

10 September 2018

By Email: tony.arbour@london.gov.uk

Tony Arbour AM
City Hall
London SE1 2AA

Dear Tony

I am writing to you following my appearance alongside London Legacy Development Corporation Chief Executive Lyn Garner before the Greater London Authority Plenary on Thursday September 6th and specifically our comments on the London Stadium.

We welcomed the opportunity to explain to Members details around the Stadium and issues that LLDC are tackling.

However, following that appearance West Ham United released a public statement (press release dated September 7th copied below) in which we were accused of misleading the public during our appearance.

This is an extremely serious and damaging statement to make against public officials appearing before elected Assembly Members and will be asking West Ham to retract the claim. In the meantime, I wanted to reassure the Assembly that we are working in a proper and considered way. I will also be making this letter public because there was media coverage of the West Ham statement including reports that we "lied".

It remains a fact that the West Ham usage fee does not cover event day costs. At no time did we lay blame at West Ham for this but made it clear this was down to a contract signed in 2013 which both underestimated costs and also left too much to interpretation as to what West Ham was entitled to for their fee.

We also said that the West Ham contract was just one area which caused financial problems for the Stadium. The others we laid before members included the cost of seat moves from football to athletics and back again, our contract with UK Athletics and the Stadium operator and high running costs. These are all areas we are tackling and making progress in getting on to a sound financial footing. We illustrated at our appearance that we have saved £7 million this year on our seat move project.

I will map out the costs of West Ham matches and the money the club pay here because West Ham have put a series of figures in their press release. It was no secret before our appearance that West Ham have a good deal. Indeed, the Moore Stephens report commissioned by the Mayor and published in December 2017 reported that the club pay £2.5 million a season with an entitlement to put on 25 games. The report stated it cost just under £200,000 for us to put on each game. Those figures on their own add up to a loss to us of more than £2 million a season.

Since then costs have increased, not least because the behaviour of a small minority of West Ham fans at the end of last season means we now spend more on security. Each match so far this season costs an average of around £270,000 to stage.

West Ham continue to pay the annual set amount which is indexed linked so now stands at £2.675 million a season. In addition, we have secured extra payments from the club for additional rights – an example of this is extra advertising space which they have sold on. It means that West Ham pays us around £3 million a season.

We do receive a share of the profit from match day catering. The net money received by E20 from the catering operation averages out at around £30,000 per game – not the £6 million a year claimed in the West Ham press release. The club also gets a share of catering profits under the terms of the contract. You can see from these figures that their claim that we enjoy £10 million from our association with West Ham is simply wrong and the money we generate from West Ham does not cover the cost of putting on the match days.

And just to be clear, on top of that there is no additional fee from the club for continuing maintenance and upkeep of the stadium which means it is ready every season to stage the matches. That means, for example, they did not contribute, and nor did we expect them to within the terms of the contract, when we upgraded our CCTV system this year. We are not pointing the finger at West Ham for this, it is just a fact and something we have to deal with.

The point we got across to Members in our appearance was that we won't make the same mistakes again. We stressed to Assembly Members that the club's wish to have a unique pitch-side surround in their colours should attract a commercial fee – it is not covered in their current agreement. As we made clear this should be an annual fee as they have a contract to use the stadium for another 97 years. We are still in contact with West Ham and hope to come to an agreement on this. If they don't agree to pay an annual fee then they can't have what they want – it is as simple as that.

The press release says we declined the club's help in finding a naming rights partner. We did use an agent of their choice and did include them in discussions when we came close on two occasions to securing a partner. Unfortunately, those efforts did not cross the line.

As you can see, we are not "laying the blame" at West Ham for the "financial struggles" of the stadium and did not mislead the London Assembly or the public in our appearance. The contract with West Ham is just one of the historic issues that face us. We are attempting to work with the club to give them the extras they want but that does come at a price.

We must not forget this is the UK's best multi-use stadium. Athletics, football, baseball, rugby, sold out concerts are all hosted here bringing investment and revenue into London. This country is lucky to have such a fantastic stadium putting on world beating events. Our job is to get real value for London's taxpayers. We won't give away the benefits of the London Stadium for nothing - be that to West Ham or anyone else.

Yours sincerely



Sir Peter Hendy CBE
Chair LLDC

Copy to: Ed Williams, Executive Director - Assembly Secretariat, GLA
Trisha Thatcher, Support Officer, GLA

Attachment: West Ham Press Release dated 7th September 2018

West Ham Press Release Dated September 7

At a London Assembly meeting on Thursday, Lyn Garner, the CEO of the London Legacy Development Corporation, said one of the key financial issues at the London Stadium was the £2.5million fee West Ham United pay in rent.

She stated that: "The elephant in the room is the fee they pay us for usage costs does not cover the event-day costs."

West Ham United are concerned that this is deliberately misleading the public and, more importantly, taxpayers.

West Ham now pay £3million in rent due to additional annual fees that have been introduced since our agreement in 2013 and a further £6million was received by our landlord from the food and beverage sold at our matches.

With additional fees we pay for services at the London Stadium, the total revenues received from West Ham United and our activities is £10million a year.

Ms Garner pointed out that E20 would not allow our pitch surround to be in our club colours because the LLDC are seeking a commercial deal for stadium naming rights and the track might be part of that negotiation.

The Premier League do not allow commercial sponsor logos on pitch surrounds and therefore that can't happen. It is again misleading.

Ms Garner went on to suggest that the colour alone may have value for a future naming rights partner. The Stadium does not have a naming rights partner, nor is one being actively sought.

West Ham have offered to fully fund the pitch surround for £400,000 if it is claret. Are LLDC really saying it is in the taxpayers' interests for them to pay and wait in case LLDC might attract a naming rights partner who might see some value in the cover being in their corporate colours?

A recent legal ruling has determined that the current track cover is unfit for purpose and must be changed now at E20's cost.

Ms Garner also said West Ham United should pay circa £300,000-a-year rent for a claret pitch surround because it has unique value for our club on account of it being visible when our matches are televised. This only seeks to reinforce the value West Ham United brings to the stadium beyond our £10m a year.

When television is beaming our matches around the globe with the players wearing our colours, commentators talking about our club and fans singing our anthems, it is incredible to suggest the colour of the pitch surround has commercial advantages. We offered to fund the pitch surround to add to the contractually-afforded West Ham look and feel of the stadium.

West Ham United have offered to help LLDC sell the naming rights and other commercial deals using our expertise of running the commercial side of a football club and its stadium. They have declined.

The current strategy to point the finger at West Ham United is simply not the solution to the long-term viability and commercial success of the venue.

We are running a football club, not the stadium, and for Ms Garner to lay any blame for their financial struggles at our door is wrong and misleading the public.