline for filing the 2016/17 accounts is the end of December. We anticipate filing by the end of December.

Gareth Bacon AM (Chairman): OK, we will pick them up there.

Martin Clarke (Executive Director of Resources, Greater London Authority): I would probably just add that another helpful bit of governance oversight is the same external auditor audits E20, the LLDC and the GLA. Assembly Member Keith Prince, with the Audit Panel, gets any reports from our external auditor on the GLA financial accounts. It is the LLDC things which are highlighted probably as much as any. It is very useful having the same auditor across that part of the group.

Gareth Bacon AM (Chairman): For obvious reasons.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The MOPAC internal audit is shared as well.

Gareth Bacon AM (Chairman): That neatly leads us on to financial sustainability and Assembly Member Arnold is going to be the leader on that for us.

Jennette Arnold OBE AM: A question to David Goldstone. David, let us just set the scene here. The core function of the LLDC, after the 2012 Olympic and Paralympic Games, was to create a viable future for the Queen Elizabeth Olympic Park. The question is, did the LLDC get nearer or further away from self-sustainability in the last year?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Could I just challenge the premise of that question? I do not think that was the only objective. The objective mission, the vision, was about delivering the regeneration benefits that were promised which are captured in phrases such as transforming the lives of local people through the investments that have been delivered for the games. A lot of what we do is around, for example, bringing in new employers which do not necessarily directly financially benefit us but deliver an enormous economic benefit to local people. There is absolutely a financial sustainability objective, and I will answer your question, but it is not the only one. We have obviously got a core mission around that benefit.

Gerry has the numbers closer to hand but I think we have got closer, in terms of the answer to your question. We have always said that the trend towards financial sustainability was going to be long-term as we incrementally - and have continued to - reduce costs, increase income and close the gap between them, and reduce the dependence we have on support from the GLA as we have done in the last year.

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): In our last budget presentation we highlighted funding gaps in 2018/19 and 2019/20. We have made a fair degree of progress in closing that. Certainly for 2018/19 we are fairly confident that we will address that funding gap fully. We have also gone some way to address the funding gap in 2019/20.

As I have mentioned before, in terms of ensuring the Park's financial sustainability that will be a mix of reducing the costs and increasing the income on venues and also in the raising of the fixed estate charge. In that we are very much dependent on new developments coming online. As we have explained, there can be delays in some of those developments. Once we contract out - like Chobham, East Wick and Sweetwater - it is not entirely in our gift to manage the timeline of those developments. As people live there, and particularly as the cultural and education district comes online, we will be collecting a fixed estate charge. We have already started to collect the fixed estate charge. Here East contribute around £1 million of fixed estate charge. That is quite a substantial chunk of money but that grows to - I would have to check the timing - between £10 - 11 million of income to the Park which is a substantial long-term benefit but it is going to take a long-term to get up to maximum.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The agreement for lease with UCL reflects the same kind of fixed estate charge. The Chobham Manor residents are paying a fixed estate charge.

Jennette Arnold OBE AM: If we talk numbers, from my understanding you are due to use up your last remaining £6.3 million of reserves. Next year, when there is no reserve to release, you will be showing a £4.6 million funding gap. Does that not lead us, as Members, to say your financial sustainability is in severe doubt?

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): Absolutely that was the position that we presented at last year's budget. There are two things; we rely on our funding from the GLA and we took a decision that the LLDC was not required to hold its own reserves given that our ultimate funder is the GLA. We have been managing that short-term funding exposure. While we had a £4.6 million gap in 2018/19 at last year's budget we believe that through increased income, some of which is one-off, and reduction in costs - particularly on venues like the Aquatics Centre and we have done a lot of work on reducing the cost of the Centre - we have closed that gap. We do not expect to present a budget in 2018/19 that has a funding gap.

Jennette Arnold OBE AM: It seems to me it is all really convenient, is it not, your relationship with the GLA? Where would you find an organisation that can suddenly shift its empty resource pot to a parent organisation?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We are, in effect, a subsidiary. We are a part of the GLA Group.

Jennette Arnold OBE AM: You are expected to meet a business plan as set out. Let me get on now to your loan facility with the London Development Agency (LDA). Let me just come over to Martin [Clarke] then because it seems to me that the GLA, as parent company, treats you guys like spoilt children.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): It does not feel like that.

Jennette Arnold OBE AM: It is like how I treat my granddaughter. She leaves the house with £10, she spends £20 and is still in need of more. The LLDC has its revolving loan facility with the GLA that it is already struggling to pay. When we look at the accounts for 2015/16, it said that the LLDC was planning to pay back £54.6 million. A year later, this repayment has been put off for another year and now the LLDC is looking to borrow £78.2 million. Instead of paying, it comes back. What sort of parent are you?

Martin Clarke (Executive Director of Resources, Greater London Authority): A parent who has a child that was not given any resource. They are, in effect, a delivery arm for the Mayor in these areas. If the Mayor wants things to happen he has to fund it. Gerry can explain the movements in the capital receipt repayments and what is not happening. It is all tied down to the phases of the capital developments compared to the plan.

At the end of the day, there is bit of a technical answer. We are subject to the local government finance regime and all the various Acts and Codes that is around that. Yes, the GLA is lending money to the LLDC that it pays from capital receipts. However, we can only lend if we are satisfied that they will have the means to repay and that is why our forecasting on what is going to happen in the future is really important. It is the same thing, Gerry, as the CFO, can only borrow from the GLA if she thinks that she will be able to repay it. What you have is some big movements governed by the changes in the phasing of capital programmes.

Jennette Arnold OBE AM: There is this long piece of string that you have the LLDC on up until 2030. It does not have to pay back a penny of its loan until 2030, is that what you are saying?

Martin Clarke (Executive Director of Resources, Greater London Authority): No. the LLDC were a standalone body, they would be going out to something like the Public Works Loan Board (PWLB), borrowing money and structuring those loans to repay it when they get the capital receipts.

Jennette Arnold OBE AM: Or they would be declared bankrupt?

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes, but they cannot borrow if they do not think it is affordable because we are subject to the local government finance regime. We have a loan facility which provides the GLA to finance their net expenditure requirements as estimated in its financial plans. Each year all they can borrow is up to the maximum of what the Mayor has agreed their borrowing limit has been and each year there is a repayment, if capital receipts have come in that year. It is structured as a facility. We charge them 50-year PWLB rates. If they get into the position where they cannot afford to repay, the GLA will have two options. It will have to impair that loan - and clearly, I do not want to get in a position where the GLA has to impair that loan - and if they cannot repay the LLDC will not be able to do the future developments that we need in the Park.

Jennette Arnold OBE AM: They have not paid back a penny of their previous loan and they now have a new loan of £78 million on top of their original.

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes, and when the capital receipts from the developments come in, the loan it gets repaid to the GLA.

Jennette Arnold OBE AM: That will be a timeline working to 2030?

Martin Clarke (Executive Director of Resources, Greater London Authority): This will go on as long as this facility is in place. As I say, we are basically on, at the moment, 50-year rates.

Jennette Arnold OBE AM: It just feels so slack.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Out of Chobham Manor, where the first developments have come through, those receipts come through and are paid over. That is already established and, therefore, the principle is being put into effect.

Jennette Arnold OBE AM: Can I just go back to Martin because he has been with this project from the start. Is this what you expected to happen? Is there any other example of this sort of stretching of this elastic, "We promise we will pay but we cannot pay, but give us more? Do not worry about it because by 2030 we will have the magicked it up because we will have all the receipts in the world."

Martin Clarke (Executive Director of Resources, Greater London Authority): It is underpinned by a long-term business plan that the GLA has agreed. Any borrowing cannot exceed the borrowing limit set by the Mayor. If the LLDC were in a position that they need more money than the Mayor has agreed, they cannot have it. It is within the defined limits which we set annually. As I say, it is underpinned by a long-term forecast.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We would be acting illegally if we borrowed without being able to show we can repay.

Jennette Arnold OBE AM: You are not subject to the same rigors as another company, are you? You just come over, see Martin and say, "Give us another couple of million".

Gerry Murphy (Deputy Chief Executive, London Legacy Development Corporation): The process is much more rigorous than that.

Jennette Arnold OBE AM: I hope so. Let us be clear here. When we talk about GLA monies we are talking about Londoners funding this. It is a serious matter at a time when Londoners have to make choices between eating and heating. When they see these sorts of figures they want a sense that repayment will be made before such a long period, and they want a sense that there is some urgency about getting in some receipts.

Martin Clarke (Executive Director of Resources, Greater London Authority): I think it is really common in the public sector to take out long-term loans that get paid over a very long period of time. I do not think there is anything wrong in principle. It is the most efficient way of providing capital to the LLDC otherwise they would be going to the market themselves. The GLA has this cash which you would otherwise have to put on deposit somewhere.

Jennette Arnold OBE AM: Martin, I am just trying to get a bit of assurance. The LLDC would say what they are saying. It is a Mandy Rice-Davies [model involved in the Profumo affair] situation. I am not expecting them to say anything different. However, what I am expecting from you and from David Bellamy is a sense of urgency and to take up the concerns that we pick up whenever we go out there. You heard my colleague say people are always on the Olympic site. They are, but they also want to know what sort of deal it is. Let me put it to you, if we were starting from scratch would you really be saying that it is the same sort of deal and the same sort of relationship that you would be setting up with the LLDC?

Martin Clarke (Executive Director of Resources, Greater London Authority): This is the relationship that we put in place because it is the most cost-effective way of providing LLDC with capital to make the capital investment that the people of that area want.

Jennette Arnold OBE AM: Otherwise they would have to go to the bank or they would have to be trading on the market.

Martin Clarke (Executive Director of Resources, Greater London Authority): Yes, subject to the local government finance regime.

Jennette Arnold OBE AM: At the moment the bankers are Londoners, which they come to through the GLA.

Martin Clarke (Executive Director of Resources, Greater London Authority): It is going to be the same for any Mayoral Development Corporation. If they want capital finance, in the same way as they need revenue support, it has to come from the GLA. Before the GLA the support, before the devolution of things like retained business rates, used to be through a government grant.

Jennette Arnold OBE AM: We will be coming back to it because we raised it in 2016, and I am sure we raised it before, so we will be raising the financial sustainability of the LLDC again.

Martin Clarke (Executive Director of Resources, Greater London Authority): Absolutely. It goes to Caroline's [Pidgeon MBE AM] question, this is why this is so high on our risk register. There are big numbers and with the type of developments you are going to get big changes between years. As David [Goldstone] has said, we have had many meetings going through how we are going to deliver what the Mayor is insisting we deliver on housing. There is an awful lot of forecasting or due diligence going on of what is going to be house price movements and what is going to be tender price movements over a long period. I am sorry if I have given the impression I am being flippant.

Jennette Arnold OBE AM: No, Martin, I have known you too long; I would never accuse you of being flippant. I just do not get a sense of urgency here. I am not convinced that you have got the LLDC under enough pressure, but we will continue.

Have you looked at the issue about state aid implications regarding this new total interest-free loan from the GLA to the LLDC?

Martin Clarke (Executive Director of Resources, Greater London Authority): It is not interest free. It is charged at the 50-year PWLB rates that are prevailing when LLDC draw down the money.

Jennette Arnold OBE AM: It is not interest free?

Martin Clarke (Executive Director of Resources, Greater London Authority): No, it is not interest free.

Jennette Arnold OBE AM: Therefore there would be no state aid implications?

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

Jennette Arnold OBE AM: OK, that is good, that is a nice answer from you. We shall return to this question again.

Gareth Bacon AM (Chairman): That was thrillingly pugilistic from my colleague.

Jennette Arnold OBE AM: It is our money.

Gareth Bacon AM (Chairman): It is, very much. It felt like it was your money.

Jennette Arnold OBE AM: Well, it is my money.

Navin Shah AM: It is our money, yes. A couple of questions, Chairman. One issue that you have not talked about, which I believe is still the case, is that there are a number of loss making venues. What is being done to further prevent those losses? Then the overarching question, arising from what Assembly Member Arnold has raised, is are we still looking at the LLDC becoming a profit-making entity by 2030 as we have been promised?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Two very different questions there. I mentioned earlier the enormous number of local people using the venues and I suppose there are four principal venues that we should talk about. The Orbit, which was previously operating at a loss and incurring a deficit that we had to support, we have now turned around and is operating at a surplus. It made a surplus in 2016/17, the first year the slide was installed. It was installed at the end of June so missed the first quarter of that year but was in place for three quarters. It will be in place now for the full year this year so we are forecasting a higher surplus. That previously loss-making venue is now generating a surplus.

I suppose the two biggest usage volume venues are the Aquatic Centre and the Copper Box. On the Aquatic Centre, as Gerry [Murphy] said earlier, we have made great strides in reducing the subsidy that is required. It is obviously an iconic venue. We do price the use of all our venues to be comparable to venues in the boroughs in whose area we sit. That is to ensure the venues are accessible and usable for local people and that reduces the income we might otherwise generate. However, through attacking the cost base of the venue, particularly in areas such as the utilities cost which was very significant in the first year, we have brought that down very majorly. We have also had reduced rates requirements. Therefore, whilst the Aquatic Centre still receives a subsidy it is dramatically reduced from what it was previously.

On the Copper Box, we are now operating that so it does generate a small surplus on its operations. It is basic income and expenditure from operating. We apportion the estate-wide facilities management cost to the venues. When that is taken into account the Copper Box does make a loss but we have brought it into a much better place in getting that into an operating surplus.

The other one, a bit like the Orbit, which we have turned around from previously loss-making into a surplus generating is 3 Mills. It not a directly public facing venue but it is a trading venue from our financial point of view. The studios business there has been very successful over the last couple of years. Again, that is now operating at a surplus when from 2015/16, or prior to that, it was requiring a subsidy.

We have been able to turn around both the Orbit and 3 Mills into generating surpluses. We have the Aquatic Centre and the Copper Box into much better positions but they both do require subsidy, taking into account the facilities management charges.

The second part of the question was about the long-term sustainability. I am pretty sure that in my time here we have not promised a date at which we were going to hit a magical point where we brought the things into balance. It has always been a long-term aspiration to bring down the net subsidy requirements through increasing the income and through reducing the cost base. However, I do not think we have ever given a timeframe on it so I am not sure of the basis for the very precise year you referred to. As Gerry [Murphy] said earlier, we are on track to improve that position. It has improved in the last year but remains a long-term aspiration. We cannot give a very definite answer to the question as to when we will reach that point. It is so affected by the timing of those capital developments and when the income flows, that come from capital developments getting concluded, kick in.

Gareth Bacon AM (Chairman): You mentioned that 3 Mills is making a surplus. I seem to recall at a previous meeting that we were going to sell 3 Mills because it was not really core business. Is that still the case?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): That is in discussion. It is still the case that we would say it is not core business for the LLDC as the regeneration body for the area. It obviously has significant benefits London-wise and nationally in terms of the film studios that are now thriving there. Part of the challenge we are wrestling with is that whilst it has those benefits and is operating at a surplus annually at the moment, if it was to do so long-term it requires very significant investment. It will not carry on operating on the current basis it does without very significant investment. For the reasons we have already discussed - around our capital position and that running a studios business is not core business for us - the question of whether we will be better disposing of it or whether the wider interest London-wide and nationally in the studios business means maybe we should hold on to it is what is being discussed. There is no firm decision on that at the moment. We are discussing it. We will take it back to our Board but it is one of the issues that are in the discussions we have with City Hall. We will then go through our governance once we have a direction forward.

Gareth Bacon AM (Chairman): Yes. My understanding of the financial model of the Park is really that one part will subsidise another, broadly speaking.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): We look at it in aggregate, taking them all together.

Gareth Bacon AM (Chairman): Rather than venue-by-venue, because if it was venue-by-venue you would probably close most of them down and there would be no legacy, which makes perfect sense.

Has the position on 3 Mills moved then since it was last discussed at a public meeting? The impression I had at that time was they were getting rid of it.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Let me be slightly more precise. In very late 2014 we started exploring the market for a potential sale and there had been an exercise to gauge market interest in acquiring the site. We stopped that process because there were potential synergies with the cultural and education district partners coming in. Therefore, we stopped that potential sale process at that point - it had never gone into an actual sale, it was market sounding - and we have focused on operating it as efficiently as possible and maximising the revenue in the meantime. We are at a point where we can reconsider whether we should sell it or hold it with those wider considerations in play. I have not got a definite answer to say which of those we are doing but I think it is a question that will get resolved in the next few months.

To answer your question, it has moved on in two respects. We have turned it around so it now actually is not a drain on our resources at the moment, it is contributing to the overall position in the way you described. It is an open question again now because there is no constraint on us making a decision about the future use.

Unmesh Desai AM: Chairman, this is a different point completely. It is about the business risk situation. I want to put this question for my own clarification on how these things work. I saw in the press recently, two or three weeks ago, if we can just go through the situation, West Ham so far has not paid anything in terms of business rates. West Ham only pays rates and rental on office spaces it lets rather than the entire Stadium. This means that E20 foots the remainder of their nearly £2.3 million business rate bill. The Valuation Office Agency is now involved. Apparently, they are in discussions with yourselves as to who pays what in terms of this £2.3 million bill. The LLDC has been quoted as saying:

> *"Should the Valuation Office Agency be of the opinion that West Ham's occupation meets the necessary tests of occupation required for separate assessment, following consultation with the ratepayer, any necessary alterations will be made."*

I am glad to hear that. Do these things not get worked out right at the beginning, some 16 months ago? Correct me if I am missing something out here, but it just seems to me incredible --

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I think it has been clear. It might not have been.

Unmesh Desai AM: A person out on the street would think the £2.3 million business rate will be footed by you and West Ham, just like with some other things, gets away with it.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): The rates obligation falls where the ownership sits. West Ham has a concession agreement that gives it rights on a certain number of days per year to use the Stadium. Therefore, the business rates are an obligation of E20. The level of rates that are being paid is subject to an appeal. I think that is in play at the moment and I am uncertain when that will be resolved. The basic facts at the moment are as you said but that is being appealed.

There is a separate exercise, as you said, with the Valuation Office Agency looking at the part of the site that West Ham fully controls, such as its own offices, as to whether those are going to be charged rates direct to West Ham. That is something between the Valuation Office and West Ham direct.

Gareth Bacon AM (Chairman): Moving on to our final section now, there are only a couple of tidy-up questions, and Assembly Member Prince is leading on that.

Keith Prince AM: Thank you, Chairman. We have talked about the break-even position probably being around about 2030. However, as you will know, the Mayor in September suggested the LLDC could be wrapped up within the next few years, which I would suggest is sooner than 2030. Mr Bellamy, how realistic is this expectation and what would that mean for the future of this site?

David Bellamy (Mayor's Chief of Staff): Chair, firstly I think I would say certainly we have not talked about 2030 being in surplus; Members of the Committee may have. In terms of the Mayor's view, clearly the LLDC is a Mayoral Development Corporation and therefore its remit is to develop the area and achieve the benefits we have been discussing this afternoon. Clearly that is not an ongoing mission in the same way as running a transport network or policing the city is. Therefore, the Mayor views the LLDC as a time-bound body and it will not exist forever. Ultimately a view will have to be taken on when the LLDC has achieved its mission and whether it is appropriate to either have a successor organisation or disperse responsibilities to other quarters. We will need to take a view on that in due course. We also would need to take a view on whether that is a 'big-bang process', where the LLDC does absolutely everything it does today until a fixed date, then you turn off the lights and other people pick things up, or whether there is a gradual transfer of responsibilities as the LLDC completes its work in particular aspects. That is the kind of philosophy behind it, if you like.

In terms of where we are, our view is that we cannot get into those discussions until we have more clarity about the ongoing costs and revenues associated with running the Park. That really means certainty around the Stadium situation, certainty about the cultural and education district - we are probably nearly there on that one - and certainty around housing delivery, as we have discussed. When we have those things, we should be able to have a much more steady-state view of the income streams and the cost of the Park year by year in the long term. That then puts us in a position where we can discuss with partners, principally the boroughs but other organisations as well, about what the future might look like and when and how such a transition might occur.

The Mayor is being quite open that that process is going to occur at some point. He has written to the borough leaders expressing that. It is in the role profile for the chair of the LLDC to look at this, and it is also in the role profile for David's successor as well. We are quite open about the fact this process is going to happen, but it is absolutely essential that it is done in the right way. We will not start that until we have more clarity on Park finances. When we do get to that point it is something that we will consider and consult on very carefully.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I do not think there is an inconsistency between the two sides, as David has just described, around thinking about what a future transition might look like. In fact, we do financial projections looking at the sustainability of the whole of the Park and our estate. We do those blind to which sort of organisation it is; it could be us or it could be a successor. We are looking at the income, expenditure and the flows, and we do that much longer term than the period we expect the organisation to be in place for.

Keith Prince AM: Sorry, a bit of clarity first of all. Mr Bellamy, did you say you have not discussed profitability by 2030 or that you have?

David Bellamy (Mayor's Chief of Staff): We have not.

Keith Prince AM: Mr Goldstone, that is a target that you have set yourself, is it not?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I said a few minutes ago we have never referred to any specific point at which we would --

Keith Prince AM: So on 14 December 2016 at the Budget Monitoring Sub-Committee you did not give them 2030 as a target to break even?

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I am sure you are going to show me a minute. I do not believe I did. I think we have always said the same thing, which is it is a long-term aspiration.

Caroline Pidgeon MBE AM: Yes, it is a long-term aspiration.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): I do not think I have ever put a timeframe on it.

Navin Shah AM: The note we have clearly states here that the Chief Executive has previously touted 2030 as a target for a profitable LLDC.

Gareth Bacon AM (Chairman): In fairness, because we could go around and around on this point for quite some time, we do not have a transcription of that in our briefing. We do have a reference that you may have said that at that meeting. I do not think we should get too hung up on that because I do not think Mr Goldstone was saying that was a hard --

Keith Prince AM: I agree. I was prepared to move on from that point. One has to be very careful when relying on these briefings anyway. Mr Bellamy, when the Mayor said, "Within the next few years" - which I always believed to be somewhere around three - he really meant at some point in the future?

David Bellamy (Mayor's Chief of Staff): What I would say is that we expect to start thinking about it within the timeframe you talk about. That is why we put it explicitly there in terms of what we are asking the new Chair to do and why we have put it in the role profile for David [Goldstone]'s successor as well. We do expect to be thinking about it in those timescales.

Keith Prince AM: With all due respect, Mr Bellamy, that is not what he said. He suggested the LLDC could be wrapped up within the next few years, not that you would think about possibly getting around to wrapping up. I absolutely accept, Mr Bellamy, all the difficulties that you have. It would probably be madness to wrap it up before you have sorted out a load of these conflicts that currently exist. I absolutely get that. This criticism is not aimed at you, it is aimed at why would the Mayor say it could be wrapped up within the next few years when you would be very, very lucky to resolve most of those issues within the next few years?

David Bellamy (Mayor's Chief of Staff): If you take "a few years" you could be looking at 2022 or 2023. That is a possible scenario. We have not done the work so whether that will happen or not is premature to say. Certainly, reaching the point in the next mayoral term where the LLDC is either wrapped up, or significant of its responsibilities are moved on, is certainly a possibility.

Keith Prince AM: For clarity then, are we saying that if all the bits and pieces slot in together, if we resolve a number of the outstanding difficult issues, it would be the Mayor's current aspiration to wind up the LLDC?

David Bellamy (Mayor's Chief of Staff): The LLDC clearly is going to wind up at some point. The Mayor would not wish it to exist for longer than it needs to. The boroughs would like to get their planning powers back and would like to take on from the LLDC's achievements. When the best time and the best way of doing that is, how things will transfer and where to is a piece of work we do want to get to when, as you rightly say, we have addressed the more pressing matters.

Navin Shah AM: Mr Bellamy has partially answered my question. I was going to ask whether some of the powers of LLDC could be handed over earlier to the boroughs and I was going to ask you about planning powers. Is this something you will be looking into as to what could be handed over at an earlier stage until you establish the profitability of the Park, is that what you might have in mind?

David Bellamy (Mayor's Chief of Staff): It is certainly a possibility that planning could be handed over sooner and LLDC could focus on other matters. That is a possibility. As I say, we will not consider any of these possibilities until we have sorted out some of the things we have been talking about this afternoon and we have a clearer long-term financial view of the Park. That is really what our focus is in the months ahead. When we have reached that point then it is the right time to start asking some of those questions and talking to colleagues and stakeholders about that.

Navin Shah AM: Thank you.

David Goldstone CBE (Chief Executive, London Legacy Development Corporation): Can I just make a quick comment on that? This is something we have discussed and nothing has been said that I disagree with. There is a reason why the bag of functions that is together is together. We have talked about some of the challenges we face at the moment. However, I think overall for the objectives we have around the transformation - the creation of jobs, the creation of housing, activating the Park and making it popular and attractive to local people and developing the cultural and education district
- it has been a successful programme over a number of years that is delivering what it was intended to. Some of that is because those functions are together.

I think what will inform the discussion about what is the right timeframe for dissolution is to say: when do you reach the point where it does not make sense to have them together anymore? That is a question about when those benefits are seen to have been achieved or you do not need to have functions together any more. I think that will be part of the discussion. However, obviously it could be in the Mayor's or others' hands to say we could disband it sooner. There is logic to what has been put together that has worked well so far and will be part of the consideration when the case for looking at different structures comes through.

Gareth Bacon AM (Chairman): Thank you very much. That takes us to the end of our session with the LLDC. Can I ask Members to thank guests for attending this afternoon, and a particular thanks to Mr Goldstone who is making his final appearance? He will, I think, be dragged in here for the Plenary meeting in a couple of weeks, but this is the last time he will be in front of either the Budget and Performance Committee or the Budget Monitoring Sub-Committee. You have been very generous with you time and your contributions over the years, both at the LLDC and before that at TfL. Thank you very much and, formally and in public, best wishes for your new role in the New Year.