

REQUEST FOR DIRECTOR DECISION – DD1136

Title: Olympic stadium leases

Executive Summary:

The London Legacy Development Corporation (“Legacy Corporation” or “LLDC”) seeks prior Mayoral approval under delegated authority, as required by Paragraph 4.5 of the LLDC Governance Direction 2013 (approved by MD1227) to grant a Lease for the Olympic Stadium to E20 Stadium Limited Liability Partnership (LLP), the SPV established to develop the Stadium and deliver post-Games legacy objectives, following the meeting of all conditions of an Agreement for Leases signed by LLDC and E20 Stadium LLP in March 2013. Approval is required because this is a 'land transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement.

Decision:

1. Approval of a land transaction as required by Paragraph 4.5 of the LLDC Governance Direction 2013 be given to the London Legacy Development Corporation (“Legacy Corporation” or “LLDC”) granting a Lease for the Olympic Stadium to the E20 Stadium Limited Liability Partnership as described in this report.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor’s plans and priorities.

It has my approval.

Name: David Lunts

Position: Executive Director of Housing and Land

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Olympic Stadium is one of the iconic venues of the 2012 Games and the centre piece of the new Queen Elizabeth Olympic Park. In March 2013, the Mayor announced that the long-term future of the Stadium had been secured, with a deal with West Ham United Football Club that confirms the Premier League club as the Stadium's long-term anchor tenant. West Ham United was named as first ranked bidder on 5 December 2012, following a robust process to select concessionaires for the Stadium in which four bids were submitted.
- 1.2. West Ham United's 99 year concession commences in 2016 and secures a year round programme of sports and events in the venue. West Ham United will move into the Stadium in summer 2016, after it is transformed into a UEFA Category 4 venue with 54,000 seats. Transformation works will include a new roof, corporate areas, toilets, concessions and retractable seating.
- 1.3. The Stadium will host matches in the 2015 Rugby World Cup (RWC) during the transformation work. Following the full opening of the venue in 2016, the Stadium will also become the new national centre for athletics. UK Athletics has been given priority use of the venue from the third weekend in June to the end of July every year, under a 50 year agreement, while the Stadium will also host the IAAF World Athletics Championships and IPC Athletics World Championships in 2017.
- 1.4. The Stadium and its transformation will be managed by the Legacy Corporation and Newham Legacy Investments Limited (a wholly owned subsidiary company of the London Borough of Newham) using a dedicated joint venture E20 Stadium Limited Liability Partnership approved by the Mayor under MD971 on 3 July 2012. The Partnership will help secure extensive community benefits, including jobs and sport and education activity, with community access to both the Stadium and the new 400m community track.
- 1.5. On 19 February 2013, the board of the Legacy Corporation endorsed E20 Stadium LLP entering into the 99 year Concession Agreement with West Ham United, and delegated to the Chief Executive of LLDC to enter into Agreement for Leases and Leases for the Stadium Island Site and Community Track with the E20 Stadium LLP. The Concession Agreement was signed with West Ham United in March 2013, and the Agreement for Leases between LLDC and E20 Stadium LLP was also signed in March. The Agreement for Leases stipulated a number of conditions that had to be met before the Leases could be signed. These are set out in Part 2 of this Form. As these conditions have now been met, LLDC is legally bound to sign the Leases with E20 Stadium LLP.
- 1.6. This matter falls under the issues that the Mayor is required to provide prior consent under Paragraph 4.5 of the LLDC Governance Direction 2013. This stipulates that the Mayor's prior consent is required before any decision is made by the LLDC or Subsidiary to approve a 'land transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement. LLDC have indicated that the signing of the Leases should have no effect upon the repayment of monies to HMT and the National Lottery.
- 1.7. The LLDC Governance Direction 2013 gave the Executive Director of Housing and Land, or such other specified Senior Members of GLA Staff authorised under the Mayoral Scheme of Delegation (as approved by MD1166) and as amended from time to time, delegated authority to discharge and exercise the Mayoral functions under the Direction.

2. Objectives and expected outcomes

- 2.1. The Concession Agreement with West Ham United will generate hundreds of new jobs, encourage many thousands of visitors to the local area and act as a catalyst for further economic investment and growth in the area. The proposed sale of Upton Park also provides further regeneration opportunities.
- 2.2. The involvement and investment of the London Borough of Newham secures one hundred years of community benefits for Newham residents including:
 - A minimum 35% equity share in the Olympic Stadium and island site
 - Year round access to the 400m community track
 - Ten exclusive mass participation events in the Stadium per year for Newham residents
 - Millions of tickets to West Ham United matches held in the stadium from 2016
 - Additional tickets to sports and other entertainment events held in the Stadium
 - A training and education centre in the Stadium
 - A majority of new jobs created on the site will be filled by Newham residents

3. Other considerations

a) Links to Mayoral strategies and priorities

The Mayor's London Plan states that "The Mayor will work with partners to develop and implement a viable and sustainable legacy for the Olympic and Paralympic Games to deliver fundamental economic, social and environmental change within East London and to close the deprivation gap between the Olympic Host Boroughs and the rest of London. This will be London's single most important regeneration project for the next 25 years." The signing of the Leases for the Stadium Island Site and the Community Track secures a sustainable future for the Stadium, ensuring that it will become a vibrant new destination, and act as a driver for wider regeneration across East London, which is essential to the delivery of this objective.

b) Impact assessments and consultations

LLDC's priority themes were taken into account in the business case and community benefits are set out in the Members Agreement signed with the London Borough of Newham (E20 LLP).

It is considered that no additional impact assessment relating to this particular decision is required.

Newham Legacy Investments Limited and the LLDC Board through members on the E20 Stadium LLP Board, have been consulted on this decision.

The LLDC has received professional advice from its own legal department, and externally from Eversheds LLP.

The GLA has been consulted on this decision. As mentioned, under Paragraph 4.5 of the LLDC Governance Direction 2013, the Mayor's prior consent is required before LLDC make this decision. This Director's Decision constitutes that consent, given under delegated authority in accordance with MD1227.

It is not considered that any additional consultation is required in respect of this decision.

4. Financial comments

- 4.1. In addition to the funds to be provided by the Legacy Corporation for the transformation works, West Ham will contribute £15 million, Newham Council will invest £40 million and the Government has agreed to provide additional support of up to £25 million should it be required once the tenders are returned
- 4.2. LLDC has sufficient resources available to fund the current baseline budget for the transformation works.
- 4.3. The Lease premium from E20 LLP to LLDC will become payable on signing and will also trigger payment of stamp duty by the LLP. In addition, sharing of any financial returns or losses from the operations of the LLP will also come into effect on signing of the Lease.
- 4.4. Additional financial comments are included in Part 2 of this Form.

5. Legal comments

- 5.1. This section covers legal issues not raised elsewhere in this Form.
- 5.2. Completion of the Lease will mean an effective disposal of the Stadium site until 1 September 2125. However, LLDC will retain various rights and control of the site, both as landlord pursuant to the Lease and as a partner in E20 Stadium LLP.

6. Planned delivery approach and next steps

Activity	Timeline
Signing Leases	December 2013
Conclusion of roof works	Summer 2015
Rugby World Cup	Autumn 2015
Completion of Stadium transformation works	Spring 2016
West Ham United concession agreement starts	Summer 2016

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

The publication is to be deferred until the lease has been signed which is subject to receiving approval under this Director Decision form. The lease documents are ready for signature.

Until what date: (a date is required if deferring): 13 December 2013

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – Yes

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Michelle Reeves has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Fiona Duncan has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date