

2023/24 Budget Submission

1. SUMMARY

- 1.1. This report sets out London Legacy Development Corporation's (LLDC) 2023/24 capital and revenue budget submission to the Mayor of London (the Mayor). The submission is prepared in accordance with the Mayor's Budget Guidance, which was issued in July 2022. The revenue budget submission is required to cover the financial years 2023/24, 2024/25 and 2025/26.
- 1.2. There is also a requirement to produce a Capital Strategy as part of the submission and, for the first time, a climate budget, which is prepared in line with the Mayor's target of making London net zero carbon by 2030.

2. BACKGROUND

- 2.1. LLDC's budget forms part of the GLA Group budget. The GLA statutory budget process ensures there are robust financial plans to support Mayoral objectives and priorities within available resources.
- 2.2. As for all members of the GLA Group, LLDC is required¹ to produce a Capital Strategy. The purpose of the GLA Group Capital Strategy is to set out the Mayor's capital investment ambition and funding thereof. The strategy demonstrates that the GLA Group's capital expenditure and investment decisions are made in line with Mayoral priorities and properly take account of stewardship, value for money, prudence, sustainability and affordability, and give due regard to risk and reward. LLDC's draft Capital Strategy 2023/24 is attached at Appendix 1 and covers the content required by the Mayor's Budget Guidance.
- 2.3. LLDC, along with the other members of the GLA Group, is also required this year to produce a climate budget, which helps provide transparency on required actions across the GLA Group and the gap/deviations to targets. The Mayor's London Climate Budget is intended to be transparent and clearly visualise for Londoners, the London Assembly and other stakeholders, how the GLA Group is prioritising efforts to achieve its emissions target and any challenges faced.
- 2.4. The Mayor requires all GLA functional bodies, including LLDC, to support his aims and priorities for London in their business plans and budgets. Many of LLDC's deliverables align to the Mayor's priorities. A summary of how LLDC is supporting the Mayor's priorities is shown in the following table, setting out the Mayor's priorities, how they are to be achieved and what LLDC is doing to deliver them.

¹ By the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code

Mayor's priorities	Policy drivers	LLDC activities
<p>Accommodating Growth</p> <ul style="list-style-type: none"> – <i>London Plan</i> – <i>Transport Strategy</i> – <i>Environment Strategy</i> – <i>Cultural Infrastructure Plan</i> – <i>'Healthy Streets' approach</i> 	<ul style="list-style-type: none"> • Accessible city • Transport development and investment • Promote mixed use development • 'Green growth' – clean air, green space, cleaner energy • Zero carbon London by 2030 • Cultural infrastructure • Promoting economic activity in Outer London • Good Growth by Design 	<ul style="list-style-type: none"> • Business districts driving economic activity (IQL, Here East) • Zero carbon homes • Biodiverse green space • East Bank • Mixed-use developments • Sustainability guide to the Park • Local Plan policies • LLDC design standards and design review • Climate budget
<p>Housing</p> <ul style="list-style-type: none"> – <i>London Plan</i> 	<ul style="list-style-type: none"> • 50% affordable housing on public land • More housing delivered sooner • Build-to-rent 	<ul style="list-style-type: none"> • First two Park neighbourhoods, Chobham Manor and East Wick and Sweetwater – 35% and 34% affordable and build to rent (at East Wick and Sweetwater) • 14,300 homes in planning area by 2023 (21,000 overall since 2014) • 50% affordable housing to be delivered on a portfolio basis across Stratford Waterfront, Pudding Mill Lane, Rick Roberts Way • Procurement concluded for a joint venture partner to deliver the Stratford Waterfront and Bridgewater (part of Pudding Mill Lane) residential developments and contracts signed • Pudding Mill Lane and Rick Roberts Way procurements either launched or to be launched shortly

Mayor's priorities	Policy drivers	LLDC activities
<p>Economy</p> <ul style="list-style-type: none"> – <i>London Plan</i> – <i>Transport Strategy</i> – <i>Environment Strategy</i> – <i>Equality Framework</i> – <i>Economic Development Strategy</i> – <i>Creative Enterprise Zones</i> 	<ul style="list-style-type: none"> • Pro-business • Infrastructure investment • Improve skills and nurture talent • Promoting tourism across the City • London Living Wage • Support night-time economy • Creative enterprise zones 	<ul style="list-style-type: none"> • Here East: Loughborough University, Plexal, Ford Innovation • International Quarter: TfL, FCA, Cancer Research UK, British Council • London Living Wage: paid to all employees and Tier 1 Park contractors • 170,000m² workspace granted including 18,000m² low cost space for small business and start-ups • Skills for growth programme – over 240 apprenticeships • 40,000 jobs by 2025 • Successful visitor attraction – 5m visitors per year • Hosting major events at the London Stadium (e.g. Major League Baseball)
<p>Environment, transport and public space</p> <ul style="list-style-type: none"> – <i>London Plan</i> – <i>Transport Strategy</i> – <i>Environment Strategy</i> – <i>'Healthy Streets' approach</i> 	<ul style="list-style-type: none"> • Improve air quality • Low carbon London – zero carbon by 2050 • Making cycling easier and safer • Public space and neighbourhoods are attractive and accessible • National Park City 	<ul style="list-style-type: none"> • European Smart, Sustainable District • Zero carbon homes • Biodiverse, green space • 98% waste diverted from landfill; material reused in construction • Green Flag status • Advanced mobility test bed, autonomous vehicle trials
<p>A City for All Londoners</p> <ul style="list-style-type: none"> – <i>Gender Pay Gap</i> – <i>Equality Framework</i> – <i>Transport Strategy</i> – <i>Police and Crime Plan</i> – <i>Culture Strategy</i> 	<ul style="list-style-type: none"> • Social integration • Challenging inequality and promoting tolerance • Accessible to all • Affordable, reliable transport system • Safer and more secure communities • Use culture as a driver for regeneration 	<ul style="list-style-type: none"> • East Bank: V&A, Sadler's Wells, University of the Arts London, University College London, BBC • Programme of major cultural festivals and global sporting events on the Park • Community focussed programmes and events, including The Great Get Together • Focus on creating an inclusive and diverse workplace across LLDC (further information is provided at Section 9)

3. REVIEW PROCESS

- 3.1. LLDC's Long Term Model sets out all capital and revenue income and expenditure projections and underpins the budget submission.
- 3.2. In preparing this budget, the process has involved:
 - A review, involving members of the LLDC Executive Management Team (EMT), of revenue and capital budgets;
 - an extensive review of the key capital assumptions underpinning the Long Term Model and various scenario modelling;
 - updating the Long Term Model for changes identified since the previous year, based on discussions with budget holders;
 - an assessment of LLDC's capital strategy against the Mayor's priorities;
 - challenging cost and income proposals with senior budget holders, including to identify savings and efficiencies;
 - preparing the draft climate budget with LLDC's Sustainability Team and close liaison and check-ins with the GLA Climate Budget Working Group;
 - scrutiny by EMT and the LLDC Investment Committee; and
 - meeting senior representatives from the GLA, including the Executive Director of Resources and the Mayor's Chief of Staff, to review the financial projections prior to submission, covering the implications for capital budgets, revenue costs and income forecasts.

4. CAPITAL BUDGET

Background

- 4.1. LLDC has a complex long-term capital programme that is subject to significant volatility, particularly in the short and medium-term. LLDC's net capital expenditure, where not funded by capital grant, is funded by capital borrowings from the GLA, which are to be repaid from capital receipts over the long-term.
- 4.2. A brief history of key changes to LLDC's Long Term Model over recent years is provided below:

2018/19

LLDC's borrowing limit was capped in 2018/19 at £520m and, at that time, the GLA also agreed to:

- Provide direct capital grant funding towards the East Bank project;
- Invest equity directly in the joint ventures to develop LLDC's three remaining sites (Stratford Waterfront, Pudding Mill Lane and Rick Roberts Way) and replace LLDC's expected net proceeds from those sites with capital grant; and
- As required, provide capital grant funding to ensure LLDC remains within its borrowing limit over the lifetime of the Long Term Model.

2020/21

During 2020/21, the Mayor agreed to provide loan funding to LLDC such that it can invest directly into a joint venture to deliver the Stratford Waterfront and Bridgewater Triangle² residential developments. This change to the funding approach was to ensure that LLDC can:

- Drive delivery of outstanding residential development, that ensures design integrity and regeneration outcomes;

² Part of the Pudding Mill Lane site

- Influence delivery programme;
- Maximise the returns on investment to LLDC and ultimately the GLA; and
- Utilise its experience of procuring and managing other developments within Queen Elizabeth Olympic Park (QEOP or the Park).

The Mayor also approved the allocation of a further £88.4m of capital grant funding towards LLDC's capital programme, in response to a range of pressures facing East Bank and other projects and to ensure LLDC remained within its borrowing limit of £520m. This allocation was based on a snapshot of LLDC's Long Term Model at that time and was, therefore, subject to change.

2021/22

It was subsequently identified during the 2021/22 budget submission process that, due to further movements in the expected quantum and timing of capital receipts and expenditure (including from the impact of COVID-19 and other market changes), additional capital grant or an increase in borrowings was required from the GLA to keep LLDC within its £520m borrowing limit during the years 2023/24 to 2025/26 and, accordingly, LLDC's borrowing limit was [increased by the GLA to £550m](#) from 2023/24.

2022/23

Included in last year's budget submission, as approved by the Mayor in March 2023, was the equity investment required for the delivery of the Pudding Mill Lane development via a joint venture approach (similar to that adopted for Stratford Waterfront and Bridgewater Triangle). The inclusion of the equity investment was within LLDC's existing borrowing parameters, and the procurement of a joint venture partner is expected to be launched in early 2023.

2023/24 budget submission

- 4.3. The proposed capital plan for the next four financial years is set out in the following table, alongside the forecast outturn for 2022/23 (as at 30 September 2022). Further details of LLDC's long-term capital plan are included within the Capital Strategy at Appendix 1. The table shows that LLDC is forecast to be within its borrowing limits for the next four years.
- 4.4. LLDC reviews its annual capital forecasts regularly to ensure they remain as accurate as possible and based on the latest assumptions. The updated short-term forecasts are presented routinely to LLDC's EMT and Investment Committee and are published³ in LLDC's Corporate Performance Report each quarter.

³ Via LLDC's website (see [here](#))

Capital Budget	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	2026/27 Plan £m	Total Budget/Plan £m
Income						
Capital receipts	13.9	78.2	15.1	16.8	12.8	122.9
East Bank	48.7	64.5	1.5	-	-	66.0
GLA Grant	108.7	49.0	0.1	5.0	32.9	87.0
Other (incl Section 106/CIL)	6.0	4.3	1.7	0.2	-	6.1
Total Capital Income	177.3	196.0	18.3	22.0	45.7	282.0
Expenditure						
East Bank	(195.9)	(96.5)	(6.6)	(1.3)	(0.7)	(105.1)
Development - Infrastructure	(5.3)	(0.2)	(18.1)	(14.6)	(7.7)	(40.6)
Development - other	(13.6)	(36.9)	(20.3)	(12.2)	(40.7)	(110.1)
Stadium - Capital	(14.8)	(2.9)	(3.0)	(3.0)	(3.0)	(11.9)
Park and Venues	(12.6)	(5.6)	(1.7)	(1.9)	(1.7)	(11.0)
Regeneration	(0.6)	(0.2)	(0.2)	-	-	(0.3)
FCCS	(2.5)	(2.2)	(1.4)	(0.4)	(0.2)	(4.1)
Contingency	(7.7)	(0.5)	(0.3)	-	-	(0.8)
Corporation Tax	(0.2)	(4.6)	-	(0.1)	-	(4.7)
Total Capital Expenditure	(253.1)	(149.5)	(51.7)	(33.5)	(54.0)	(288.7)
Net Capital Expenditure	(75.9)	46.5	(33.3)	(11.5)	(8.3)	(6.7)
Cash adjustments for BBC/UAL loan funding	(34.3)	(45.7)	3.4	3.4	-	(38.9)
Cumulative borrowing	497.3	496.5	526.5	534.6	539.4	

Capital income

Capital receipts

4.5. Capital receipts over the next four years mainly reflect:

- Expected receipts from the planned disposal of capital assets.
- Anticipated income from the East Wick and Sweetwater development. This reflects the assumptions that informed the recent variation to the Development Management Agreement, which was signed in August 2022.
- The Stratford Waterfront and Bridgwater land receipt (phased over time) reflecting the terms of the agreement signed with Ballymore in July 2022.
- Expected receipts from the Bromley-by-Bow development (in 2024/25).
- The Hackney Wick Neighbourhood Centre development land receipt (phased over time), reflecting the terms of the development agreement signed with Notting Hill Genesis in July 2022.

East Bank

4.6. Income from East Bank includes the final capital contributions from University of the Arts London (UAL) towards the costs of constructing and fitting out their building at Stratford Waterfront; note that part of UAL's contributions are funded via a loan facility from LLDC, repayments of which are expected to begin in 2024/25.

4.7. Also included are:

- Contributions from the BBC towards the cost of constructing their building at Stratford Waterfront. These contributions, which will be funded via an interest-bearing loan facility from LLDC, are expected once the building reaches practical completion (currently estimated for September 2023).
- Philanthropic funds, for which a fundraising strategy is now in place, a support proposition (for prospective donors) developed, a list of targets identified and invitations to engagement events issued.
- Other contributions from key stakeholders.

GLA grant funding

- 4.8. As set out at paragraph 4.2, the GLA provides capital grant funding, for example towards East Bank and to ensure LLDC remains within its borrowing limits; this totals £87.0m across the four-year budget period.

Capital Expenditure

East Bank

- 4.9. Reflected in this year's budget submission is an increase of £40.0m in the Anticipated Final Cost (AFC) of the East Bank project (£36.0m net of additional contributions from UAL).
- 4.10. In last year's submission, the budget was held unchanged; however, unfunded design risks were highlighted with mitigation plans in place. While some of this risk was mitigated, some has crystallised, and design-related risks have continued to manifest themselves. This has resulted in delays to design completion and increased direct costs, though no change to the overall forecast delivery date.
- 4.11. The design-related issues are a result of delay in the design review process, protection of the architectural design intent, coordination issues, errors and omissions, and finalisation of Partner requirements. The effect of this is to prolong contractor design periods beyond 2022 and cause the construction works to become concentrated towards the end of the delivery programme in summer 2023.
- 4.12. Together with the impact of increased inflation, these issues mean that additional GLA funding of £36.0m (net of Partner contributions) is now required to meet the revised AFC of the delivery of Stratford Waterfront. This is being funded by positive movements elsewhere in LLDC's Long Term Model (see Capital Income section), with no additional borrowing or increase in borrowing limits required.
- 4.13. With one year to go to completion, significant risks remain on this project, including:
- completion of design integration – significant design interface risks
 - package interface management – ongoing through to completion
 - commissioning and handover
 - supply volatility (material and labour) – ongoing through to completion
- 4.14. Delivery of the project within the updated AFC is contingent upon:
- concluding deals with package contractors to settle change and prolongation claims and acceleration to deliver the forecast programme
 - the implementation of a revised approach to concluding the design process
 - no significant new design risks materialising
- 4.15. Construction of the UCL academic building at Marshgate is being delivered directly by UCL (in addition to the student accommodation at Pool Street), hence no income or costs are included within LLDC's budget for this aspect of the East Bank project.

Development

- 4.16. Development costs over the next four years relate mainly to Legacy Communities Scheme (LCS) **Section 106 infrastructure works**, such as for Bridgewater (including LLDC's contribution to the costs of the new bridge), Pudding Mill Lane and Rick Roberts Way in relation to the residential developments to be delivered there.
- 4.17. Development costs also include the equity payments required for investment into the joint ventures to deliver the **Stratford Waterfront**⁴ and **Bridgewater** and **Pudding Mill Lane** residential sites.

⁴ Note that the Stratford Waterfront share of equity payments was included within East Bank in last year's budget submission. As the sites are being procured jointly, the equity payments and expected returns are now combined within Development.

- 4.18. Also included are costs for masterplanning, design, planning submissions and joint venture/developer procurements on **Pudding Mill Lane** and the **Rick Roberts Way** development.
- 4.19. The budget submission includes funding for improvements to **Stratford Walk**⁵; this is a public realm infrastructure improvement project related to the area between the International Quarter London (IQL), London Aquatics Centre and the forthcoming Stratford Waterfront. This forms the main 'gateway' and entrance for most visitors to the Park. This project is funded by Community Infrastructure Levy (CIL) funding and LLDC budgets.
- 4.20. Development costs also include **staffing** (which is capitalised against projects); 'Development – other' includes the cost of LLDC's Construction team (three members of staff, one of which is a vacant post).
- 4.21. LLDC continues to maximise the level of **affordable housing** it can deliver within the constraints of its Long Term Model in accordance with the Mayor's Homes for Londoners Affordable Housing and Viability Supplementary Planning Guidance.
- 4.22. LLDC is delivering 50% affordable housing across its three remaining sites⁶ using a 'portfolio approach' – i.e. an average of 50% across the three sites on a habitable room basis (assumed to be 30% London Affordable Rent and 70% Intermediate product⁷).
- 4.23. The following updates/changes have occurred since last year's budget submission:
- The procurement for a joint venture partner to deliver the Stratford Waterfront and Bridgewater residential sites was concluded in early 2022 and contracts exchanged with the preferred bidder (Ballymore) in July 2022. The Bridgewater outline planning application was approved by the Planning Decisions Committee in July 2022 (Stratford Waterfront already has outline planning).
 - LLDC progressed the remainder of Pudding Mill Lane, with the outline planning application approved by the Planning Decisions Committee in October 2022. Updated internal modelling has reflected the emerging masterplan and the latest market position on aspects such as affordable housing and construction costs. The joint venture delivery strategy for the site was approved by LLDC's Investment Committee and Board in early 2022; the procurement for a joint venture partner is expected to be launched in early 2023.
 - On the RRW site, LLDC has now completed a land swap with the London Borough of Newham. This consolidates the respective parties' interests in the land and enables LLDC to progress with the development, which has an obligation to deliver the balance of the portfolio affordable housing on the site. The Invitation to Tender (ITT) stage of procurement for a developer was launched in November 2022.

Stadium

- 4.24. Costs for the Stadium relate to LLDC's funding towards the Stadium's capital investment for lifecycle and improvement projects. This includes investment in routine lifecycle and other projects that help to deliver operational, sustainability and/or financial efficiencies at the Stadium.
- 4.25. Note that funding towards the Stadium's working capital (i.e. operational) requirements are included in LLDC's revenue budget.

Park and Venues

- 4.26. This budget heading includes costs relating to **lifecycle works** on the Park and in the venues based upon a lifecycle investment plan developed in conjunction with Equans, the current Park estates and facilities management contractor. These costs continue for

⁵ Now transferred to the East Bank budget

⁶ Stratford Waterfront (SWF), Pudding Mill Lane (PML) and Rick Roberts Way (RRW)

⁷ Stratford Waterfront was assumed to be 100% intermediate product (of the 35% affordable housing)

the lifetime of the Long Term Model and are a consideration of the Future of LLDC strategy (in determining where responsibility for the ongoing works will reside).

- 4.27. The budget also includes funding for **Hostile Vehicle Mitigation** works on and around the Park; construction works are due to start in 2022/23 and complete in 2023/24.

Regeneration

- 4.28. Costs relating to capitalised staff costs and spend on sustainable energy projects.

Finance, Commercial and Corporate Services (FCCS)

- 4.29. Expenditure includes the costs of IT projects (for example, Smart Park IT equipment), staff working on capital projects and the provision of assurance on East Bank.

Contingency

- 4.30. LLDC maintains a level of corporate contingency, which is informed by a Quantitative Risk Assessment (QRA)⁸. Note that this excludes major projects, such as East Bank, which have their own contingency, QRA and risk monitoring processes.

Corporation Tax

- 4.31. As a Mayoral Development Corporation, LLDC is subject to Corporation Tax on the income it generates (capital and revenue). Certain costs are allowable against this income when determining the net liability.
- 4.32. During 2021, the government announced its plans to introduce a new Residential Property Developer Tax to raise revenue to help fund the government's cladding remediation work; LLDC is subject to this new tax.

Net Borrowing

- 4.33. The following table shows the total borrowing requirement in the proposed budget against the current borrowing limits. As noted earlier in this paper, LLDC's borrowing limit increases to £550m in 2023/24 reflecting that its capital programme is a complex long-term forecast of expected receipts and costs and is, therefore, subject to significant volatility, including in relation to phasing, particularly in the short and medium-term.
- 4.34. The following table shows that LLDC is forecast to be within its borrowing limits for the next four years. However, there are various risks to LLDC's Long Term Model (see Appendix 2), including from the current macroeconomic issues being faced, and limited headroom in the outer years to absorb these risks. LLDC's borrowing position will therefore be monitored through 2023/24 and reviewed again with the GLA as part of next year's budget submission.

Summary of Borrowing Requirements	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	2026/27 Plan £m
Opening Borrowing Requirement	399.1	497.3	496.5	526.5	534.6
Net Capital Expenditure	75.9	(46.5)	33.3	11.5	8.3
Cash Adjustments for BBC/UAL Loan Funding	34.3	45.7	(3.4)	(3.4)	(3.5)
Cash vs accruals timing adjustment	(12.0)	-	-	-	-
Closing Capital Requirement	497.3	496.5	526.5	534.6	539.4
Authorised Borrowing Limit	520.0	550.0	550.0	550.0	550.0
Headroom	22.7	53.5	23.5	15.4	10.6
<i>Change in net borrowing requirement¹</i>	1.4	(23.8)	(10.8)	(24.3)	(3.1)

¹ from prior year submission (including rollovers)

Changes since the 2022/23 budget submission

- 4.35. The changes between the capital plan presented last year⁹ and that presented this year are detailed in this section.

⁸ Risks in the QRA include the Park headquarters relocation and options for the future use of the Old Ford site wastewater treatment plant.

⁹ Including 2021/22 year-end rollovers as presented to and agreed by the Board on 17 May 2022

Changes - Capital	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	2026/27 Plan £m	2027/28 Onwards Plan	Total £m
Net Capital Expenditure per 2022/23 Submission (incl	(76.4)	24.2	(20.4)	(25.0)	12.9	544.8	460.2
Income							
Capital receipts	1.8	77.6	(5.5)	6.0	(0.4)	(12.8)	66.7
East Bank	4.2	3.7	-	-	-	-	7.9
Other (incl Section 106/CIL)	(0.2)	(0.1)	1.7	0.2	-	0.1	1.6
Expenditure							
East Bank	(7.6)	(32.1)	(4.6)	(0.6)	(0.1)	(0.1)	(45.0)
Development - Infrastructure	(2.7)	0.7	4.7	3.4	(5.0)	(0.3)	0.8
Development - other	0.6	(23.4)	(8.9)	5.3	(17.2)	1.2	(42.3)
Park and Venues	3.6	(3.5)	(0.6)	(0.4)	0.8	1.9	1.7
Regeneration	-	(0.0)	(0.0)	-	-	-	(0.0)
FCCS	(0.2)	(0.2)	0.2	(0.2)	-	-	(0.4)
Contingency	1.4	0.1	(0.0)	-	-	-	1.5
Corporation Tax	-	(0.7)	-	(0.1)	0.7	4.6	4.4
Cash vs Accruals Adjustments (incl BBC & UAL Loans)	(1.9)	2.9	-	-	-	-	1.0
Total Capital Changes	(1.4)	25.2	(13.0)	13.5	(21.2)	(5.5)	(2.4)
Net Capital Expenditure per 2023/24 Submission	(77.8)	49.4	(33.3)	(11.5)	(8.3)	539.4	457.8

4.36. Major changes are due to:

Income

Capital receipts

- A decrease in forecast receipts from **East Wick and Sweetwater** based on the joint venture's updated model, the assumptions underpinning the recent variation to the Development Management Agreement, signed in August 2022, and LLDC's latest inflation forecasts.
- A decrease in the forecast net receipts from the **Pudding Mill Lane** development, largely due to adverse changes in construction cost inflation.
- An increase in **Stratford Waterfront/Bridgewater** forecast land receipts and joint venture income, reflecting the more favourable terms of the agreement signed with Ballymore in July 2022.
- This includes expected receipts from the **planned disposal of capital assets**. Note that these agreements are expected to be signed in 2023.

East Bank income

- Includes additional contributions from **University of the Arts London** towards the cost of their building on Stratford Waterfront (driven by the increase in the East Bank AFC – see 4.9) and **Section 106 and CIL** funding for the Stratford Walk project being delivered as part of East Bank.

Expenditure

East Bank expenditure

- This is the increase in East Bank AFC (see 4.9) and the transfer of the Stratford Walk project from 'Development – other' to East Bank (funded largely by Section 106 and CIL funding – see above).

Development – other

- Provision for the potential reinvestment¹⁰ of the capital disposal proceeds (subject to business cases and approval by the GLA¹¹), offset by the transfer of the Stratford Walk budget to East Bank (see above).

¹⁰ Any reinvestment will need to be supported by a business case and be approved by the GLA

¹¹ Note the GLA have agreed in principle to the reinvestment of the receipt, subject to business cases

5. REVENUE BUDGET

Background

- 5.1. The difference between LLDC's revenue income and expenditure is met by grant from the GLA (including specific revenue grant for the London Stadium working capital requirement) and the use of funding carried forward from previous years.
- 5.2. Following completion of the East Bank project in 2023/24, and the reversion of planning powers to the local boroughs in 2024/25, LLDC will be reduced in size from 1 April 2025 onwards – see later at 5.29 for more information on the future of LLDC). Accordingly, LLDC's core revenue grant allocation from the GLA will reduce to £10.9m. This is a significant reduction compared to 2022/23 reflecting the reduction in the size of the organisation.
- 5.3. For the long-term financial sustainability of LLDC, its objective is that, when developments on the Park have built out and the Fixed Estate Charge reaches its peak (from the mid-2030s), the requirement for grant funding, excluding the London Stadium, will be eliminated.
- 5.4. The following table sets out LLDC's funding position allocation prior to the start of the 2023/24 budget submission process; as can be seen, LLDC's starting point for this year's budget submission process was a balanced funding position.

Revenue Budget	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	Total Budget/Plan £m
GLA grant					
Core revenue grant	19.2	18.6	19.3	10.9	68.1
Stadium	12.6	10.9	10.8	11.6	45.9
Carried forward	5.2	(0.9)	0.9	-	5.2
Total GLA grant	37.0	28.6	31.0	22.6	119.2
Funding gap	-	-	-	-	-

2023/24 budget submission

- 5.5. The revenue income and expenditure forecast at 30 September 2022, and for the next three financial years, is shown in the following table.

Revenue Budget	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	Total £m
Income					
Development	0.8	0.7	0.7	0.8	3.0
East Bank	-	-	-	0.2	0.2
Finance, Commercial and Corporate Services	0.3	0.3	0.3	0.3	1.2
Park Operations and Venues (excl Trading)	5.7	5.4	5.6	6.1	22.8
Planning Policy and Decisions	1.7	1.7	1.1	-	4.5
Regeneration and Community Partnerships	0.3	0.1	0.1	-	0.4
Commercial Strategy	0.3	2.3	2.4	2.0	7.1
Trading	11.3	7.8	2.1	2.1	23.4
Total Revenue Income	20.5	18.4	12.3	11.4	62.6
Expenditure					
Communications, Marketing and Strategy	(2.5)	(2.1)	(2.2)	(1.0)	(7.8)
Development	(0.5)	(0.1)	(0.1)	(0.0)	(0.7)
East Bank	-	(0.2)	(0.0)	(0.0)	(0.3)
Executive Office	(3.3)	(2.6)	(2.6)	(1.6)	(10.2)
Finance, Commercial and Corporate Services	(6.7)	(6.7)	(6.6)	(5.4)	(25.5)
Park Operations and Venues (excl Trading)	(12.0)	(12.2)	(10.0)	(9.6)	(43.8)
Planning Policy and Decisions	(3.3)	(3.4)	(2.1)	-	(8.8)
Regeneration and Community Partnerships	(3.4)	(2.6)	(2.3)	(0.6)	(8.9)
Commercial Strategy	(0.3)	(0.2)	(0.0)	(1.0)	(1.5)
Trading	(12.0)	(7.8)	(0.9)	(1.4)	(22.1)
Contingency	(0.6)	(1.5)	(4.9)	(1.7)	(8.6)
Total Revenue Expenditure	(44.7)	(39.4)	(31.7)	(22.3)	(138.2)
Net Revenue Expenditure	(24.3)	(21.1)	(19.3)	(10.9)	(75.6)
Stadium	(14.6)	(18.0)	(11.2)	(11.6)	(55.5)
Net Revenue Expenditure	(38.9)	(39.1)	(30.5)	(22.6)	(131.1)
GLA Funding	19.2	18.6	19.3	10.9	68.1
GLA Funding for Stadium	12.6	10.9	10.8	11.6	45.9
Funds carried forward	5.5	-	-	-	5.5
Funding gap	(1.5)	(9.6)	(0.4)	-	(11.6)

5.6. As can be seen in the above table, the funding carried forward by LLDC from previous years is forecast to be fully utilised in 2022/23 and a total of £11.6m of additional funding is required from the GLA across the four-year period. The GLA have agreed to provide the additional funding (as shown in the updated funding table below), which is largely due to:

- Inflationary pressures (c£12.5m across the period), particularly on energy costs at LLDC's major venues including the London Stadium;
- The reduction in/loss of income resulting from the planned disposal of income-generating capital assets¹² and the sub-let of 3 Mills Studios; and
- The risk provision for no Stadium Naming Rights income in 2023/24.

Revenue Budget	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	Total Budget/Plan £m
GLA grant					
Core revenue grant	18.8	21.1	19.3	10.9	70.1
Stadium	14.6	18.0	11.2	11.6	55.5
Carried forward	5.5	-	-	-	5.5
Total GLA grant	38.9	39.1	30.5	22.6	131.1
Funding gap	-	-	-	-	-

¹² Note that, subject to business cases, the disposal proceeds are assumed to be re-invested (see 4.36) into assets through which LLDC has more control of the related income streams

5.7. The following section provides more information on the proposed budget submission.

Revenue Income

Development

5.8. Development income is now largely rental income expected from the East Wick and Sweetwater development (prior to eventual disposal). The income from rents grows as more units are completed, albeit this has slipped due to delays to the overall programme.

East Bank

5.9. The income forecast in 2025/26 relates to the retail units now planned to be held by LLDC at the Stratford Waterfront site. The associated revenue costs are included within the expenditure section.

Finance, Commercial and Corporate Services

5.10. This income reflects recharges to E20 Stadium LLP, a wholly owned subsidiary of LLDC, for services provided by LLDC including Information Technology, finance and accounting and Human Resources support.

Park Operations and Venues (excluding Trading)

5.11. Largely income from the Fixed Estate Charge, a charge on all occupiers of the Park to contribute towards the cost of maintaining the Park and its facilities. LLDC's income from this charge increases as developments are completed and more occupiers move onto the Park in the later years. Other income comes from short-term programmes and events that take place on the Park and from LLDC's car park facilities. Note that the income currently received from the capital assets expected to be disposed of is removed from 2023/24¹³ onwards.

Planning Policy and Decisions

5.12. Income related to planning fees and Community Infrastructure Levy administration income payable to the LLDC Planning Authority, until the planned reversion of LLDC's planning powers to the local boroughs in 2024/25.

Regeneration and Community Partnerships

5.13. This income is assumed funding towards the Good Growth Hub, which is being used as the centrepiece of LLDC and its partners' work to deliver a truly inclusive innovation district, offering a dedicated space from which Park employers and local residents will co-design and access a range of bespoke services from London Living Wage-paid internships and apprenticeships to a Freelancers' Academy.

Commercial

5.14. This income line covers the expected income arising from the Sponsorship, Marketing and Park Assets Strategy, under which LLDC is developing its sponsorship and marketing structures and systems to derive more value from the Park assets. Some funding is included in the revenue expenditure budget to support delivery of the strategy. This work is being led by the Chief Commercial Officer.

Revenue Expenditure

5.15. Note that all areas of expenditure set out below reduce in 2025/26, reflecting the planned changes to LLDC's size and structure from 1 April 2025 – see 5.29.

Communications Marketing and Strategy

5.16. Expenditure on marketing promotions for the Park and attractions, media monitoring and dealing with media requests, design and implementation of corporate communications (such as the quarterly corporate performance report, statutory annual report and the website), stakeholder management, strategy development and preparation of branded material for the Park.

¹³ From month 6 when the agreements are expected to complete.

Executive Office

- 5.17. Covers office accommodation, corporate Human Resources activities and the costs of the Executive Office (including the Chief Executive) and other non-salary staff costs such as training and recruitment.

Finance, Commercial and Corporate Services

- 5.18. This includes finance, IT, governance and programme assurance, commercial, procurement, legal and professional fees (including tax advice), insurance, internal and external audit, commercial assurance and the costs of the LLDC Board. Legal, secretariat, indirect procurement categories and internal audit are provided through a shared service with the GLA.

Park Operations and Venues (excluding Trading)

- 5.19. Day-to-day operational costs of the Park, the most significant element being estate and facilities management of the Park, which is carried out under a third-party contract. In addition, there are other costs including Park security, utilities and rates.
- 5.20. An increase in energy-related costs for the Park is included; the direct impact upon LLDC's budget is partly mitigated by corresponding increased recharge income for such costs.

Planning Policies and Decisions

- 5.21. Expenditure relates mainly to staff and professional fees. Note that these budgets will not continue beyond 2024/25, once the LLDC's statutory town planning powers revert to the local boroughs.

Regeneration and Community Partnerships

- 5.22. The largest element of expenditure in the directorate's budget covers socio-economic programmes, which, amongst other things, support the East Works programme, aimed at ensuring that local people and members of under-represented groups benefit fully from employment and skills development opportunities on the Park.
- 5.23. The directorate budget also supports the development of new residential and business communities on the Park, in ways that also create opportunities for local communities; for example, through extensive engagement with schools and community groups. A major focus continues to be the development of the East Bank partnership to ensure that the Strategic Objectives of the project are being delivered, with practical collaborative work streams focusing on Arts and Culture; Education and Opportunity; Employment and Enterprise; and Research and Innovation.
- 5.24. The directorate's budget for activities promoting environmental sustainability supports the implementation of the London Environment Strategy across the Park's operation and development: This includes implementing a single-use plastic reduction action plan, implementing the GLA Group Responsible Procurement policy, and developing and implementing a carbon reduction plan that enables LLDC to achieve a 60% reduction in carbon emissions by 2025 from its operations, including plans to retrofit buildings, sourcing more renewable energy, offsetting all flights, and considering the opportunities to support decentralised energy and heat networks.
- 5.25. From 2025/26, this budget will cover a small strategic Inclusive Economy team within LLDC, with no direct delivery of programmes but instead securing delivery with and through partners. Clear deliverables for all partners will be crucial, as will robust measurement and oversight of progress.
- 5.26. The LLDC Board has agreed Inclusive Economy will to be at the heart of the next phase of LLDC. As outlined above, the organisation will move from a model of direct delivery of socio-economic programmes to one of strategic leadership together with the local boroughs, and a more prominent delivery role for East Bank and other business, academic and cultural partners, and local communities.

5.27. The local boroughs and LLDC have a shared ambition to maximise local benefits from the ongoing development and operation of QEOP post-2025 and this ambition is reflected in the agreed long-term vision for the Park.

Commercial

5.28. These costs are to support the delivery of commercial-related income as set out at 5.14.

The Future of LLDC costs

5.29. LLDC was established as the first ever Mayoral Development Corporation (MDC) in 2012, to take forward commitments made in the original London 2012 bid in relation to the physical and socio-economic regeneration of Stratford and the surrounding area.

5.30. Whilst there remains significant work to do to fulfil the regeneration commitments made in the original London 2012 bid, it is anticipated that a large part of LLDC's direct role in this will be complete by 2025 – for example, completion of the East Bank project at Stratford Waterfront. With a robust prioritisation of its workload, key objectives will be delivered by 2025 and plans in place for the delivery of ongoing functions and the long-term operation and oversight of QEOP. This process is referred to as 'the Future of LLDC'¹⁴.

5.31. Regular updates are presented to the Board for discussion and approval. Guiding all decision-making for the Future of LLDC is an agreed set of principles which set out that the oversight and operation of QEOP must retain the integrity and quality of the estate, carry the flame of the regeneration vision and be democratically accountable and financially self-sustaining.

5.32. So far, the LLDC Board has agreed:

- That there needs to be a coherent, long-term approach to estate management based on the Great Estates principle and holding the land in QEOP as a contiguous whole. It remains key to promote the QEOP estate as a place for future inward investment and realisation of legacy, social and economic aims.
- That LLDC's statutory town planning powers should be handed back to local boroughs by 1 December 2024 and practical steps will be taken to enhance collaboration between LLDC and the boroughs in the lead up to ensure a smooth handover.
- That LLDC will remain a Mayoral Development Corporation (MDC), and a functional body of the GLA, beyond 1 April 2025 with a reconstituted board, governance structure and (subject to consultation) reduced area.
- From 2025 LLDC will continue to be responsible for the realisation of legacy commitments and will have Inclusive Economy hardwired into its strategy. Responsibilities will include:
 - Estate and neighbourhood management.
 - Commercial and asset management.
 - Strategic oversight to ensure all elements of its work contribute to an Inclusive Economy, and to encourage and support QEOP partners to work collaboratively with each other and the local boroughs and communities to contribute to an Inclusive Economy.
 - Completion of the development programme for LLDC-owned sites, which will reduce over time until construction is complete around 2032.
- The proposed reduced Mayoral development area should comprise land that is owned, operated or managed by LLDC. The broader surrounding area, where LLDC currently has statutory town planning powers, should no longer be within the boundary.

¹⁴ Previously referred to as 'Transition'

- From 1 April 2025 LLDC will have a streamlined governance structure in line the reduced geography and size of the organisation.
- 5.33. Costs are assumed within the budget submission in relation to the above (held within contingency). These costs, which remain unchanged from last year's submission, continue to be reviewed and refined as work on the plans progresses and will continue to be reviewed in future years' budget submissions, accordingly. Included is provision for:
- Professional fees for services such as legal support and tax advice;
 - Additional staff resource to deliver Transition-related activities (such as HR support);
 - IT/data transfer costs;
 - Early (prudent) estimates of staff-related costs such as redundancy and pension strain.
- 5.34. For the long-term financial sustainability of the successor body, LLDC's objective is that post-Transition, when developments on the Park have built out and the Fixed Estate Charge reaches its peak, the requirement for grant funding, excluding the London Stadium, will be eliminated.
- 5.35. Work has progressed over the past year to review LLDC's future financial projections (into the mid-2030s) and, whilst the forecast required grant has reduced significantly (due to anticipated growth in the Fixed Estate Charge, a smaller organisation, savings assumed from the Park and Venue operator contract reprocurement and some growth in commercial income), there is still a gap to bridge; therefore, work is ongoing to review how this objective can be achieved through further increasing commercial income.
- 5.36. This work will carry on over the coming year and be further updated in next year's budget submission.

Stadium

- 5.37. Stadium expenditure relates to the working capital provided by LLDC to fund the deficit of the E20 Group (E20 Stadium LLP and London Stadium 185 Limited) and is predicated on the Stadium's Five-Year Plan. Changes to the funding required for the Stadium is set out at 5.44.

Trading

- 5.38. A breakdown of LLDC's Trading activities is provided in the following table.

Trading	2022/23 Forecast £000	2023/24 Budget £000	2024/25 Plan £000	2025/26 Plan £000	Total £000
Trading Income					
3 Mills Studios	8,000	4,775	1,300	1,300	15,375
ArcelorMittal Orbit	793	323	84	-	1,199
Kiosks	42	42	43	44	172
London Aquatics Centre and Copper Box Arena	985	1,490	0	0	2,475
Off Park Assets	169	103	103	26	402
On Park Assets	626	587	424	114	1,751
The Last Drop	372	307	(0)	397	1,076
Timber Lodge Café	113	124	126	126	490
Telecoms	198	83	64	86	431
Total Trading Income	11,298	7,836	2,144	2,094	23,371
Trading Expenditure					
3 Mills Studios	(6,299)	(3,093)	-	-	(9,392)
ArcelorMittal Orbit	(582)	(202)	(84)	(209)	(1,077)
Telecoms & Wifi	(5)	(5)	(5)	(5)	(20)
London Aquatics Centre and Copper Box Arena	(2,370)	(2,284)	(695)	(899)	(6,247)
Off Park Assets	(50)	(50)	(50)	(25)	(175)
On Park Assets	(149)	(38)	(38)	(38)	(261)
The Last Drop	-	-	(0)	(15)	(15)
Timber Lodge Café	(23)	(23)	(23)	(23)	(91)
<i>Estates and Facilities Management (recharge)</i>	<i>(2,533)</i>	<i>(2,101)</i>	<i>(35)</i>	<i>(177)</i>	<i>(4,845)</i>
Total Trading Expenditure	(12,009)	(7,794)	(929)	(1,390)	(22,122)
Net Trading	(712)	41	1,215	704	1,249
Net Trading (excluding EFM recharge)					
3 Mills Studios	1,701	1,683	1,300	1,300	5,984
ArcelorMittal Orbit	211	121	0	(209)	123
Kiosks	42	42	43	44	172
London Aquatics Centre and Copper Box Arena	(1,385)	(794)	(695)	(899)	(3,772)
Off Park Assets	119	53	53	1	227
On Park Assets	478	550	387	76	1,490
The Last Drop	372	307	(0)	382	1,061
Timber Lodge Café	90	102	103	103	398
Telecoms	198	78	59	81	416
Net Trading (excluding EFM recharge)	1,826	2,142	1,250	880	6,098
<i>Estates and Facilities Management (recharge)</i>	<i>(2,538)</i>	<i>(2,101)</i>	<i>(35)</i>	<i>(177)</i>	<i>(4,850)</i>
Net Trading Surplus/(Deficit)	(712)	41	1,215	704	1,249

Trading income and expenditure

5.39. Trading income is derived from rental and other income from venues on the Park (including ArcelorMittal Orbit, the London Aquatics Centre and the Copper Box Arena) and other off Park sites held by LLDC, such as 3 Mills Studios.

5.40. Key points to note:

- The expected impact¹⁵ from the re-procurement of the venue operators is reflected in the budget assumptions. These take effect in a phased manner from 2024/25 onwards.
- The potential to sub-lease 3 Mills Studios is reflected from 2024/25 onwards.
- In August 2022, LLDC agreed with Equans to sub-let the AMO and Last Drop Cafe to a new operator, Orbit Live Limited, who will pay LLDC a fixed rent until the end of 2023; this is reflected in the 2022/23 forecast and part-way into the 2023/24 budget.

¹⁵ Based upon the business case approved by the Investment Committee in December 2021

Changes since the 2022/23 budget submission

5.41. The changes in the **revenue income** are shown in the following table:

Changes - Revenue income	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Plan £m	2025/26 Plan £m	Total £m
Total Revenue Income per 2022/23 Submission (incl rollovers)	17.1	20.2	20.6	19.6	27.6
Fixed Estate Charge	0.0	0.3	0.4	0.7	1.4
Trading (Venues, Attractions, Kiosks)	1.9	(2.1)	(7.5)	(7.4)	(15.1)
Property rental	0.0	(0.4)	(0.9)	(1.0)	(2.3)
Car park income	0.1	(0.3)	(0.7)	(0.7)	(1.6)
Planning-related	0.3	0.3	0.3	-	0.8
Events	0.2	0.4	0.2	-	0.8
Other	0.9	-	-	0.2	1.1
Total Revenue Income Changes	3.3	(1.8)	(8.2)	(8.2)	(14.9)
Total Revenue Income per 2023/24 Submission	20.5	18.4	12.3	11.4	12.7

5.42. The key drivers of change in revenue income are:

- An increase in Fixed Estate Charge reflecting inflation uplifts.
- Various movements to Trading income forecasts, including the reduction in 3 Mills Studios income referenced at 5.40 and loss of income from the planned disposal of capital assets.
- An increase in events and programming income reflecting increased hires on and around the Park, including for filming opportunities.
- An increase in planning-related income (e.g. planning fees and pre-planning consultation recharges) reflecting increased levels of activity in 2023/24 and 2024/25 until the planned reversion of town planning powers to the local boroughs.

5.43. The changes in **revenue expenditure** are shown in the following table:

Changes - Revenue expenditure	2022/23 Budget £m	2023/24 Plan £m	2024/25 Plan £m	2025/26 Plan £m	Total £m
Total Revenue Expenditure per 2022/23 submission (incl rollovers)	(42.0)	(38.0)	(40.4)	(30.6)	(150.9)
Communications, Marketing and Strategy	(0.4)	(0.0)	(0.0)	0.8	0.4
Development	(0.2)	(0.0)	(0.0)	0.0	(0.2)
East Bank	-	0.1	(0.0)	0.0	0.0
Executive Office	0.1	(0.0)	0.0	0.4	0.5
Finance, Commercial and Corporate Services	(0.1)	(0.2)	0.3	0.9	0.9
Park Operations and Venues (excl Trading)	(0.9)	(2.3)	(0.1)	0.6	(2.8)
Planning Policy and Decisions	(0.3)	(0.3)	(0.3)	-	(0.9)
Regeneration and Community Partnerships	0.0	(0.0)	0.2	(0.5)	(0.3)
Commercial Strategy	-	-	-	(1.0)	(1.0)
Trading	(2.7)	1.6	8.6	8.5	16.1
Contingency	1.8	(0.4)	-	(1.5)	(0.1)
Total Revenue Expenditure Changes	(2.7)	(1.5)	8.7	8.2	12.7
Total Revenue Expenditure per 2023/24 submission (excluding Stadium)	(44.7)	(39.4)	(31.7)	(22.3)	(138.2)
Stadium	(2.0)	(7.1)	-	(0.2)	(9.3)
Total Revenue Expenditure per 2023/24 submission (including Stadium)	(46.7)	(46.6)	(31.7)	(22.5)	(147.5)

5.44. Main changes are:

- An increase in **Park Operations and Venues** in 2023/24 reflecting changes for:
 - inflationary pressures on the Estates and Facilities Management (EFM) core contract;
 - lower EFM recharges to the venues following re-procurement of the security contract – note this change is offset by a corresponding change within Trading;
 - Park utility cost increases, which are net of recharges to third parties and the East Bank project;

- the cost of reprocurring the major Park and venue operator contracts, which is re-profiled from 2022/23; and
- the staffing budget reflecting the extension of the Events team (offset by additional income, above), the budget transfer of a staff member from Finance, Commercial and Corporate services to Park Operations and Venues and the correction of historic assumptions to reflect current staffing structures.
- A net reduction in **Trading** expenditure reflecting:
 - inflationary pressures on utility costs at the London Aquatics Centre and Copper Box Arena (c£1.2m), where LLDC takes utilities price risk under the agreement with the operator (currently Greenwich Leisure Limited); offset by
 - reductions in expenditure for 3 Mills Studios where the expectation is that this will be sub-let during 2023/24 (thereby removing the operational costs that LLDC currently incurs); and
 - reduced EFM recharges to the venues following reprourement of the security contract (and its removal from the core EFM contract).
- An increase in expenditure in **Planning Policy and Decisions** reflecting the additional activity and income identified in at 5.42.
- An increase in **Stadium** net expenditure for E20 Stadium LLP and London Stadium 185 Limited consolidated deficit funding requirement in 2022/23 and 2023/24; this includes:
 - significantly increased utility costs reflecting market prices; efforts are ongoing to reduce consumption, which could provide an opportunity to reduce costs;
 - increased West Ham match day costs, which have remained higher than budget due to increases in London Living Wage and other rates, inflation, additional matches, delays in the in-housing stewarding project and fan behaviour;
 - a risk provision reflecting the possibility that a Stadium Naming Rights partner may not be secured in 2023/24; offset by
 - the impact of the new agreement to bring Major League Baseball back to the Stadium and the settlement of a number of disputes along with a provision for costs associated with ongoing disputes.
- Net reduced expenditure budgets across all areas in 2025/26 reflecting the planned changes to LLDC's boundary, size and structure from 1 April 2025.

6. SAVINGS AND EFFICIENCIES

- 6.1. LLDC has delivered a significant amount of savings and efficiencies in previous years, including in response to the COVID-19 pandemic. The core costs for LLDC's significant deliverables ahead of the planned changes to the organisation in 2025/26, and the ongoing operation and maintenance of the Park, are relatively fixed; however, LLDC continues to review its budgets each year to ensure ongoing efficiencies in its operations.
- 6.2. LLDC has £1.0m of additional income and savings built into the 2023/24 budget from previous submissions, which are expected to be delivered from:
 - **Income opportunities:** Mainly from events and programmes held on the Park, including photoshoot and film hires.
 - **Discretionary spend:** Existing savings built into the budget include professional fees, IT costs and savings expected from a rationalisation of LLDC's office space

following a move from its current offices to an office building owned by Transport for London (part of the GLA Group). LLDC has continued to protect spend on Inclusion and Diversity, which is a priority area.

- 6.3. The opportunity for additional savings from LLDC's discretionary cost base is very limited, largely due to substantial savings delivered over previous years but also the macroeconomic pressures currently being experienced.

7. EQUALITY, DIVERSITY AND INCLUSION

- 7.1. LLDC's Equality, Diversity and Inclusion (EDI) Strategy currently has five strategic themes. Of these, four strategic themes (inclusive culture; recruitment; supporting talent from within; and leadership) are led by members of LLDC's Executive Management Team who have set up working groups to develop theme action plans to deliver on each theme. The fifth strategic theme is more externally focused through LLDC's work in the local community and is led by the Regeneration and Communities Partnerships directorate and overseen by the Regeneration and Communities Committee, with the Executive Director of Development acting as a 'critical friend'.

- 7.2. Key positive actions being taken by LLDC include:

- A review and refresh of the **EDI Strategy** and supporting action plan.
- A third-party **review of its recruitment processes** by the Diversifying Group¹⁶, which is being divided into three phases:
 - Phase 1 – a review of the current recruitment process and related policies, strategy, branding, data and training.
 - Phase 2 – to create a strategy and action plan that incorporates the themes and priorities identified.
 - Phase 3 – new learning / training sessions will be designed, developed and delivered across the organisation to ensure those involved in the process of recruitment are equipped with the right skills, knowledge and tools to create diverse and inclusive outcomes in hiring.
- The flagship **Inclusive Culture Campaign**, an internal engagement campaign that promotes a more inclusive culture across the organisation, has continued with delivery of a campaign on Inclusive Language. Inclusive Language workshops are being delivered across the organisation, and preparation for the next theme of the campaign – understanding micro-aggressions and historical phrases – is underway.
- Continued support for LLDC's **Race, Culture and Equity Group**, which has delivered a programme of recent internal events and engagement including: the Black History Month Film Club, a Speak Up Book Club with a guest speaker, a takeover of the LLDC Meets internal webcast, a Meet Greet and Speak event focussing on the Windrush Generation Series and Food Festival, a Taste and Talk Culture Event and the collation and sharing of resources via the LLDC staff intranet.

- 7.3. LLDC's work is informed by external challenge and best practice, including through the Mayor's Diversity Standard, work with Inclusive Employers and external networks.

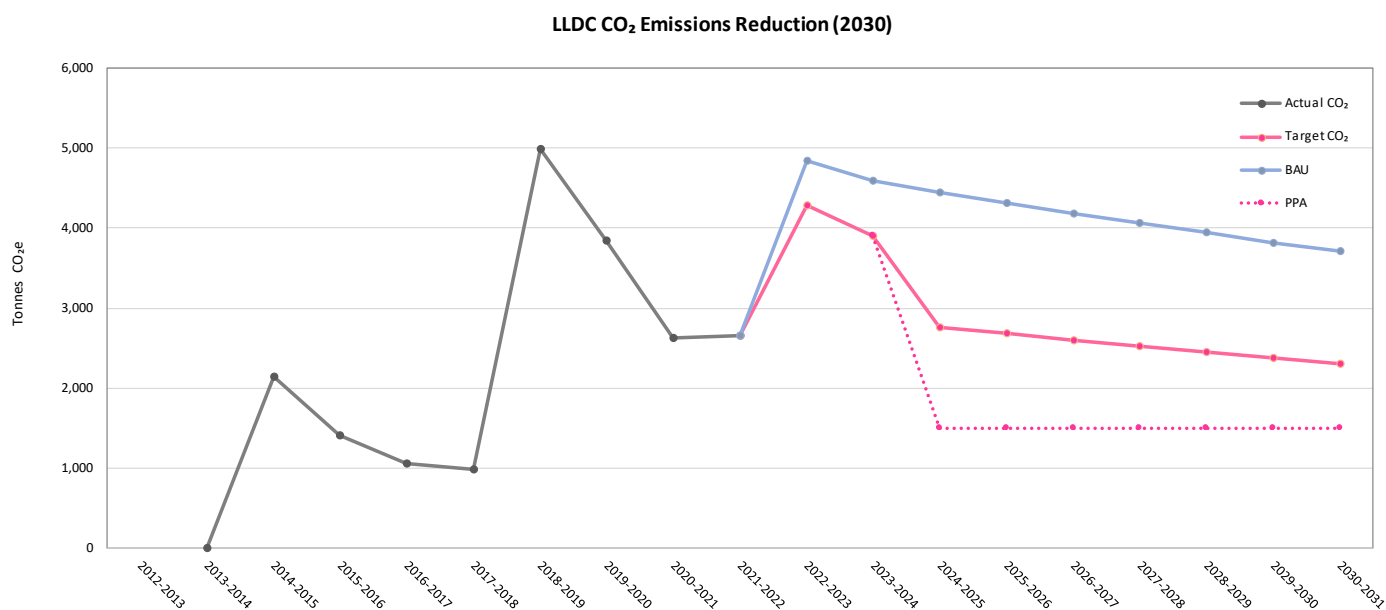
- 7.4. LLDC has ring-fenced budget for its work on inclusion and diversity and protected this during the recent savings reviews to ensure it is able to commit to progressing the agenda over the coming years.

¹⁶ Previously known as BAME Recruitment Limited

8. LONDON CLIMATE BUDGET

Overview

- 8.1. This section of the submission outlines LLDC’s response to supporting the Mayor to achieve his target to make London net zero carbon by 2030. LLDC’s 2023/24 London Climate Budget submission to the GLA will therefore include the ‘Level 1’ GLA carbon reporting requirements, defined by the GLA Climate Budget Working Group as follows:
- LLDC’s estimate of baseline emissions trajectory to 2030 for the agreed scope (see below).
 - Summary of the funded and unfunded actions needed to reduce those emissions to net zero by 2030, the emissions reductions associated with each action and the additional costs.
- 8.2. For the purposes of this submission, the following climate measures are included within the scope of LLDC’s budget:
- Actions to reduce ‘Scope 1’ (direct emissions from owned or controlled sources) and ‘Scope 2’ (indirect emissions from the generation of purchased electricity, heating and cooling) emissions from the following areas:
 - Estate (head offices, operational buildings, let properties under management).
 - Support fleet (LLDC has no GLA-defined “operational fleet”).
 - Staff air travel.
- 8.3. The following items are excluded from the scope for 2023/24, although it is anticipated they will be included within the London Climate Budget at a future date. These items are likely to have a significant impact on reducing London’s overall emissions in the future:
- Items not already within budget for 2023-24.
 - ‘Scope 3’ greenhouse gas emissions, from the consumption of goods and services (taking account the emissions from production, transportation and disposal of goods).
- 8.4. The following graph highlights the impact of LLDC’s climate measures on its CO₂ emissions:



8.5. Notes:

- The graph shows historic emissions (grey), projected emissions based on measures included in current budgets (blue – illustrative only) and projected

emissions based when including actions not currently in budget (pink – illustrative only).

- This graph will be updated each year with new data on the latest actual (historic) emissions, and new measures that have been funded (blue line) and a better understanding of unfunded measures (pink line).
- Historic emissions include transformation from Olympic venues' 'Games mode' to improved efficiency in 'Legacy mode' from 2014 to 2016. Acquisition of the London Stadium operator in 2018 causes the grey line's peak, before energy consumption is reduced. Some of the subsequent reduction is the result of energy efficiency measures but includes the substantial impact of the Covid-19 pandemic.
- The pink and blue lines commence with a 'bounce back' from the pandemic, before showing anticipated savings associated with in budget (blue) and not yet within budget (pink) carbon reduction measures. The pink line shows residual carbon in 2030 of 2,304 tonnes. Following the GLA's climate budget methodology, the pink line does not include the anticipated (2023) switch to fully renewable electricity under a GLA group power purchase agreement (PPA). The residual amount represents approximately 1,500 tonnes CO₂ per year from heat and steam derived from the district energy network.

8.6. The main climate measures currently included in LLDC's budget 2023/24 to 2025/26 are set out in the table below (further details in Appendix 1):

Climate measure	Anticipated reduction in CO ₂ emissions 2023 to 2026	Anticipated total funding required 2023 to 2026 (£000)	Type of funding required (capital/revenue or mixed)
1) Street lighting	270	210	Capital
2) London Aquatics Centre	510	475	Capital
3) Copper Box Arena	101	120	Capital
4) London Stadium	175	286	Capital

8.7. The actions required to implement the climate measures outlined in the table, above, are as follows:

- Street lighting replacement luminaires for replacement across the Park and roadways.
- London Aquatics Centre – pool circulation pumps replacement.
- Copper Box Arena – replacement of fluorescent lighting with LED.
- London Stadium solar panel installations¹⁷.

8.8. Further measures being undertaken, although currently out of scope of this first London Climate Budget, which will have a significant impact on London's future emissions, include continuing the decarbonisation of the Park's district energy network.

Co-benefits associated with climate measures

8.9. The climate measures above, in addition to their direct impact in lowering emissions, also provide co-benefits. These include reduced operational costs and improved air quality as a result of reduced air emissions associated with energy production.

Green tariffs and air travel

8.10. Regarding the use of green energy tariffs, LLDC anticipates transferring from a REGO¹⁸-back renewable energy contract to the GLA's renewable Power Purchase Agreement (PPA) during the 2023/24 financial year.

¹⁷ This is not the project reviewing the feasibility of installing solar membrane on the Stadium roof

¹⁸ Renewable Energy Guarantees of Origin

8.11. Emissions from staff air travel have been calculated as 49 (pre-pandemic) CO₂ tonnes per annum. LLDC offsets these emissions by an independently verified tree planting carbon offset scheme – delivered by Trees for Cities, verified by Avieco.

Future measures

8.12. As can be seen in the previous graph, there remains a potential gap in delivering the Mayor's net zero 2030 target. LLDC will therefore continue to engage with the GLA to consider funding opportunities. A list of currently unfunded climate measures is outlined in Appendix 1 and includes decarbonising the District Energy Network and applying a solar membrane to the London Stadium roof.

8.13. The total amount of additional funding that is forecast to be required is c£57m, which is not funded within LLDC's Long Term Model; it does also not contain funding for any additional resources that may be required. LLDC will therefore continue to engage with the GLA to consider funding opportunities. If funding can be secured, there is a high likelihood that the measures can be delivered by 2030. There is a risk that resourcing (particularly knowledge retention) and the opportunity for early action could adversely impact on LLDC's target of net zero carbon by 2030.

8.14. It is estimated that even if all these additional measures are implemented there would remain 2,304 CO₂ tonnes of residual emissions in 2030. More work is required to develop further options to reduce this gap which will be used to inform next year's London Climate Budget submission.

8.15. The main uncertainties inherent in the LLDC climate budget process are as follows:

- Data accuracy of likely future consumption compared with current.
- External dependencies which may affect carbon emissions (e.g. the type and timing of development agreements; and technical developments).
- The availability of funding and the terms of any associated grant or borrowing.
- The increasing awareness of the imperative for rapid decarbonisation, particularly with the increased use of financial analysis related to carbon emissions and their resultant impact.

9. DELIVERABLES

9.1. The mission of LLDC is to use the opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park (QEOP) to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want – and can afford – to live, work and visit.

9.2. The previous QEOP strategy, written in 2015 and updated in October 2016 to reflect the priorities of the (then) newly elected Mayor of London, outlined the enormous amount of work involved in transforming Queen Elizabeth Olympic Park into a new and unique visitor destination following the London 2012 Games.

9.3. LLDC and its partners have agreed a 2030 Vision for Queen Elizabeth Olympic Park, to create "*an innovative London metropolitan centre with a global focus, powered by inclusive growth and with community and opportunity at its heart.*"

9.4. In 2021, a new QEOP Strategy to 2025 was published, link [here](#). The strategy outlines key activities LLDC will take forward between now and the Transition of LLDC to support delivery of the 2030. Its structure mirrors the three strands of the Vision: **Inclusive Growth, Community and Opportunity**, set out in the following diagram:



9.5. It also sets out five priority objectives for the period to 2025:

- East Bank operational, with partners self-organising and leading delivery of strategic outcomes
- Delivery of a high quality and varied residential offer which responds to local need
- Delivery of critical physical connectivity enhancements
- Increased financial sustainability for Queen Elizabeth Olympic Park
- Groundwork laid for post-Transition operation and oversight of Queen Elizabeth Olympic Park

Inclusive Growth: a place in which people want to invest, enhancing local lives as well as national economic growth

- **East Bank:** A new powerhouse for innovation, creativity and learning
- **Residential delivery:** Chobham Manor and Hackney Wick Central complete; East Wick and Sweetwater, Stratford Waterfront, Bridgewater, and Rick Roberts Way under construction; delivery strategy agreed and delivery vehicle in place for Pudding Mill Lane
- **A diverse, unique and successful visitor destination:** Quality and safety of Park and venues; varied sporting and entertainment programme; high visitor satisfaction maintained
- **A thriving business and innovation hub:** Employment clusters; QEOP Inclusive Innovation District
- **Building the infrastructure of growth:** Long term redevelopment of Stratford Station

Community – An attractive and inspiring place where people come together to achieve great things.

- **Building successful communities:** Affordable and family housing; social and community infrastructure; public and open space
- **Connecting communities:** Focus on eight strategic routes to enhance access to and within QEOP
- **A community asset:** Community activities and events; schools and youth engagement; supporting community networks
- **Supporting sustainable lifestyles:** Delivery of environmental sustainability targets in line with Mayor’s Climate Emergency Response

Opportunity – A place where local talent is celebrated and the benefits of regeneration can be shared by all

- **Realising the wider benefits of East Bank:** Strategic Objectives Delivery Plan; Impact and Evaluation Study
- **A diverse local talent pipeline:** East Education; delivery of East Works through new Good Growth Hub
- **A local and diverse Park workforce:** Employment targets for local and priority groups; new construction training centre

Supporting Delivery:

9.6. The strategic themes are supported by the following strategic enablers:

- Increased financial sustainability for Queen Elizabeth Olympic Park.
- Groundwork laid for the future operation and oversight of Queen Elizabeth Olympic Park
- A people-centred approach

9.7. The key deliverables for 2023/24 are set out below, along with deliverables achieved in 2022/23 to date:

Inclusive Growth

- Complete construction of East Bank Stratford Waterfront cultural and educational buildings to programme and hand buildings over. Opening of London College of Fashion and Sadler’s Wells buildings.
- UCL complete construction of their new university campus, UCL East, including completion and phased opening of Marshgate I.
- Deliver an effective and responsive planning service. At least 70% of applications determined in time.
- Deliver Town Planning programme, including Annual Monitoring Report publication.
- Maintain safe and well-maintained Park and attracting visitors: measuring against the estimate of 6.2m visits per annum.
- Manage and maintain the quality of the Park and venues, including retaining Green Flag status.

- Operate safe and well-maintained venues. Visitor estimates are: 1m visits to the London Aquatics Centre; 445k visits to the Copper Box Arena.
- Support safe delivery of major events including the Stadium programme including: football, summer concerts, Major League Baseball and athletics.
- Support safe delivery of events, community sports and filming on the Park.
- Park operational contracts procurement complete, award contracts and commence mobilisation.
- Develop the QEOP advanced mobility programme.
- Contribute to delivery of the QEOP SHIFT Innovation District programme: Specifically, CleanTech work streams (electric vehicle charging; smart grid; decarbonisation; and circular economy).

Delivered¹⁹ in 2022/23

- *Maintained safe and well-maintained Park and venues. Visitor numbers have increased but are not yet at levels prior to the pandemic.*
- *The Park was awarded the prestigious Green Flag Award for the ninth year in a row.*
- *Completed report on the Safety of Women and Girls project, which won 'Highly Commended for Best Project' at the Royal Town Planning Institute 2022 Awards for Planning Excellence.*
- *Continued construction of East Bank Stratford Waterfront cultural and educational buildings to programme, with all four buildings holding 'topping out' ceremonies. UCL have continued construction of their new university campus, UCL East, including completion and opening of the One Pool Street building.*
- *Continued to deliver an effective and responsive planning service, including publication of the annual Planning Authority Monitoring Report and completion of consultation exercises for the Planning Obligations Supplementary Planning Document (SPD) and Carbon Offset SPD prior to adoption and publication.*
- *Supported the safe delivery of major events including the summer concerts at the London Stadium (Hella Mega tour and Red Hot Chili Peppers) and completion of work on the West Stand for the start of the new football season.*
- *Delivery of major sporting events including the Commonwealth Games Track Cycling and the Rugby League World Cup wheelchair tournament.*
- *Delivery of events to mark the 10-year anniversary of the London 2012 Olympic and Paralympic Games.*
- *Delivery of procurement programmes for Park operational contracts, including awarding the Park security contract.*

Community

- East Wick and Sweetwater phase 2 construction continues on programme; commence phase 3 construction
- Vacant possession in place for Stratford Waterfront residential for start on site in early 2024/25.
- Vacant possession and Planning in place for Bridgewater residential to start on site in early 2024/25.
- Complete procurement to select a Joint Venture partner for Pudding Mill Lane.

¹⁹ Note that updates on the 2022/23 deliverables can also be seen in LLDC's quarterly Corporate Performance Reports, published on its website [here](#).

- Complete Rick Roberts Way development partner procurement; submission of detailed planning application.
- Construction of Hackney Wick Neighbourhood Centre runs to programme
- Progress delivery of enhanced physical connections and improved access to and within Queen Elizabeth Olympic Park, including completion of projects relating to: Stratford Walk; Carpenters Avenue; and Carpenters Land Bridge/
- Stratford Station Strategic Outline Business Plan approved.

Delivered in 2022/23:

- *Commencement of early works for phase 2 of East Wick and Sweetwater construction.*
- *Announcement of the joint venture partner to deliver the Stratford Waterfront and Bridgewater Triangle developments.*
- *Outline Planning Permission approved for Pudding Mill Lane and for Bridgewater Triangle; Reserved Matters Application approved for Hackney Wick Neighbourhood Centre and vacant possession process commenced.*
- *Commencement of ITT stage of procurement to appoint a developer for Rick Roberts Way.*
- *Consultation launched for initial design proposals for improvements to Stratford Station.*

Opportunity

- Continue to deliver the QEOP 'East Works' jobs and skills programme, including:
- Continue to delivery Inclusive Economy agenda with Growth Boroughs and partners.
- Successful operation of the Good Growth Hub, the physical facility to consolidate and scale the East Works, including meeting engagement targets
- Successful operation of the Build East construction training centre, including meeting engagement targets
- Meeting and exceeding targets for construction and end use jobs for local people, Black, Asian and Minority Ethnic groups, disabled people, women and apprentices
- Completion of 2022/23 Shared Training and Employment Programme (STEP) programme and commencement of 2023/24 programme
- Delivering the Design...Engineer...Construct Built Environment curriculum in ten local schools and colleges
- Progress EAST Education, an education engagement programme with East Bank partners, including delivery of East Summer School

Delivered in 2022/23:

- *Delivery of the Good Growth Hub as a focal point for local people seeking Park-based careers and for employers including East Bank partners, looking to recruit diverse, local talent, aiming to give information, advice and guidance to local people.*
- *Commencement of delivery of the STEP programme, with 10 young people starting individual 12-month placement; recruitment of an extra 10 placements complete for commencement this year.*
- *Delivery of Build East, Build East, the Construction Training Centre at East Wick, an industry-led collaboration between two GLA functional bodies (Transport for*

London and LLDC) working together through the Mayor's Construction Academy. Since opening in June 2021, Build East has delivered over 500 qualifications to local borough residents.

- *Appointment of a delivery partner for the East Bank Shared Apprenticeship Programme.*
- *Delivery of the East Summer School, providing face-to-face sessions to over 260 local young covering subjects as diverse as arts and fashion, engineering medical solutions, skateboarding and break dancing, supported by East Bank partners. 94% of attendees were local from the four local Boroughs and 88% of participants were from a Black, Asian and Minority Ethnic background.*

Supporting Delivery

- Work towards improved financial sustainability of the Stadium including maximising commercial opportunities
- Close working with the GLA on budget savings and efficiencies
- Health and safety: construction undertaken without a fatal accident on site; to prevent any life-changing injury or occupational ill-health for any individual and to minimise reportable accidents to a rate below 0.17 per 100,000 hours worked
- Unqualified accounts for LLDC, E20 Stadium LLP and LS185
- Annual Environmental Sustainability Report published
- Support the Mayor's Agenda for ensuring that GLA Group organisations are inclusive and diverse including:
 - Improvements in gender and ethnicity pay gap; increased representation of under-represented groups at senior levels at LLDC,
 - Meeting exemplary across the Mayor's Diversity Standard
- Progress strategy for the future of LLDC, including workforce planning and Mayoral approval for proposed boundary changes.

Delivered in 2022/23:

- *Continued delivery of the inclusion and diversity action plan, including delivery of the flagship Inclusive Culture campaign and a focus on improve diverse recruitment practices and the establishment of workforce representation comparators and targets for LLDC.*
- *Received Mayoral Decision approving the Board's recommendations about the future of LLDC.*
- *Health and safety: construction undertaken without a fatal accident on site; preventing any life-changing injury or occupational ill-health for any individual and to minimising reportable accidents to a rate below 0.17 per 100,000 hours worked (no reportable accidents to date in 2022/23).*

10. LEGAL IMPLICATIONS

10.1. Under the terms of the Mayoral London Legacy Development Corporation Governance Direction 2013, LLDC is obliged to:

- consult with the Mayor before approving the budget and business plan for the purpose of making a formal submission to the GLA as part of the GLA Group's annual statutory budget approval process.
- before the end of each financial year, and in consultation with relevant GLA officers, prepare a detailed core business plan for the following year as part of a rolling business planning process, including changes to base-line pay for the year covered by the budget, borrowing limits and prudential indicators.
- obtain prior consent to the consideration by the Board of any draft core business plan for approval.

10.2. LLDC has consulted the GLA on the Long Term Model and reviewed the financial information underpinning it.

11. PRIORITY THEMES

11.1. LLDC has four priority themes, which drive its objectives and outcomes and to which this Capital Strategy is aligned – these are:

- Delivering inclusive growth and community well-being
- Delivering sustainable development and responding to the climate emergency
- Delivering high-quality design
- Delivering inclusion and diversity

11.2. LLDC, in fulfilling the Mayor's priorities, as set out in Section 3, are in line with the priority themes set.

12. APPENDICES

- Appendix 1 – GLA Budget Submission (Revenue and Capital Strategy)
- Appendix 2 – Risks in the Budget

Appendix 1 – GLA budget submission (Revenue)

(a) London Legacy Development Corporation

- 7.1 The London Legacy Development Corporation (LLDC) is a Mayoral Development Corporation (MDC), responsible for promoting and delivering physical, social, economic and environmental regeneration in Queen Elizabeth Olympic Park (QEOP) and surrounding area. In particular, LLDC aims to maximise the legacy of the London 2012 Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of increased social mobility in surrounding communities.
- 7.2 Since the London 2012 Olympic and Paralympic Games, LLDC has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. LLDC also works in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. Two such housing schemes are under contract and in progress, one at Chobham Manor and one at East Wick and Sweetwater. Further work includes delivering East Bank, a new cultural and educational centre, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.

Key deliverables

- 7.3 During 2023-24, LLDC's revenue and capital budgets will be deployed to deliver its objectives, which include:
- Complete construction of East Bank Stratford Waterfront cultural and educational buildings to programme and hand buildings over. Opening of London College of Fashion and Sadler's Wells buildings.
 - UCL complete construction of their new university campus, UCL East, including completion and phased opening of Marshgate I.
 - Deliver an effective and responsive planning service. At least 70% of applications determined in time.
 - Manage and maintain the quality of the Park and venues, including retaining Green Flag status.
 - Support safe delivery of major events including the Stadium programme including: football, summer concerts, Major League Baseball and athletics.
 - Park operational contracts procurement complete, award contracts and commence mobilisation.
 - East Wick and Sweetwater phase 2 construction continues on programme; commence phase 3 construction.
 - Complete procurement to select a Joint Venture partner for Pudding Mill Lane.
 - Complete Rick Roberts Way development partner procurement; submission of detailed planning application.

- Construction of Hackney Wick Neighbourhood Centre runs to programme.
- Stratford Station Strategic Outline Business Plan approved.
- Meeting and exceeding targets for construction and end use jobs for local people, Black, Asian and Minority Ethnic groups, disabled people, women and apprentices.
- Completion of 2022/23 Shared Training and Employment Programme (STEP) programme and commencement of 2023/24 programme.
- Progress EAST Education, an education engagement programme with East Bank partners, including delivery of East Summer School.
- Work towards improved financial sustainability of the Stadium including maximising commercial opportunities.
- Support the Mayor's Agenda for ensuring that GLA Group organisations are inclusive and diverse including improvements in gender and ethnicity pay gap; increased representation of under-represented groups at senior levels at LLDC.
- Progress strategy for the future of LLDC, including workforce planning and Mayoral approval for proposed boundary changes.

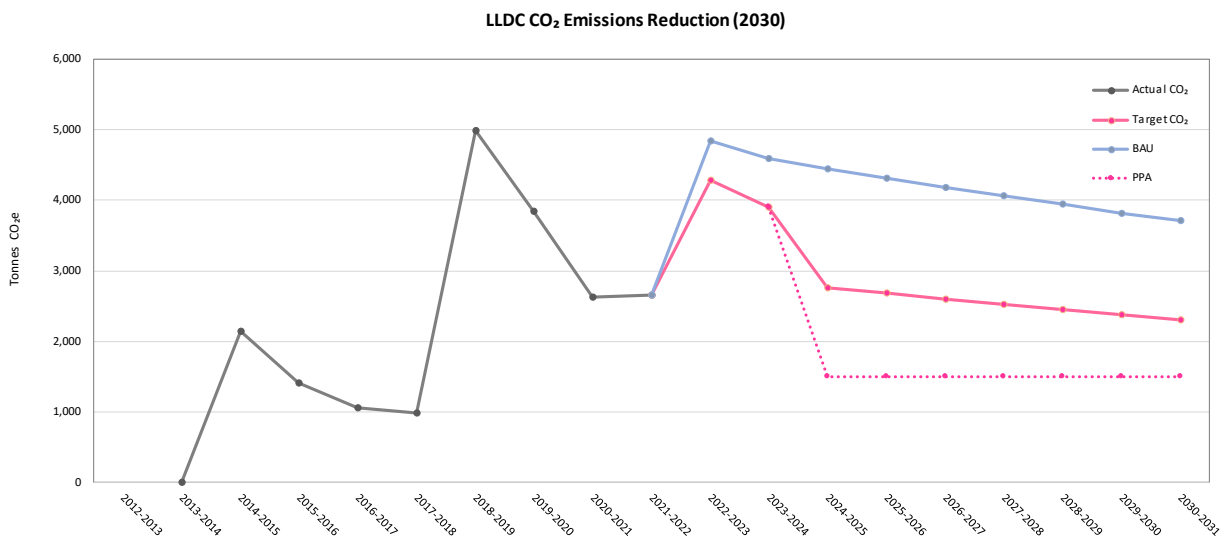
Responding to the London Recovery Board's missions

- 7.4 LLDC's work supports the Recovery Board's Missions in several areas. Its drive to create an inclusive innovation district has seen QEOP host trials for driverless vehicles, scooters and cargo-bike deliveries. Its skills and employment programmes are helping provide young people with the skills to compete for opportunities in the emerging tech and creative sector. The Good Growth Hub delivers preemployment boot camps, technical skills training, higher education bursaries, paid internships and placements as well as business support and inclusive training for employers. The quality parklands provide the space and environment to benefit health and well-being – both physical and mental. Five new neighbourhoods are being created on QEOP, including a new centre in Hackney Wick to provide the hubs to support local groups and cohesive communities. A network of Park volunteers supports all visitors to the Park providing a mobility service alongside advice and information.
- 7.5 The continued investment in local people, creating new homes and jobs is vital to signalling the confidence that exists in London's successful economic recovery. The sporting venues play host to some of the biggest international sports events keeping the world's attention on the capital and attracting international visitors. The new museums, theatres and music studios at East Bank will help to reinforce the Park as a must visit part of the capital while its universities and businesses will help drive further investment into the emerging innovation sector attracting businesses large and small to locate in this part of London, supported by the large pool of skilled and talented young people that exists in east London. All this activity will support the creation of jobs in an area badly impacted by COVID-19.

London Climate Budget

Overview

- 7.6 This section of the submission outlines LLDC's response to supporting the Mayor to achieve his target to make London net zero carbon by 2030. LLDC's 2023-24 Climate Budget will include Level 1 GLA carbon reporting requirements (as defined by the GLA Climate Budget Working Group), as follows:
- LLDC's estimate of baseline emissions trajectory to 2030 for the agreed scope (see below).
 - Summary of the funded and unfunded actions needed to reduce those emissions to net zero by 2030, the emissions reductions associated with each action and the additional costs.
- 7.7 For the purposes of this submission, the following climate measures are included within the scope of LLDC's budget:
- Actions to reduce 'Scope 1' (direct emissions from owned or controlled sources) and 'Scope 2' (indirect emissions from the generation of purchased electricity, heating and cooling) emissions from the following areas:
 - Estate (head offices, operational buildings, let properties under management).
 - Support fleet (LLDC has no GLA-defined "operational fleet").
 - Staff air travel.
- 7.8 The following items are excluded from the scope for 2023/24, although it is anticipated they will be included within the London Climate Budget at a future date. These items are likely to have a significant impact on reducing London's overall emissions in the future:
- Items not already within budget for 2023-24.
 - 'Scope 3' greenhouse gas emissions, from the consumption of goods and services (taking account the emissions from production, transportation and disposal of goods).
- 7.9 The following graph highlights the impact of LLDC's climate measures on its CO₂ emissions:



7.10 Notes:

- The graph shows historic emissions (grey), projected emissions based on measures included in current budgets (blue – illustrative only) and projected emissions based when including actions not currently in budget (pink – illustrative only).
- This graph will get updated each year with new data on the latest actual (historic) emissions, and new measures that have been funded (blue line) and a better understanding of unfunded measures (pink line).
- Historic emissions include transformation from Olympic venues’ ‘Games mode’ to improved efficiency in ‘Legacy mode’ from 2014 to 2016. Acquisition of the London Stadium operator in 2018 causes the grey line’s peak, before energy consumption is reduced. Some of the subsequent reduction is the result of energy efficiency measures but includes the substantial impact of the Covid-19 pandemic.
- The pink and blue lines commence with a ‘bounce back’ from the pandemic, before showing anticipated savings associated with in budget (blue) and not yet within budget (pink) carbon reduction measures. The pink line shows residual carbon in 2030 of 2,304 tonnes. The dotted pink line includes the anticipated (2023) switch to fully renewable electricity under a GLA group power purchase agreement (PPA). The residual amount represents approximately 1,500 tonnes CO₂ per year from heat and steam derived from the district energy network.

7.11 The main climate measures currently included in LLDC’s budget 2023/24 to 2025/26 are set out in the table below (further details are included at Appendix 1):

Climate measure	Anticipated reduction in CO ₂ emissions 2023 to 2026	Anticipated total funding required 2023 to 2026 (£000)	Type of funding required (capital/revenue or mixed)
1) Street lighting	270	210	Capital
2) London Aquatics Centre	510	475	Capital
3) Copper Box Arena	101	120	Capital
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7.12 The actions required to implement the climate measures outlined in the table, above, are as follows:

- Street lighting replacement luminaires for replacement across the Park and roadways.
- London Aquatics Centre – pool circulation pumps replacement.
- Copper Box Arena – replacement of fluorescent lighting with LED.
- London Stadium solar panel installations¹.

7.13 Further measures being undertaken, although currently out of scope of this first London Climate budget, which will have a significant impact on London's future emissions, include continuing the decarbonisation of the Park's district energy network.

Co-benefits associated with climate measures

7.14 The climate measures above, in addition to their direct impact in lowering emissions, also provide co-benefits. These include reduced operational costs and improved air quality as a result of reduced air emissions associated with energy production.

Green tariffs and air travel

7.15 Regarding the use of green energy tariffs, LLDC anticipates transferring from a REGO²-back renewable energy contract to the GLA's renewable Power Purchase Agreement (PPA) during the 2023/24 financial year.

7.16 Emissions from staff air travel have been calculated as 49 (pre-pandemic) CO₂ tonnes per annum. LLDC offsets these emissions by an independently verified tree planting carbon offset scheme – delivered by Trees for Cities, verified by Avieco.

Future measures

7.17 As can be seen in the previous graph, there remains a potential gap in delivering the Mayor's net zero 2030 target. A list of currently unfunded climate measures is outlined in Appendix 1 and includes decarbonising the District Energy Network and applying a solar membrane to the London Stadium roof.

7.18 The total amount of additional funding that is forecast to be required is c£57m, which is not funded within LLDC's Long Term Model; it does also not contain funding for any additional resources that may be required. LLDC will therefore continue to engage with the GLA to consider funding opportunities. If funding can be secured, there is a high likelihood that the measures can be delivered by 2030. There is a risk that resourcing (particularly knowledge retention) and the opportunity for early action could adversely impact on LLDC's target of net zero carbon by 2030.

¹ This is not the project reviewing the feasibility of installing solar membrane on the Stadium roof

² Renewable Energy Guarantees of Origin

7.19 It is estimated that even if all these additional measures are implemented there would remain 2,304 CO₂ tonnes of residual emissions in 2030. More work is required to develop further options to reduce this gap which will be used to inform next year's London Climate Budget submission. As can be seen in figure 1, there remains a potential gap in delivering the Mayor's net zero 2030 target. A list of, as yet, unfunded climate measures is outlined in Appendix 1 of this section.

7.20 The main uncertainties inherent in the LLDC climate budget process are as follows:

- Data accuracy of likely future consumption compared with current.
- External dependencies which may affect carbon emissions (e.g. the type and timing of development agreements; and technical developments).
- The availability of funding and the terms of any associated grant or borrowing.
- The increasing awareness of the imperative for rapid decarbonisation, particularly with the increased use of financial analysis related to carbon emissions and their resultant impact.

Gross revenue and capital expenditure

7.21 Gross revenue expenditure in 2023-24 for LLDC is budgeted to be £72.4 million including estimated capital financing costs of £14.9 million and Stadium funding of £18.0 million. The gross expenditure has increased by £6.2 million from the 2022-23 revised budget and is £1.1 million greater than the forecast outturn for 2021-22 primarily due to significant inflationary pressures, the loss of income from planned disposals of capital assets and risk provisions (including Stadium Naming Rights). Indicative plans for 2024-25 and 2025-26 are £57.8 million and £49.8 million respectively. Provisions for the cost of the future transition of LLDC are included in 2024-25.

Net revenue budget and council tax requirement

7.22 Net revenue expenditure in 2023-24 is budgeted to be £54.0 million or £39.1 million net of financing costs and transfers from reserves. This has increased/decreased by £12.5 million from the 2022-23 revised budget and is summarised on an objective basis in the following table.

Objective Analysis	Budget Submission (November 2022)				
	Revised Budget	Forecast Outturn	Budget	Plan	Plan
	2022-23	2022-23	2023-24	2024-25	2025-26
Park Operations and Venues	11.1	12.0	12.2	10.0	9.6
Trading	9.3	12.0	7.8	0.9	1.4
Developments	0.3	0.5	0.3	0.1	0.1
Regeneration	3.4	3.4	2.6	2.3	0.6
Corporate	12.4	12.9	11.7	11.4	9.0
Planning Authority	3.1	3.3	3.4	2.1	0.0
Stadium	12.6	14.6	18.0	11.2	11.6
Irrecoverable VAT and Contingency	2.0	0.6	1.5	4.9	1.7
Financing costs	12.0	12.0	14.9	14.9	15.8
Total expenditure	66.2	71.3	72.4	57.8	49.8
Park Operations and Venues	-4.7	-5.7	-5.4	-5.6	-6.1
Trading	-9.4	-11.3	-7.8	-2.1	-2.1
Developments	-0.7	-0.8	-0.7	-0.7	-1.0
Regeneration	-0.3	-0.3	-0.1	-0.1	0.0
Corporate	-0.6	-0.6	-2.7	-2.8	-2.2
Planning Authority	-1.4	-1.7	-1.7	-1.1	0.0
Total income	-17.1	-20.4	-18.4	-12.4	-11.4
Transfer to / from (-) Mayoral Development Corporation Reserve	-5.2	-5.5	0.0	0.0	0.0
Net expenditure	43.9	45.4	54.0	45.4	38.4
Retained Business Rates	31.8	33.3	39.1	30.5	22.6
Funding for NI increase	0.1	0.1	0.0	0.0	0.0
GLA funding for financing costs	12.0	12.0	14.9	14.9	15.8
Council tax requirement	0.0	0.0	0.0	0.0	0.0

Explanation of budget changes

7.23 An analysis of the year-on-year movement in the council tax requirement, comparing the revised 2022-23 budget to the proposed 2023-24 budget, is set out below.

Changes in the council tax requirement	£m
2022-23 council tax requirement	-
<i>Changes due to:</i>	
Net change in service expenditure and income	4.9
Use of reserves	5.2
Retained business rates funding (and funding for NI increase)	-7.2
GLA funding for financing costs	-2.9
2023-24 council tax requirement	-

Inflation

7.24 The budget includes a provision for inflation of c£7.0 million. This includes inflation relating to pay and contractual increases relating to utilities and other related services.

Savings and efficiencies

7.25 The budget incorporates planned savings and efficiencies of £1.0 million. These are expected to be delivered from:

- Income opportunities: Mainly from events and programmes held on the Park, including photoshoot and film hires.
- Discretionary spend: Existing savings built into the budget include professional fees, IT costs and savings expected from a rationalisation of LLDC's office space following a move

from its current offices to an office building owned by Transport for London (part of the GLA Group). LLDC has continued to protect spend on Inclusion and Diversity, which is a priority area.

Net change in service expenditure and income

7.26 The budget proposes a £4.9 million net increase in service expenditure. This reflects:

- Increases in Fixed Estate Charge, various movements to Trading income forecasts, an increase in events and programming income and an increase in planning-related income (e.g. planning fees and pre-planning consultation recharges) reflecting increased levels of activity in 2023/24 and 2024/25 until the planned reversion of town planning powers to the local boroughs; offset in particular by
- Significant inflationary pressures, including on the Estates and Facilities Management core contract and Park and venue utilities; and
- An increase in Stadium net expenditure due to significantly increased utility costs reflecting market prices, increased West Ham match day costs (which have remained higher than budget due to increases in London Living Wage and other rates, inflation, additional matches, delays in the in-housing stewarding project and fan behaviour), and a risk provision reflecting the possibility that a Stadium Naming Rights partner may not be secured in 2023/24; offset by the impact of the new agreement to bring Major League Baseball back to the Stadium and the settlement of a number of disputes along with a provision for costs associated with ongoing disputes.

Changes in retained business rates funding

7.27 LLDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve. The funding provided by the GLA will increase by c£7.3 million in 2023-24, compared to the revised 2022-23 budget.

Change in use of reserves, retained business rates funding and GLA funding for financing costs

7.28 LLDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve.

7.29 The Mayor is proposing £39.1 million in funding (including for the London Stadium) via retained business rates to fund specific pressures including:

- delays to securing a Stadium Naming Rights partner, loss of concerts and lower commercial revenue as a result of COVID-19
- increase in matchday costs, particularly stewarding where a post-pandemic scarcity of stewards is being experienced across the events industry

- increases in utility costs (electricity) as result of the current high levels of inflation on energy costs.

7.30 LLDC's reserves have been subsumed into the GLA's earmarked reserves. There is a reduction of £5.2 million in the use of these reserves.

Equalities impact

7.31 LLDC was established to deliver the legacy ambitions of the London 2012 Games through 'the regeneration of an entire community for the direct benefit of everyone who lives there'. The host boroughs for the London 2012 Games contained some of London's most deprived neighbourhoods and communities and ambitious plans had long been fostered to regenerate this part of east London: to transform the post-industrial landscape while preserving local heritage and to create stronger economic conditions and better life chances for its residents.

7.32 LLDC's mission is 'to use the opportunity of the London 2012 Games and the creation of the Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want to – and can afford – to live, work and visit.'

7.33 LLDC promotes equality through its objectives to:

- establish successful and integrated neighbourhoods where people want and can afford to live, work, and play
- retain, attract and grow a diverse range of high-quality businesses and employers, and maximise employment opportunities for local people and under-represented groups
- create a global, future-ready exemplar for the promotion of cross-sector innovation in technology, sustainability, education, culture, sport, inclusion and participation.

7.34 In addition, LLDC is promoting equality by putting in place arrangements to create more affordable housing within the residential developments around QEOP which have yet to be contracted.

7.35 Key positive actions being taken by LLDC include:

- a review and refresh of its Equality, Diversity and Inclusion Strategy and supporting action plan
- a third-party review of its recruitment processes
- the flagship Inclusive Culture Campaign, an internal engagement campaign that promotes a more inclusive culture across the organisation
- a continued focus on Inclusion and Diversity and social mobility through a weekly all-employee webcast
- a continued support for LLDC's Race, Culture and Equity Group, which has delivered a programme of recent internal events and engagement

7.36 LLDC's published budget submission to the Mayor can be found [here](#).

Appendix 1

London Legacy Development Corporation

Table 1: LLDC - Subjective analysis

Subjective Analysis	Budget Submission (November 2022)				
	Revised Budget	Forecast Outturn	Budget	Plan	Plan
	2022-23	2022-23	2023-24	2024-25	2025-26
Employee expenses	11.1	11.1	11.6	10.3	5.2
Premises costs	1.8	1.7	1.0	1.0	0.5
Supplies and services	41.3	46.5	44.9	31.6	28.3
Income/savings to be identified	0.0	0.0	0.0	0.0	0.0
Financing costs	12.0	12.0	14.9	14.9	15.8
Total expenditure	66.2	71.3	72.4	57.8	49.8
Total income	-17.1	-20.4	-18.4	-12.4	-11.4
Transfer to / from (-) Mayoral Development Corporation Reserve	-5.2	-5.5	0.0	0.0	0.0
Net expenditure	43.9	45.4	54.0	45.4	38.4
Retained Business Rates	31.8	33.3	39.1	30.5	22.6
General Services Grant	0.1	0.1	0.0	0.0	0.0
GLA funding for financing costs	12.0	12.0	14.9	14.9	15.8
Council tax requirement	0.0	0.0	0.0	0.0	0.0

Table 2: LLDC - Capital financing costs

Financing costs	2	3	4	5
	2023-24	2024-25	2025-26	2026-27
	Plan	Plan	Plan	Plan
Capital financing expenditure item	£m	£m	£m	£m
Provision for repayment of debt				
External interest	14.9	14.9	15.8	16.0
Total	14.9	14.9	15.8	16.0

Table 3: LLDC - Authorised limit for external debt

	2022-23	2022-23	2023-24	2023-24	2024-25	2024-25	2025-26
	Approved	Requested	Approved	Requested	Approved	Requested	Requested
	(March 2022)	(Nov 2022)	(March 2022)	(Nov 2022)	(March 2022)	(Nov 2022)	(Nov 2022)
	£m	£m	£m	£m	£m	£m	£m
Borrowing	520.0	520.0	550.0	550.0	550.0	550.0	550.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	520.0	520.0	550.0	550.0	550.0	550.0	550.0

Table 4: LLDC - Operational limit for external debt

	2022-23	2022-23	2023-24	2023-24	2024-25	2024-25	2025-26
	Approved	Requested	Approved	Requested	Approved	Requested	Requested
	(March 2022)	(Nov 2022)	(March 2022)	(Nov 2022)	(March 2022)	(Nov 2022)	(Nov 2022)
	£m	£m	£m	£m	£m	£m	£m
Borrowing	520.0	500.0	550.0	500.0	550.0	530.0	540.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	520.0	500.0	550.0	500.0	550.0	530.0	540.0

Table 5: Existing climate measures included in budget

ID	Climate Action Area	Climate Action	Description	Funding source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings to 2030 (tonnes)	Co-benefits	Responsibility (dept)
A.1	Public Realm	Low Energy Lighting	Street Lighting Replacement luminaires for replacement across the Park and roadways	GLA	2023/2024	2023/2024	270	2023/2024	30	Energy Efficiency Annual energy savings • in MWh = 128/yr / GWh (electricity) • GJ/TJ (other energy savings)	Park Operations & Venues
A.2	Buildings	Energy Efficient water pumps	London Aquatics Centre – Pool circulation pumps replacement	GLA	2023/2024	2023/2024	510	2023/2024	51	Energy Efficiency Annual energy savings • in MWh = 208/ yr /GWh (electricity) • GJ/TJ (other energy savings)	Park Operations & Venues
A.3	Buildings	Low Energy Lighting	Copper Box Arena – Perimeter, Gym and Circulation Corridors Lighting replacement of flourescent lighting with LED lighting. Aprox. 200.	GLA	2023/2024	2023/2024	101.33	2023/2024	7.6	Energy Efficiency Annual energy savings • in MWh = 13/ yr /GWh (electricity) • GJ/TJ (other energy savings)	Park Operations & Venues
A.4	Public Realm	Solar photovoltaic panels	4 x London Stadium Solar PV installations: Workforce Entrance, Bridge 4, Bridge 1, Chiller Canopy	LLDC Carbon Offset Fund Grant	2023/2024	2023/2024	175	2023/2024	13	Staff/ visitors educational, green skills development opportunities Renewable Energy Annual renewable energy • in MWh = 114/ yr /GWh (electricity) • GJ/TJ (other energy)	London Stadium

ID	Climate Action Area	Climate Action	Description	KPI 2023/24	Traffic light progress	Further information	Total Expenditure 23-24 £'000	Total Expenditure 24-25 £'000	Total Expenditure 25-26 £'000	Capital/Revenue/Mixed	Total cash savings 23-24 £'000	Total cash savings 24-25 £'000	Total cash savings 25-26 £'000
A.1	Public Realm	Low Energy Lighting	Street Lighting Replacement luminaires for replacement across the Park and roadways	Reduction in annual kWh (tbc) usage against basline	Green	Number of lights replcaed? Approximately 320 luminaires. How carbon is calculated? Refer to H2	£210,000	£0	£0	Capital	£6,000	£12,500	£12,500
A.2	Buildings	Energy Efficient water pumps	London Aquatics Centre – Pool circulation pumps replacement	Reduction in annual kWh (tbc) usage against basline	Green	-	£475,000	£0	£0	Capital	£35,000	£77,300	£77,300
A.3	Buildings	Low Energy Lighting	Copper Box Arena – Perimeter, Gym and Circulation Corridors Lighting replacement of flourescent lighting with LED lighting. Aprox. 200.	Reduction in annual kWh (tbc) usage against basline	Green	Energy saving estimated at 41%. Cost saving over life of the lamps at average 40,000hrs £42.2k.	£120,000	£0	£0	Capital	£1,500	£3,300	£3,300
A.4	Public Realm	Solar photovoltaic panels	4 x London Stadium Solar PV installations: Workforce Entrance, Bridge 4, Bridge 1, Chiller Canopy	kWh generated per year (tbc)	Green	Various system yields of 16,573; 48,615; 11,049; 38,671 kWh respectively per year	£286,000	£0	£0	Capital	£31,443	£31,443	£31,443
							£1,091,000	£0	£0		£73,943	£124,543	£124,543

Appendix 1 – GLA budget submission (Revenue)

Table 6: Additional climate measures to facilitate net zero 2030 target

ID	Climate Action Area	Climate Action	Description	Funding Source (Grant/ Debt?)	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings estimated	Co-benefits	Responsibility (dept)	Proposed KPI	Readiness	Further information
B.1	Buildings	Energy Efficient Lighting	London Aquatic Centre Interior lighting replacement. Main (competition) pool	tbc	2024/2025	2024/2025	1,281	2024/2025	183	Energy Saving • in MWh = 27/yr /GWh (electricity)	Park Operations and Venues	Reduction in annual kWh (tbc) usage based on proposed emissions reduction.	Amber - Late 2023 tbc	Replacement of existing metal halide flood lights with LED floodlights and new controls. Lighting manufacturers initial scope review prior to Atkins energy savings and costs feasibility study complete. Approximately 300 luminaires to be replaced.
B.2	Infrastructure	District Energy Network decarbonisation	Likely to include a range of different technologies. Early interventions are very likely to be focussed around heat pumps, including Water Sourced Heat Pumps & other industrial heat recovery systems being considered. Deep closed loop geothermal also being considered.	Debt (tbc)	2024/2025	2026/2027	tbc	2024/2025	tbc	Energy Saving • in MWh/GWh (electricity) - details tbc	Development	Tonnes of CO ₂ per annum (tbc) measured against a pre intervention baseline (tbc) +Energy saving	Red	This project fall into "level 2" scope of reporting.
B.3	Buildings	London Stadium Solar PV Installation	Applying a solar PV membrane to the roof of the stadium.	Debt (tbc)	2023/2024	2024/2025	7,480	2023/2024	374	Education and behaviour change opportunity amongst employees and operations team.	London Stadium	kWh generated per year (circa 3 million tbc)	Amber mid - 2023	Feasibility cost circa £60k. Number of cells tbc. Project designed in phases P1 ready in mid 2023.
B.4	Buildings	Energy efficient refrigeration systems	Replacement of the London Aquatics Centre ammonia chillers with packaged chiller (cooling generation and heat pump to recover exhaust heat) & upgrade of the CRAC chillers to lower Global Warning Potential (GWP) refrigerant.	Grant/ debt tbc	2024/2025	2024/2025	4,900	2024/2025	245	Energy Saving • in MWh/GWh (electricity) - tbc	Park Operations and Venues	Reduction in annual kWh (tbc) usage based on proposed emissions reduction.	2024/2025	Atkins appointed to carry out a feasibility study and advise on energy savings and costs. Investment for the feasibility survey is secured via existing budget lines. Investment required for the actual works is partially secured via existing budget lines.
B.5	Buildings	Energy efficient lighting.	Copper Box Arena Broadcast Lighting Replacement	tbc	2024/2025	2024/2025	196	2024/2025	28	Energy Saving • in MWh = 50/yr /GWh (electricity) -	Park Operations and Venues	Reduction in kWh (tbc) against pre installation baseline	2023/2024 tbc	Details on the calculation of carbon saving - see note at H1.

Table 6: Additional climate measures to facilitate net zero 2030 target (continued)

ID	Climate Action Area	Climate Action	Description	Funding Source (Grant/ Debt?)	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings estimated	Co-benefits	Responsibility (dept)	Proposed KPI	Readiness	Further information
B.6	Buildings	London Stadium lawn maintenance equipment emissions reduction	London Stadium replacement of petrol/ diesel lawn maintenance equipment with electric powered lawn maintenance equipment	tbc	2023	2023	tbc	2023	tbc	Reduction in noise and local air pollution. Improved working conditions for staff.	London Stadium	Reductions in emissions based on petrol/ diesel emission baseline.		Details on the calculation of carbon saving. See note at H1. Number of equipment replaced? Three previously replaced. Two remaining to be replaced.
B.7	Buildings & Public Realm	London Stadium Solar PV installation	Ticket Office & Shop	tbc	tbc	tbc	tbc	tbc	tbc	Renewable Energy Annual renewable energy <ul style="list-style-type: none"> • in MWh = 92/yr /GWh (electricity) • GJ/TJ (other energy) 	London Stadium	Number of kWh's used per annum (tbc)		How carbon reduction is calculated? See H1. Number of solar PV? TBC Stakeholder permissions required prior to final approval.
B.8	Buildings	London Stadium LED lighting installation	Replacing back of house lights in stadium with LED	Debt (tbc)	2024/2025	2025/2026	7,628	2024/2025	191	Educational opportunities for staff, visitors and green skills development opportunities Energy Saving - awaiting further data	London Stadium	kWh generated per year (circa 18,000kWh yr1 yr2+ tbc)	2023/2024	Investment for the feasibility survey is secured via existing budget lines.
B.9	Buildings	London Stadium update to Building Energy Management System	Technical equipment and behaviour change initiative to improve energy use at London Stadium	Debt (tbc)	2024/2025	2024/2025	1,239	2024/2025	124	Education and behaviour change opportunity amongst employees and operations team.	London Stadium	Reduction in annual kWh (tbc) usage based on proposed emissions reduction.		Further information required to quantify the capital/ revenue mix and how savings are attributed.
B.10	Transport	London Stadium vehicle emission reduction	London Stadium replacement of diesel/petrol vehicles with electric vehicles.	tbc	tbc	tbc	tbc	tbc	tbc	Clean Transportation Final and/or Primary Energy Use <ul style="list-style-type: none"> • kWh/m² of GBA p.a.; • % of energy use reduced/avoided vs local baseline/building code; • % of renewable energy (RE) generated on site - awaiting further details 	London Stadium	Reductions in emissions based on petrol/ diesel emission baseline.		Number of vehicles considered? TBC Further details required regarding availability of electric vehicles considering a potential 18-month lead time for new electric vehicles
B.11	Buildings, Public Realm & Infrastructure	Climate Action	Climate Emergency Response Officer. The officer will support development and delivery of identified zero carbon projects through data management, reporting, liaise with stakeholders, and support the carbon monitoring and analysis of proposed and implemented projects.	tbc	2023/2024	2030/2031	tbc	2023/2024	tbc	tbc	tbc	tbc		
B.12	Infrastructure	Renewable Energy	Purchase of renewable energy through a power purchase agreement.	tbc	tbc	tbc	69,150 tbc	tbc	2,766		Park Operations & Venues and Development	Tonnes of CO ₂ per annum (tbc) measured against a pre intervention baseline (tbc)		Process of agreeing PPA in collaboration with GLA FB's under way. Awaiting further information and next steps.

Table 6: Additional climate measures to facilitate net zero 2030 target (continued)

ID	Climate Action Area	Climate Action	Description	Further information	Proposed Expenditure 23-24 £'000	Proposed Expenditure 24-25 £'000	Proposed Expenditure 25-26 £'000	Proposed Expenditure 2026-27 to end 2030-2031 £'000	Total Proposed Expenditure £'000	Capital/Revenue/Mixed	Proposed cash savings 23-24 £'000	Proposed cash savings 24-25 £'000	Proposed cash savings 25-26 £'000	Proposed cash savings 2026-27 to end 2030-2031 £'000	Total Proposed cash savings £'000	Length of investment
B.1	Buildings	Energy Efficient Lighting	London Aquatic Centre Interior lighting replacement. Main (competition) pool	Replacement of existing metal halide flood lights with LED floodlights and new controls. lighting manufacturers initial scope review prior to Atkins energy savings and costs feasibility study complete. Approximately 300 luminers to be replaced.	£0	£510,000	£0	£0	£510,000	Capital	£0	£40,000	£78,500	£392,500	£511,000	7 years
B.2	Infrastructure	District Energy Network decarbonisation	Likely to include a range of different technologies. Early interventions are very likely to be focussed around heat pumps, including Water Sourced Heat Pumps & other industrial heat recovery systems being considered. Deep closed loop geothermal also being considered.	This project fall into "level 2" scope of reporting.	£0	£50,000,000	£0	£0	£50,000,000	Capital	£0	£0	£0	£0	£0	tbc
B.3	Buildings	London Stadium Solar PV Installation	Applying a solar PV membrane to the roof of the stadium.	Feasibility cost circa £60k. Number of cells tbc. Project designed in phases P1 ready in mid 2023.	£1,000,000	£3,000,000	£0	£0	£4,000,000	Capital	£300,000	£1,000,000	£1,000,000	£5,000,000	£7,300,000	5 years
B.4	Buildings	Energy efficient refrigeration systems	Replacement of the London Aquatics Centre ammonia chillers with packaged chiller (cooling generation and heat pump to recover exhaust heat) & upgrade of the CRAC chillers to lower Global Warming Potential (GWP) refrigerant.	Atkins appointed to carry out a feasibility study and advise on energy savings and costs. Investment for the feasibility survey is secured via existing budget lines. Investment required for the actual works is partially secured via existing budget lines.	£0	£650,000	£0	£0	£650,000	Capital	£0	£105,000	£105,000	£525,000	£735,000	7 years
B.5	Buildings	Energy efficient lighting.	Copper Box Arena Broadcast Lighting Replacement	Details on the calculation of carbon saving - see note at H1.	£0	£12,000	£0	£0	£300,000	Capital	£0	£6,000	£12,000	£60,000	£78,000	7 years

Table 6: Additional climate measures to facilitate net zero 2030 target (continued)

ID	Climate Action Area	Climate Action	Description	Further information	Proposed Expenditure 23-24 £'000	Proposed Expenditure 24-25 £'000	Proposed Expenditure 25-26 £'000	Proposed Expenditure 2026-27 to end 2030-2031 £'000	Total Proposed Expenditure £'000	Capital/Revenue/Mixed	Proposed cash savings 23-24 £'000	Proposed cash savings 24-25 £'000	Proposed cash savings 25-26 £'000	Proposed cash savings 2026-27 to end 2030-2031 £'000	Total Proposed cash savings £'000	Length of investment
B.6	Buildings	London Stadium lawn maintenance equipment emissions reduction	London Stadium replacement of petrol/diesel lawn maintenance equipment with electric powered lawn maintenance equipment	Details on the calculation of carbon saving. See note at H1. Number of equipment replaced? Three previously replaced. Two remaining to be replaced.	£19,000	£0	£0	£0	£19,000	Capital	£5,000	£5,000	£5,000	£25,000	£40,000	4 years
B.7	Buildings & Public Realm	London Stadium Solar PV installation	Ticket Office & Shop	How carbon reduction is calculated? See H1. Number of solar PV? TBC Stakeholder permissions required prior to final approval.	£0	£81,317	£0	£0	£81,317	Capital	£0	£14,625	£14,625	£73,125	£102,375	7 years
B.8	Buildings	London Stadium LED lighting installation	Replacing back of house lights in stadium with LED	Investment for the feasibility survey is secured via existing budget lines.	£178,000	£237,000	£237,000	£237,000	£889,000	Capital	£0	£30,922	£123,690	£618,450	£773,062	8 Years
B.9	Buildings	London Stadium update to Building Energy Management System	Technical equipment and behaviour change initiative to improve energy use at London Stadium	Further information required to quantify the capital/revenue mix and how savings are attributed.	£200,000	£0	£0	£0	£200,000	Mixed	£318,000	£318,000	£318,000	£1,590,000	£2,544,000	1 year
B.10	Transport	London Stadium vehicle emission reduction	London Stadium replacement of diesel/petrol vehicles with electric vehicles.	Number of vehicles considered? TBC Further details required regarding availability of electric vehicles considering a potential 18-month lead time for new electric vehicles	£0	£100,000	£0	£0	£100,000	Capital	£0	£15,000	£15,000	£75,000	£105,000	7 Years
B.11	Buildings, Public Realm & Infrastructure	Climate Action	Climate Emergency Response Officer. The officer will support development and delivery of identified zero carbon projects through data management, reporting, liaison with stakeholders, and support the carbon monitoring and analysis of proposed and implemented projects.		£50,000	£50,000	£50,000	£250,000	£400,000	Revenue	tbc	tbc	tbc	tbc	tbc	7 Years
B.12	Infrastructure	Renewable Energy	Purchase of renewable energy through a power purchase agreement.	Process of agreeing PPA in collaboration with GLA FB's under way. Awaiting further information and next steps.	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	25 years (+tbc)
					£1,447,000	£54,640,317	£287,000	£487,000	£57,149,317	£0	£623,000	£1,534,547	£1,671,815	£8,359,075		

Appendix 1 – GLA budget submission (Revenue)

Table 7: Equality, diversity and inclusion

	2023-24 £m	2024-25 £m
Workforce diversity, inclusive workplace culture, reasonable adjustments, EDI related training, self-organised staff groups, accessible communications	0.1	0.1
Total	0.1	0.1

Appendix 1 (continued) – LLDC Capital Strategy 2023/24

1. Introduction

- 1.1. London Legacy Development Corporation (LLDC) is a Mayoral Development Corporation established under the Localism Act 2011 and a functional body of the Greater London Authority (GLA). The GLA is the strategic authority for London and supports the Mayor and the London Assembly in delivering their responsibilities and functions.
- 1.2. LLDC's mission is *'to use the opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want - and can afford - to live, work and visit'*.

2. Intention

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code now requires all local authorities to produce a Capital Strategy.
- 2.2. LLDC's Capital Strategy will form part of a GLA Group-wide strategy, intended to drive the Mayor's capital investment ambition, whilst ensuring the sustainable, long term delivery of services. The strategy will demonstrate that LLDC's capital expenditure and investment decisions are made in line with Mayoral priorities and properly take account of stewardship, value for money, prudence, sustainability and affordability, and give due regard to risk and reward.
- 2.3. The aims of the Capital Strategy are to:
 - Prioritise projects that deliver Mayoral priorities and LLDC's vision 'to create a dynamic new metropolitan centre for London'
 - Set out how LLDC identifies, priorities and programmes funding requirements from the GLA arising from business plans and project proposals that are submitted through LLDC's governance process
 - Consider options available for funding capital expenditure and identify the resources available for investment over the long-term
 - Identify capital income streams, assessing the associated risks and profiling
 - Establish effective arrangements for the oversight and management of expenditure, including the assessment of deliverability, outcomes, budget profiling and value for money

3. Benefits

- 3.1. The benefits of preparing a Capital Strategy are to:
 - Provide a clear framework in which LLDC's capital investment decisions are made

- Help ensure LLDC's capital plans aligns to the Mayor's priorities and, ultimately, achieves LLDC's mission (set out in 1.2)
- Promote transparency and accountability, ensuring that LLDC takes ownership of its decisions and commitments

4. Approach

- 4.1. To help ensure capital resources are allocated optimally and deliver value for money, LLDC's long-term capital planning is determined in parallel with the annual statutory GLA budget process.
- 4.2. LLDC has a Long Term Model, which underpins the Capital Strategy and forecasts LLDC's capital income and expenditure over a long-term period, using assumptions about economic factors (e.g. inflation), future spending scenarios (e.g. major capital projects) and other salient variables (e.g. staffing levels). The Long Term Model enables LLDC to plan and align its financial capacity with its corporate strategy and objectives.
- 4.3. LLDC operates within the overall legislative and governance framework provided by the GLA Act 1999 and 2007 (which include the London Assembly's power of summons and budgetary approval), provisions of the Local Government Act 1972 (for example, in relation to public access to meetings and information) and the Localism Act 2011. To aid good decision making and ensure that public funds are optimally utilised, LLDC has in place a capital investment oversight and appraisal mechanism that includes:
 - **LLDC Board:** Review and approval of all capital investment decisions above £20.0m; annual review and approval of the LLDC Capital Budget before submission to the GLA.
 - **LLDC Investment Committee:** Review and approval of all capital investment decisions between £10.0m and £20.0m; review of quarterly Corporate Management Accounts, which includes year-to-date capital expenditure versus budget and forecast outturn for the financial year; annual review and recommendation of the LLDC Capital Budget for Board approval before submission to the GLA.
 - **Executive Management Team:** Review and approval of all capital investment decisions between £0.25m and £10.0m¹; annual review of the LLDC Capital Budget prior to submission to the Investment Committee and Board (see above); review of monthly Corporate Management Accounts and other business updates that have an impact upon capital income or expenditure.
 - **Project Boards:** For major projects such as East Bank there are project boards with responsibility for oversight of project delivery, risk, programme and budget.

¹ The Executive Management Team will review all capital investment decisions above £10m prior to their submission to Investment Committee or Board

- 4.4. The Long Term Model is reviewed and updated on an annual basis (as a minimum) and shared with key stakeholders, including the GLA and the LLDC Board, as part of the annual budget setting process.
- 4.5. The Capital Strategy will be updated on an annual basis as part of the budget submission process and reviewed by the Executive Management Team, Investment Committee and Board² prior to submission to the GLA.

5. Influences

- 5.1. Key influences upon LLDC's Capital Strategy include:

Internal

- **Queen Elizabeth Olympic Park (QEOP) Strategy to 2025:** The previous QEOP strategy, written in 2015 and updated in October 2016 to reflect the priorities of the (then) newly elected Mayor of London, outlined the work involved in transforming Queen Elizabeth Olympic Park into a new and unique visitor destination following the London 2012 Games. LLDC and its partners have agreed a 2030 Vision for Queen Elizabeth Olympic Park, to create “*an innovative London metropolitan centre with a global focus, powered by inclusive growth and with community and opportunity at its heart.*” In 2021, a new QEOP Strategy to 2025 was published, [link here](#). The strategy outlines key activities LLDC will take forward between now and the Transition of LLDC to support delivery of the 2030. Its structure mirrors the three strands of the Vision: Inclusive Growth, Community and Opportunity.
- **LLDC Local Plan:** sets out LLDC's strategy for the sustainable development of its planning area, including the general amount, type and location of new development it considers could take place and the policies to which applications for planning permission should conform to meet these objectives. LLDC's planning powers, including preparing and implementing the Local Plan, represent one part of its role as a development corporation.
- **Housing Delivery Plan:** This sets out LLDC's ongoing delivery strategy in relation to its land holdings within Queen Elizabeth Olympic Park and the wider Mayoral Development Corporation area.

External

- **The Mayor of London/GLA:** As set out in the following section, LLDC's Capital Strategy aligns to the Mayor's priorities including Housing, Accommodating Growth and Environment, Transport and Public Space. Clearly, a change in Mayor can bring with it a change in policy direction. In addition, the GLA is LLDC's main funder, providing funding for capital investment, which will be repaid over the long term. LLDC maintains a continuous dialogue with the GLA

² The LLDC Board has final approval of the budget before it is submitted to the GLA

at both a policy and operational level, which helps inform capital investment proposals and decisions.

- **Local authorities within LLDC area:** The mayors from each of the four ‘host’ boroughs, London Boroughs of Newham, Hackney, Tower Hamlets and Waltham Forest, are members of the LLDC Board.
- **Key partners:** For example, for the East Bank project these include the V&A, Sadler’s Wells, University of the Arts London (UAL), BBC and University College London (UCL). Elsewhere, these also include Taylor Wimpey and London and Quadrant Housing Trust (Chobham Manor), Balfour Beatty Investments Limited and Places for People (East Wick and Sweetwater) and Delancey (Here East).
- **Macro-economic factors:** As a development corporation, LLDC is involved in significant levels of development activity, incurring capital expenditure (such as construction costs) as well as generating capital receipts. These mean that it is exposed to key economic factors such as inflation (in particular house price and construction cost inflation), labour costs, interest rates and taxation rates. Each of these factors will influence capital investment decisions and outcomes.

6. Policies

6.1. LLDC’s Capital Strategy aligns to the Mayor’s policies as set out in ‘A City for all Londoners’³ – these are set out in the following table:

Mayor’s policy	Examples of aligned projects
<i>Accommodating Growth</i>	<ul style="list-style-type: none"> • East Bank (V&A, Sadler’s Wells, UAL, BBC and UCL)
<i>Housing</i>	<ul style="list-style-type: none"> • Housing (including Chobham Manor, East Wick and Sweetwater, Stratford Waterfront, Pudding Mill Lane and Rick Roberts Way)
<i>Economy</i>	<ul style="list-style-type: none"> • East Bank (V&A, Sadler’s Wells, UAL, BBC and UCL), Here East
<i>Environment, Transport and Public Space</i>	<ul style="list-style-type: none"> • Development (including investment in infrastructure, redevelopment of Hackney Wick Station)
<i>A City for all Londoners</i>	<ul style="list-style-type: none"> • East Bank (V&A, Sadler’s Wells, UAL, BBC and UCL)

6.2. There are links between the Capital Strategy and the Treasury Management Strategy, which is reviewed and approved annually by the LLDC Board. LLDC is part of the GLA Group Investment Syndicate.

³ ‘A City for all Londoners’, Greater London Authority, October 2016

7. Capital Ambition

7.1. LLDC's 20-year Capital Ambition⁴ is framed within the following financial parameters, as agreed with the GLA and in line with the Prudential Code:

- Maximum borrowing limit of £550m from 2023/24;
- Direct capital grant funding will be provided by the GLA towards the East Bank project, to remain within the borrowing limits and for proceeds from the housing developments delivered via joint ventures; and
- The requirement for LLDC to be able to demonstrate that it can repay its borrowing from the GLA across all its activity, including from the proceeds of housing developments.

7.2. LLDC has four priority themes, which drive its objectives and outcomes and to which this Capital Strategy is aligned – these are:

- Delivering inclusive growth and community well-being
- Delivering sustainable development and responding to the climate emergency
- Delivering high quality design
- Delivering inclusion and diversity

7.3. The priority capital programmes included in LLDC's Capital Ambition (included in the Capital Investment Plan⁵ at Appendix 1) are as follows:

East Bank

Mayoral priorities: Accommodating Growth, A City for All Londoners

LLDC and its partners, Sadler's Wells, UAL, V&A in collaboration with Smithsonian and UCL have been working together to bring forward transformative, world-leading additions to the education and cultural offer in Stratford.

The key elements are to establish a new campus for UCL (to be delivered by UCL), to the south of the Park (UCL East), and at Stratford Waterfront, a mixed educational and cultural district with housing on the Stratford Waterfront site. This will include a new V&A Museum, consolidation of all UAL's London College of Fashion on one site, a new Sadler's Wells dance theatre and a new building for the BBC's Symphony Orchestra and broadcasting studio currently located in Maida Vale, and residential development (covered further under 'Housing').

East Bank will bring an additional 1.5 million visitors to the Park and surrounding area each year, create more than 2,500 jobs and generate an estimated £1.5 billion for the local economy.

Within LLDC's Capital Ambition are the costs to be incurred by LLDC in delivering the Stratford Waterfront cultural and education buildings. The Capital Funding Plan⁶

⁴ As defined by the Mayor's Budget Guidance 2023-24 (issued July 2022)

⁵ As defined by the Mayor's Budget Guidance 2023-24 (issued July 2022)

(see Appendix 2) includes third-party funding for the East Bank project, including contributions towards costs from certain partners, lease premiums and philanthropic donations secured by Foundation for FutureLondon, the charity established by the Mayor and LLDC for this purpose. The remaining net costs is funded through borrowings and direct capital grant funding from the GLA.

Housing delivery plans

Mayoral priorities: Accommodating Growth, Housing, A City for all Londoners

LLDC secured outline consent to build five new neighbourhoods on the Park under the Legacy Communities Scheme (LCS) in 2012, with the aim of delivering 24,000⁷ homes by 2031. These are Chobham Manor, East Wick and Sweetwater, Rick Roberts Way, Pudding Mill Lane and Stratford Waterfront.

Chobham Manor was the first of the LCS neighbourhoods to welcome residents. Now complete, it was delivered by Chobham Manor LLP (Taylor Wimpey and London & Quadrant) and consists of 880 new homes, 28% affordable and 75% family units.

The **East Wick and Sweetwater** neighbourhoods were originally planned to start in 2022 but were accelerated to bring forward housing, sooner. To do this successfully, LLDC included Private Rented Sector (PRS) housing into the housing mix and has also accelerated the social infrastructure to create successful and sustainable neighbourhoods.

The housing is being delivered by East Wick and Sweetwater Projects (Balfour Beatty Investments and Places for People). It will deliver c1,850 homes, approximately 34% affordable. Phase one (302 units in total) construction is complete (and properties occupied) and Phase 2 early works have started on site with the hoarding erected and tree removal, main works are due to commence in 2022/23.

Income from the Chobham Manor and East Wick and Sweetwater developments are included within 'Capital Receipts' in the Capital Funding plan. The expected receipts are based upon the terms of the respective development agreements and are subject to external factors such as housing demand and house price inflation. At East Wick and Sweetwater, LLDC also retain ownership of a portfolio of 28 PRS units known as the 'co-investment units' which will provide an income stream for 10-15 years, followed by a capital receipt when sold. Place for People manage these units on behalf of LLDC.

In June 2018, the Mayor announced that at least 50% of new homes across the remaining development sites on the Park – Stratford Waterfront, Pudding Mill and Rick Roberts Way - will be affordable, in line with the Mayor's commitment that all sites he disposes of will be at least 50% affordable (sites already under contract

⁶ As defined by the Mayor's Budget Guidance 2020-21 (issued June 2019)

⁷ Note that this will be less due to the impact of the East Bank project on Stratford Waterfront

remain unchanged). That commitment was embedded within the planning consent granted for Stratford Waterfront in July 2019.

Stratford Waterfront was initially intended, under the original LCS outline masterplan consent, to include a significant amount of residential development – approximately 900 homes. Subsequent plans for East Bank reduced this residential provision to accommodate the new cultural and education district, with the intention that the residential delivered on Stratford Waterfront will help to cross-subsidise the East Bank project. Outline planning permission was granted in July 2019 and the developer procurement concluded in 2022 (Ballymore were appointed). This site, along with Bridgewater Triangle (part of Pudding Mill Lane), will be delivered via a joint venture with Ballymore in which LLDC will be an equity investor using funds borrowed from the GLA.

Alongside Bridgewater, a detailed mixed-use masterplan has been developed for the site at **Pudding Mill Lane**, which will provide new homes, later living accommodation, employment space, retail, a nursery, medical centre, pharmacy and community uses, alongside new public spaces. The masterplan envisages c.950 homes across a range of unit types and tenures targeting up to 45% affordable housing by habitable room in a mix of Social Rent, London Living Rent and Shared Ownership. Outline planning application approved by the Planning Decisions Committee in October 2022. The procurement for a joint venture partner is expected to be launched in early 2023.

LLDC has now completed a land swap at **Rick Roberts Way** with the London Borough of Newham. This consolidates the respective parties' interests in the land and enables LLDC to progress with the development, which has an obligation to deliver the balance of the portfolio affordable housing on the site. The Invitation to Tender (ITT) stage of procurement for a developer was launched in November 2022. The site is subject to a planning obligation as part of the Stratford Waterfront scheme to help LLDC provide a portfolio approach of 50% affordable housing.

Development

Mayoral priorities: Accommodating Growth, Housing, Economy, A City for all Londoners

Development expenditure contained within the Capital Investment Plan includes the cost of discharging LLDC's Section 106 obligations under the LCS planning consent. It also covers the significant investment required in necessary infrastructure to deliver the housing developments – for example, roads and bridges.

London Stadium

Mayoral priorities: Economy, A City for all Londoners

LLDC owns the freehold to the London Stadium and leases it to E20 Stadium LLP (a subsidiary of LLDC) on a long lease (until 2115).

LLDC's capital expenditure on the Stadium mainly includes limited funding for further capital works for lifecycle and improvement works (such as spend to save and energy efficiency projects).

8. Capital Funding

- 8.1. Funding for LLDC's capital programme was previously on the basis that capital investment would be self-financing over the long term, repaid from capital receipts generated from the exploitation of LLDC's ownership of development platforms on and around the Park, ultimately generating a surplus to be paid to the GLA.
- 8.2. LLDC's capital investment falls within, and needs to comply with, the CIPFA 'Prudential Code for Capital Finance in Local Authorities' (the Code). Under the Code local authorities (including LLDC) have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver capital plans and programmes.
- 8.3. However, following discussions with the GLA in early 2018, the GLA agreed to provide significant levels of capital grant funding to ensure LLDC's level of borrowings remain prudent, to directly fund part of the East Bank project and to replace previously expected receipts from development sites where the GLA would instead invest directly to deliver them.
- 8.4. This means that whilst LLDC's LTM generates a long-term capital 'surplus', this is reliant upon the recycling of land receipts into funding from the GLA, which, ultimately, will only be provided by the GLA to enable LLDC to achieve an overall capital breakeven position.
- 8.5. LLDC's third-party funding sources include:
 - Capital receipts from the sale of land and property
 - Partner contributions
 - Philanthropic donations to East Bank
 - Section 106 and Community Infrastructure Levy (as developer)
- 8.6. LLDC regularly reviews its capital receipt assumptions and 'stress-tests' these in particular circumstances. LLDC regularly shares the outputs of such exercises with its funded, the GLA, to ensure the sensitivity and risks associated with LLDC's capital receipt assumptions are clearly understood, particularly in circumstances where these receipts are subject to third party and/or market performance. When and where appropriate, LLDC also considers exit plans for key contractors.

8.7. LLDC’s Capital Funding Plan can be seen at Appendix 2.

9. Ambition Gap

9.1. As set out in Section 8, LLDC’s capital plan breaks even over time. The breakeven point falls outside of the 20-year timeline in the Capital Investment Plan; the difference between the Capital Investment Plan and the Capital Funding Plan is met through borrowings from the GLA.

10. Risk

10.1. The key risks to LLDC’s Capital Investment Plan are set out in the following table along with how they are to be managed.

Risk	Mitigation
Housing market under-performance against expectations	Close working with development partners and monitoring of housing market conditions, including inputs from third-parties (e.g. property consultants)
Impact of Brexit on demand for housing, cost of building or industry capacity and other supply chain issues	Close work with development partners, close economic and financial monitoring, including of potential supply chain issues.
Lack of progress towards Mayor’s 2030 Net Zero Carbon target	Close working and engagement with the GLA’s Climate Budget Working Group and Environmental Implementation Group (chaired by the Deputy Mayor for Environment and Energy).
East Bank does not deliver within current budget or delays to the East Bank project resulting in financial implications	Effective design management and coordination. Cost control. Close work with Mace, the Project Management Partner, Arcadis, who provide commercial assurance on the project, East Bank partners, GLA and Government. ‘Three lines of defence’ assurance approach.
The financial position of the Stadium is not sufficiently improved	E20 Stadium LLP Board and funders continue to consider commercial opportunities to increase income and/or reduce operating costs. Ownership and control of the Stadium operator gives greater control and flexibility.

11. Appraisal

11.1. Capital proposals are developed, appraised and monitored as follows:

- **LLDC Board:** Review and approval of all capital investment decisions above £20.0m; annual review and approval of the LLDC Capital Budget before submission to the GLA.
- **LLDC Investment Committee:** Review and approval of all capital investment decisions between £10.0m and £20.0m; review of quarterly Corporate Management Accounts, which includes year-to-date capital expenditure versus budget and forecast outturn for the financial year; annual review and recommendation of the LLDC Capital Budget for Board approval before submission to the GLA.
- **Executive Management Team:** Review and approval of all capital investment decisions between £0.25m and £10.0m⁸; annual review of the LLDC Capital Budget prior to submission to the Investment Committee and Board (see above); review of monthly Corporate Management Accounts and other business updates that have an impact upon capital income or expenditure.
- **Corporate Change Board:** The forum in which formal requests (e.g. from project managers or budget holders) to modify the schedule, budget and/or scope of an existing project or to add a new project into a programme is approved and/or reported for noting. The Board's membership includes Executive Directors and Directors and is chaired by the LLDC Finance Director.
- **Project Boards:** For major projects such as East Bank there are project boards with responsibility for oversight of project delivery, risk, programme and budget.
- **Senior Budget Holders:** Each directorate has a senior responsible officer for their budget with delegated budget holders beneath them. Senior responsible officers have budgetary responsibility within their job descriptions and their annual personal objectives. Senior responsible officers are responsible for sponsoring any capital investment appraisal that relates to, and originates from, their directorate.
- **Project/Delivery Manager:** Each capital project will have an assigned project manager or lead whose responsibility it is to put forward capital investment proposals, see these through the necessary governance process, monitor and manage risk and budgets and, overall, secure successful delivery of the project. LLDC will often commission external project management services; however, in these instances, there must always be an identified individual within LLDC, at both a senior and operational level, with responsibility for the oversight of the external project manager.

⁸ The Executive Management Team will review all capital investment decisions above £10m prior to their submission to Investment Committee or Board

12. Capital Strategy – Delivery, Affordability and Risk

- 12.1. Within the Prudential Code it is the responsibility of the Chief Finance Officer (the Deputy Chief Executive at LLDC) to explicitly report on the delivery, affordability and the risks associated with this Strategy. This is set out in the following paragraphs.

Delivery

- 12.2. The delivery of the individual schemes in LLDC's Capital Investment Plan⁹ are set out in the original approval of the capital project supported by each project having a senior responsible officer and a project manager who are responsible for the delivery of the project and the subsequent achievement of the objectives of that project.
- 12.3. LLDC's Executive Management Team receive regular updates on capital budgets. These updates are driven by the requirement of internal and external financial reporting (e.g. quarterly budget monitoring reports), however in doing so the Executive Management Team can review and challenge the delivery of projects and any changes to both the timing and value of the Capital Investment Plan. There is also regular reporting on all major projects, and updates to the Housing Delivery Plan, both to the LLDC Executive Management Team and LLDC Board.
- 12.4. If, subsequent to a capital scheme being authorised, there are variations to the income expected to be generated from that project, or the cost of delivering the project, these will be brought to the Corporate Change Board (as appropriate) or Project Board and reported as a variance in monthly budget reporting (Corporate Management Accounts) and, if ongoing, will be included in the following year's budget proposals, which are reviewed by LLDC's Investment Committee and Board.
- 12.5. LLDC's Executive Management Team has ultimate responsibility for the oversight of delivery of the Capital Investment Plan.

Affordability

- 12.6. Affordability is critical in applying the Capital Strategy and approving projects for inclusion in the Capital Investment Plan.
- 12.7. This is demonstrated by the relevant project approval document (e.g. business case) identifying the income, expenditure and funding, appraisal of alternative options and the risks for any given project.
- 12.8. Affordability of each project needs to be clear, not only for the funding of the capital spend, but also to cover any ongoing revenue costs of the capital investment (e.g. maintenance costs).

Risks

- 12.9. The risks associated with capital investment should be made clear in any proposal, including how these risks will be mitigated (e.g. adequate project management

⁹ Regarded as LLDC's Long Term Model for operational purposes

and/or project boards, suitable skills for the delivery of the project, tax planning). Where relevant a full Quantitative Risk Assessment should be undertaken on the project and used to identify, quantify and manage risk over the lifetime of the project.

12.10. There are links between the Capital Strategy and the Treasury Management Strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by the Executive Management Team, Audit Committee (for the Treasury Management Strategy), Investment Committee and Board.

12.11. Borrowing limits are agreed with the GLA on an annual basis and all major projects are discussed with the GLA (and Mayoral approval sought as necessary).

13. Appendices

- Appendix 1 – Capital Investment Plan
- Appendix 2 – Capital Funding Plan

Appendix 1 – Capital Investment Plan

		Capital Spending Plan (Schedule 1a)							
Capital Investment Plan Table 1	Item	Further information	Years		1	2	3	4	5
			2021-22 Outturn £m	2022-23 Revised Budget £m	2022-23 Forecast Outturn £m	2023-24 Plan £m	2024-25 Plan £m	2025-26 Plan £m	2026-27 Plan £m
East Bank			152.0	188.3	195.8	96.4	6.6	1.3	0.7
Development		Incl infrastructure costs (required under S106 obligations) and equity for JV developments	12.6	16.8	18.9	37.1	38.4	26.8	48.4
Stadium		Includes lifecycle costs and other capital investment	6.9	14.5	14.8	2.9	3.0	3.0	3.0
Park and Venues		Includes Park and venue lifecycle costs	3.5	16.2	12.6	5.6	1.7	1.9	1.7
Regeneration			0.2	0.6	0.6	0.2	0.2	0.0	0.0
Finance, Commercial and Corporate Services		Includes ICT and East Bank assurance costs	2.4	2.3	2.5	2.2	1.4	0.4	0.2
Corporation Tax and Contingency		Incurred on capital receipts and income	6.9	9.2	7.9	5.1	0.3	0.1	0.0
Other		Includes a cash versus accruals adjustments	12.0	-12.0	-12.0	0.0	0.0	0.0	0.0
BBC/UAL Loan Cash Adjustment		Adjustment for BBC/UAL loan	0.0	32.4	34.3	45.7	-3.4	-3.4	-3.5
Total			196.5	268.3	275.4	195.2	48.2	30.1	50.5

		Capital Strategy (Schedule 1b)			
Capital Investment Plan Table 1	Item	Further information	Years		
			6 to 10 2027-28 to 2031-32 Plan £m	11 to 15 2032-33 to 2036-37 Plan £m	16 to 20 2037-38 to 2041-42 Plan £m
East Bank			1.2	0.0	0.0
Development		Incl infrastructure costs (required under S106 obligations) and equity for JV developments	65.3	60.2	0.0
Stadium		Includes lifecycle costs and other capital investment	15.0	6.0	0.0
Park and Venues		Includes Park and venue lifecycle costs	13.8	14.6	14.5
Regeneration			0.0	0.0	0.0
Finance, Commercial and Corporate Services		Includes ICT and East Bank assurance costs	0.9	1.0	0.6
Corporation Tax and Contingency		Incurred on capital receipts and income	25.1	26.4	8.9
Other		Includes a cash versus accruals adjustments	1.4	0.0	0.0
BBC/UAL Loan Cash Adjustment		Adjustment for BBC/UAL loan	-18.4	-20.2	-22.4
Total			104.3	88.0	1.6

Appendix 2 – Capital Funding Plan

Capital Funding Plan Table 2		Years	Capital Spending Plan					
			2021-22 Outturn £m	2022-23 Revised Budget £m	1 2022-23 Forecast Outturn £m	2 2023-24 Plan £m	3 2024-25 Plan £m	4 2025-26 Plan £m
Item	Further information							
Capital Receipts		49.7	12.0	13.9	28.2	15.1	16.8	12.8
GLA Grant		100.0	108.7	108.7	49.0	0.1	5.0	32.9
East Bank		18.7	44.6	48.7	64.5	1.5	0.0	0.0
Other (incl Section 106/CIL)	Includes contributions towards projects (e.g. Section 106)	1.2	6.2	6.0	54.3	1.7	0.2	0.0
Borrowing	GLA borrowings / Repayment of GLA borrowings	26.9	64.4	63.9	-46.5	33.3	11.5	8.3
Borrowing	Adjustment for BBC/UAL loan	0.0	32.4	34.3	45.7	-3.4	-3.4	-3.5
		196.5	268.3	275.5	195.2	48.3	30.1	50.5

Capital Funding Plan Table 2		Years	Capital Strategy		
			6 to 10 2027-28 to 2031-32 Plan £m	11 to 15 2032-33 to 2036-37 Plan £m	16 to 20 2037-38 to 2041-42 Plan £m
Item	Further information				
Capital Receipts		239.1	217.1	46.0	
GLA Grant		27.6	22.9	8.7	
East Bank		0.0	0.0	0.0	
Other (incl Section 106/CIL)	Includes contributions towards projects (e.g. Section 106)	0.1	0.0	0.0	
Borrowing	GLA borrowings / Repayment of GLA borrowings	-144.2	-131.8	-30.7	
Borrowing	Adjustment for BBC/UAL loan	-18.4	-20.2	-22.4	
		104.2	88.0	1.6	

Appendix 2 – Risks to the Budget (contains exempt information)

There are several risks to achieving the financial forecast in the budget as submitted.

CAPITAL RISKS

1. Development receipts

Timing

LLDC has experienced challenges with the timing of capital receipts and slippage on development programmes in recent years. Whilst LLDC approaches the phasing of receipts prudently, due to the contractual nature of these developments it has little influence over the timing of delivery of receipts. This year there is also the increased risk of delays to development programmes – and therefore the timing of capital receipts – due to acute inflationary pressures and ongoing challenges in international supply chains.

Market risk and house price inflation (HPI) assumptions

Forecast development receipts are sensitive to market risk and house price indexation (HPI) assumptions.

As set out in the Housing Delivery Plan update to the Board in July 2022, LLDC has updated its HPI assumptions based on an average of third-party London-wide forecasts who have updated their projections this year.

Other assumptions

There is a risk that variations to other assumptions such as construction costs, construction cost inflation, financing costs and developer profits, could have a material impact upon LLDC's development receipts assumed within the Long Term Model. This is particularly relevant in current market conditions where inflation and ongoing supply chain issues are causing increases in construction costs.

2. Corporation Tax

LLDC is liable to pay corporation tax and there is a risk that changes in tax legislation or rulings from HMRC could have an adverse impact upon LLDC's forecasts.

3. East Bank

Anticipated Final Cost

East Bank costs have increased by £40m in this budget submission. With one year to go to completion, significant risks remain on this project, including:

- Completion of design integration – significant design interface risks
- Package interface management – ongoing through to completion
- Commissioning and handover
- Supply volatility (material and labour) – ongoing through to completion

Key mitigations:

- Close scrutiny of the project by the LLDC senior executive;

- Three lines of defence, including commercial assurance, and an independently chaired Risk and Assurance Board (the Chair also attends Implementation Review meetings);
- Transparency in reporting; and
- Close monitoring of risks and risk mitigation.

Note that Arcadis, who provide third-party commercial assurance to LLDC on the East Bank project estimate that the AFC could increase by an additional £10m - £15m, with further programme risks of £4m - £5m.

Philanthropic funding

The fundraising environment post-pandemic continues to be challenging; however, a revised fundraising strategy is now in place. Notwithstanding, there is a risk that the philanthropic receipts assumed in the Long Term Model are not raised.

4. District Heating Network

With the greater decarbonisation of the grid, there is a significant risk (with associated costs) that the District Heating network falls below the requirements of building regulations. Work, including the lobbying of Government (who recently announced their support for the phasing of improvements/decarbonisation to existing infrastructure) and discussions with Equans (who have agreed the installation of a first heat pump) are ongoing to help mitigate the risk.

5. Asset adoptions

LLDC currently owns and is responsible for a range of infrastructure and other assets (including roads and bridges) that will require future adoption by third parties, such as the local boroughs.

6. Lifecycle

There is a risk that the current lifecycle provision across the estate is not sufficient.

REVENUE RISKS

7. Inflation

The budget includes significant increases for cost inflation, particularly for utility-related costs, which are being funded through additional GLA revenue grant. There is a risk, however, that inflation increases beyond the levels provided for; as LLDC's carry-forward funding forecast to be fully utilised in 2022/23, this would require additional GLA funding to mitigate such pressures.

8. Fixed Estate Charge income

The Fixed Estate Charge, received from occupants of the Park, is a significant future revenue stream and fundamental in the long-term financial sustainability of QEOP. Delays in development are a significant risk to the Fixed Estate Charge revenue projections, which will increase the revenue funding gap.

9. Rental income

The rental income from Public Rented Sector (PRS) units on the Eastwick and Sweetwater development is dependent on the timing of the development. Delays have led to a delay in the start of the rental income. Any delays to the development put the timing of rental income at risk.

The Here East rental currently agreement pays 10% of net rental income received on a cash basis to LLDC. There is the risk that Here East takes longer to reach the expected levels of net cashflow, thereby impacting the amount and timing of any receipt of rental income for LLDC. Here East have an option to buy out LLDC's rental interest at market value, which would result in a credit to LLDC's borrowings from the GLA, however the rental stream forgone is significant.

10. Trading performance

LLDC is currently in the process of reprocurring its Estates and Facilities Management and venue operator contracts. There is a risk that LLDC does not achieve the expected commercial improvements assumed within the budget.

There is a more general risk that LLDC's venues and attractions suffer lower visitor numbers (and therefore revenue) over the budget period, particularly as a result of the pandemic and whilst there is significant construction work being undertaken on the Park.

Note that there is no provision in the budget for repayment of the ArcelorMittal Orbit loan (and interest on the loan) as this is assumed to fall outside of the budget period.

11. Commercial sponsorship and new attractions risk

The budget currently assumes additional income from 2023/24 from the Marketing, Sponsorship and Park Assets strategy (e.g. advertising or naming rights on individual assets and/or Park-wide). There is a risk that the full extent of the budgeted new income is not achieved within the timeframes.

12. E20 Stadium LLP (E20)

E20 deficit funding is included within LLDC's revenue budget and is based upon the consolidated E20 and London Stadium 185 Limited (LS185) 5-year business plan, which was last updated in 2020. There is a risk that E20 and LS185 do not

deliver the improvements assumed within the business plan and there is a continuing adverse impact upon its operations that increases costs and/or reduces revenue income.

13. The Future of LLDC costs

LLDC continues to develop its future strategy as set out in the main Budget paper. There is a general risk that costs increase as the strategy further develops or for currently unknown/unforeseen reasons, such as a change in Local Government pension requirements/costs.

The risks outlined in this Appendix are included in the corporate and departmental risk registers and are managed through LLDC's embedded risk management process.