AGENDA

Meeting of the Board of the London Legacy Development Corporation

Meeting Date: Tuesday 17 March 2015

Time: 2.00 pm

Venue: LLDC meeting rooms 1 and 2, Level 10, 1 Stratford Place, Montfichet Road, London, E20 1EJ

Members of the Board of the London Legacy Development Corporation are hereby notified and requested to attend the meeting of the Board at 2.00 pm on Tuesday 17 March 2015 to transact the business set out below.

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343182/140812_Openness_Guide.pdf

---

Board Members:

Boris Johnson (Chairman)
Neale Coleman CBE (Deputy Chairman)
Sonita Alleyne OBE
Nicholas Bitel
Nicky Dunn
Keith Edelman
David Edmonds CBE
David Gregson
Baroness Tanni Grey-Thompson DBE
Philip Lewis
Lord Andrew Mawson OBE
Jayne McGivern
Mayor Jules Pipe CBE
Mayor Lutfur Rahman
Councillor Chris Robbins
David Ross
Mayor Sir Robin Wales

1 **Apologies for absence**

2 **Declarations of interest**

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

3 **Minutes of previous meeting held on 24 February 2015** (Pages 1 - 6)

The Board is asked to agree the minutes of the meeting held on 24 February 2015.

4 **Matters Arising and Action List** (Pages 7 - 8)

The Board is asked to note the actions arising from previous meetings.

5 **Chief Executive's Report** (Pages 9 - 14)

The Board is asked to note the Chief Executive's report, which provides an update on major projects and activities since the last meeting.

6 **Report of the meeting of the Planning Decisions Committee** (Pages 15 - 16)

The Board is asked to note the report of the meeting held on 24 February 2015.

7 **Report of the meeting of the Investment Committee** (Pages 17 - 18)

The Board is asked to note the report of the meeting held on 3 March 2015.

8 **Organisational Strategy** (Pages 19 - 22)

The Board is asked to note the report which provides an update on the new organisational strategy and agree the recommendations in the Part 2 agenda.

9 **2015/16 Budget** (Pages 23 - 56)

The Board is asked to approve the 2015/16 Budget, approve the updated ten year plan and note the report in the Part 2 agenda.

10 **Treasury Management Strategy** (Pages 57 - 100)

The Board is asked to approve the Treasury Management Strategy, confirm responsibility for ensuring effective scrutiny of the treasury management policies and practices to the Audit Committee and its execution and administration of treasury management decisions to the Executive Director of Finance and Corporate Services, and note the investment activities for the financial year ending 31 March 2014 and for the first six months of the financial year 2014/15.

11 Bank Mandate (Pages 101 - 104)

The Board is asked to approve changes to the Legacy Corporation's bank mandates.

12 Any other business the Chairman considers urgent

The Chairman will state the reason for urgency of any item taken.

13 Date of next meeting

The next meeting of the London Legacy Development Corporation Board is due to be held on Tuesday 19 May 2015 at 2pm at the LLDC offices.

14 Exclusion of the press and public

The Board is recommended to agree to exclude the public and press from the meeting, in accordance with Part 1, paragraph 3 Schedule 12A of the Local Government Act 1972 (as amended), in order to consider the following items of business.

15 Minutes of the previous meeting held on 24 February 2015 that contain exempt information (Pages 105 - 110)

The Board is asked to agree the minutes of the meeting held on 24 February 2015 that contain exempt information.

16 Matters Arising and Actions List - Exempt (Pages 111 - 112)

The Board is asked to note the action arising from the previous meeting that contain exempt information.

17 Chief Executive's Report - Exempt Information Relating to Item 5 on Part 1 - Appendix 1 and 2 - Commercial Update, Corporate Dashboard
(Pages 113 - 122)

The Board is asked to note the commercial update and the corporate dashboard that contain exempt information.

18 Organisational Strategy - Exempt Information Relating to Item 8 on Part 1
(Pages 123 - 136)

The Board is asked to agree the recommendations in the report containing exempt information relating to the organisational strategy.

19 2015/16 Budget - Exempt Information Relating to Item 9 on Part 1
(Pages 137 - 156)

The Board is asked to agree the recommendations in the report containing exempt information relating to the 2015/16 Budget.

MINUTES

Minutes of the Meeting of the Board of the London Legacy Development Corporation

Date:	Tuesday 24 February 2015
Time:	2.00 pm
Venue:	LLDC meeting rooms 1 and 2, Level 10, 1 Stratford Place, Montfichet Road, London, E20 1EJ
Present:	Boris Johnson (Chairman) Neale Coleman CBE (Deputy Chairman) Sonita Alleyne OBE Nicholas Bitel Nicky Dunn Keith Edelman David Edmonds CBE Baroness Tanni Grey-Thompson DBE Philip Lewis Lord Mawson OBE Mayor Jules Pipe CBE
In Attendance:	David Goldstone, Chief Executive Officer Gerry Murphy, Executive Director of Finance and Corporate Services Rosanna Lawes, Executive Director of Development Pauline Schaffer, Head of Development Anthony Hollingsworth, Director of Planning Policy and Decisions Margaret Deegan, Legal Services Will Walden Director of Communications and Official Spokesperson (GLA) (Mayor's Observer designate) Rachel Massey, Board Secretary Ed Williams, Head of Committee & Member Services (GLA)

1 Apologies for absence

1.1 Apologies for absence were received on behalf of Councillor Robbins, David Gregson, Mayor Rahman, Sir Robin Wales, Dave Ross, Jayne McGivern and Sir Edward Lister (Mayor’s Observer).

2 Declarations of interest

2.1 The Chairman noted that Members had declared registrable interests in line with the relevant Standing Orders and asked Members to confirm if they had any interests or additional interests to be declared related to matters listed on the agenda other than those already made and included in the register.

2.2 There were no additional declarations of interest.

3 Minutes of previous meeting held on 29 January 2015

3.1 It was agreed that the minutes of the meeting of the London Legacy Corporation Board held on 29 January 2015 be signed by the Chairman as a correct record.

4 Matters arising and action list

4.1 The Chief Executive noted that the Board would receive an update on the revised visitor forecasts in the visitor strategy at its meeting in March.

4.2 The Board noted the Actions List.

5 Chief Executive's Report

5.1 The Chief Executive introduced the report, which provided an update on progress on key activities since the last meeting, highlighting the following elements of his report:

- Substantive discussions were now underway on plans for the Smithsonian Institute to be located at the Park. A report would be brought to the Investment Committee to finalise the scope of the proposed agreement;
- Since the last Board meeting, E20 Stadium LLP had appointed VINCI Stadium to undertake the long-term management of the Stadium where West Ham United Football Club are the anchor tenant from 2016. The E20 Stadium LLP governance arrangements would be updated to reflect VINCI Stadium's appointment;
- Work on the back roof of the Olympic Stadium was now complete and a timetable of works was in place to ensure that the Diamond League Athletics event could go ahead in summer;
- Discussions were ongoing between the Education Funding Agency and the contractor on the construction of the Legatum Academy, which had produced a delay to the programme. Both parties hoped to conclude these discussions so that a planning application could be submitted in March;
- A decision for approval to enter into a Development Agreement with the preferred bidder for East Wick and Sweetwater had been agreed at the February Investment Committee and an announcement would be made soon;

- On jobs and skills, there were now 110 apprentices working across the Park. An awards event was due to take place at City Hall to celebrate their achievements;
- Finally, it was confirmed that the new report template would be used for the Corporate Performance Report, currently attached at Appendix 1 to the report, beginning at the start of the new financial year. It was hoped that the new template would be more user friendly to Members and to the public.

5.2 The Executive Director of Finance and Corporate Services noted that a page had been omitted from Corporate Performance Report and this was circulated to Members at the meeting. A revised version of the Corporate Performance Report can be found here – http://queenelizabetholympicpark.co.uk/our-story/the-legacy-corporation/business-plan

5.3 A Member commended the work undertaken already by UCL to engage with local communities around the Park. The Chairman confirmed that the Smithsonian Institute and the other Olympicopolis partners were keen to do likewise.

5.4 The Board noted the report.

6 Report of the meeting of the Regeneration and Communities Committee

6.1 The Chairman of the Regeneration and Communities Committee introduced the report which provided an update on the meeting held on 20 January 2015. The Chief Executive noted that the Committee would in future consider a report which focused on substantive measurable regeneration targets across the whole Park.

6.2 The Board noted the report.

7 Report of the meeting of the Audit Committee

7.1 The Chair of the Audit Committee introduced the report of the meeting held 20 January 2015. It was noted that new finance systems were due to be implemented shortly.

7.2 The Board noted the report.

8 Report of the meeting of the Planning Decisions Committee

8.1 The Chair of the Planning Decisions Committee introduced the report which provided an update on the meeting held on 27 January 2015.

8.2 The Board noted the report.

9 Report of the meeting of the Chairman's Committee

9.1 The Deputy Chairman introduced the report which provided an update on the meeting of the Chairman's Committee held on 4 February 2015. The main items considered at the meeting were:

- Clarifying the CEO's objectives, which would be finalised by Members outside of the meeting;
- Increasing resources within the LLDC in order to deliver the Olympicopolis; and
- The annual review of the salary pay table with agreement to a modest uplift of the pay table from 1 April 2015 having taken consideration of the GLA's pay award for 2015/16.

9.2 The Board noted the report.

10 Report of the meetings of the Investment Committee

10.1 The Chair of the Investment Committee introduced the report which provided an update on the meetings held on 14 January 2015 and 10 February 2015. The Chairman of the Committee noted that a naming rights expert had been appointed in house, and a report with recommendations would be brought to the Board in due course.

10.2 The Board noted the report.

11 Planning Decisions Committee Membership

11.1 The Chief Executive Officer introduced the report.

11.2 Resolved:

a) That the Board approve the appointment of the new substitute member for the London Borough of Waltham Forest, Councillor Stuart Emmerson, to the Planning Decisions Committee, subject to agreement to the re-appointment by the Mayor of London under the Localism Act 2011; and

b) That the Board agree to delegate authority to the Chief Executive to issue an appointment letter to the proposed substitute member.

12 Olympicopolis - Disposal of Long Leasehold to UCL

12.1 The Executive Director of Development introduced the report which sought approval to enter into the Agreement of Lease with the UCL as part of the Olympicopolis. The LLDC hoped to conclude the agreement in March.

12.2 **Resolved:**

a) **That the report was noted; and**

b) **That Mayoral consent be requested in accordance with the London Legacy Development Corporation Governance Direction, July 2013.**

13 Date of next meeting

13.1 The Board noted that the next meeting was due to be held on 17 March 2015 at 2pm.

14 Any other business the Chairman considers urgent

14.1 There was no urgent business.

15 Exclusion of the press and public

15.1 It was agreed that the public and press be excluded from the meeting, in accordance with Part 1, paragraph 3 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt papers. Each of these papers contained information relating to the financial or business affairs of a person or authority.

16 Minutes of the previous meeting held on 29 January 2015 that contain exempt information

16.1 A Member asked whether LLDC monitored the take up of B1/C use class units across LLDC's planning area to ensure that such units were being used to support small creative manufacturing as well as computer-based developers such as architects and graphic designers. The Chief Executive confirmed that a report would be brought to the Board at a future meeting.

16.2 It was agreed that the minutes of the meeting of the Board held on 29 January 2015 containing exempt information be signed by the Chairman as a correct record.

17 Matters Arising and Action List - Exempt

17.1 The Board noted the exempt Action List.

18 Chief Executive's Report - Exempt information relating to item 5 on Part 1 - Appendix 2, 3 - Commercial Update, Corporate Dashboard

18.1 The Chief Executive introduced the report, which contained exempt information in relation to Item 5, including the corporate dashboard for December.

18.2 Resolved:

That the dashboard, additional information and verbal update from the Chief Executive be noted.

19 Olympicopolis - Disposal of Long Leasehold to UCL - Exempt information relating to item 11 on Part 1

19.1 The Executive Director of Development introduced the report seeking approval to enter into the Agreement for Lease with UCL.

19.2 Resolved:

a) **That the entering into an agreement for lease with UCL and the subsequent grant of the lease to UCL, on the terms described in the report and the summaries at Appendices 2 and 3, subject to the grant of Mayoral consent referred to in paragraphs 2.1.3 of the report, be approved;**

b) **That the Board notes that Mayoral consent will be required for the land transaction in accordance with the London Legacy Development Corporation Governance Direction of July 2013 and under section 209 of the Localism Act 2011; and**

c) **That authority be delegated to the Chief Executive of the Legacy Corporation to finalise the terms of the Agreement for Lease, Lease and any other documents connected with the disposal and to do all such acts and things as he considers may be required to give effect to the disposal authorised by this resolution.**

20 Close of Meeting

20.1 The meeting ended at 15.09.

__________________________ ____________________

Chairman Date

Contact Officer: Rachel Massey, LLDC, Level 10, 1 Stratford Place, Montfichet Road, London E20 1EJ, Tel: 020 3288 1829,
Email: rachelmassey@londonlegacy.co.uk

LONDON LEGACY DEVELOPMENT CORPORATION

Board Actions List (reported to the meeting on 17 March 2015)

Outstanding Actions from the last meeting

Minute No.	Item/Description	Action By	Target Date	Status/note
16.1	**Minutes of the previous meeting** Prepare a report on monitoring the take up of B1/C use class units.	Anthony Hollingsworth	19 May 2015	Update to be provided at May board meeting.

Outstanding Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/note
13.4 (24 February 2015)	**Queen Elizabeth Olympic Park Events Update** Include revised visitor forecasts in the visitor strategy for consideration at a future meeting of the Board.	Mark Camley	19 May 2015	In progress. Update to be provided at March board meeting.

This page is intentionally left blank

Subject: **Chief Executive's report to the LLDC Board**
Date: 17 March 2015
Report to: Board
Report of: David Goldstone, Chief Executive

This report will be considered in public

1. SUMMARY

1.1 This report provides progress updates on the activities of the London Legacy Development Corporation (LLDC) since the last Board meeting. A further commercial update on projects and the corporate dashboard is provided at appendices 1 and 2 (exempt information)

2. RECOMMENDATION

2.1 The Board is asked to note this report and the appendices.

3. CHIEF EXECUTIVE'S OVERVIEW

3.1. The agenda for this meeting includes approval for the 2015/16 budget and 10 Year Business Plan, approval for the Treasury Management Strategy and an update on the development of an organisational strategy.

3.2. Since the period covered by the last report, key highlights of activity include:

3.2.1. The appointment of Places for People and Balfour Beatty as developer to create new neighbourhoods in East Wick and Sweetwater.

3.2.2. Commencement of public examination of the Local Plan.

4. STADIUM

4.1. The Legacy Corporation, on behalf of E20 Stadium LLP (a joint venture between the London Legacy Development Corporation and Newham Council), is working to transform the Stadium in the Park into a year round multi-use venue to deliver a permanent sporting, cultural and community legacy in east London.

4.2. Stadium construction is on schedule but the programme remains challenging and is dependent on reasonably good weather conditions. A significant milestone was achieved recently with the installation of the first floodlight tower in February 2015. The 18m floodlight paddles will each house between 8 and 41 lamps, many of which are original lamps that shone over the Stadium during London 2012, and the triangular design has been kept to reflect the iconic Games-time shape. As reported in the last report VINCI Stadium have been appointed as the operator for the Stadium and the Venue Hire Agreement with England Rugby has been signed for five Rugby World Cup 2015 matches taking place in the Stadium. The first Rugby Union Match at the Stadium has been announced: Barbarians will play Samoa on 29 August. The Stadium will also host international Rugby League for the first time on 14 November 2015 with England facing New Zealand. The intention to hold Diamond League athletics in Stadium in summer 2015 has been announced by UK Athletics with our agreement, but tickets will not go on sale until roof works are complete which is due at the end of April 2015.

5. HIGHER EDUCATION AND CULTURAL DISTRICT

5.1. Good progress has been made to support delivery of the Mayor's 'Olympicopolis' vision which will create a world-class education and cultural district on the Park.

5.2. The international competition to appoint a design team for the Stratford Waterfront and the procurement of a masterplanning team for the UCL site have progressed, with appointment of both due in Spring 2015.

5.3. A further update is included in Appendix 2 (contains exempt information).

6. SCHOOLS UPDATE

6.1. The East Wick Primary School (Mossbourne Primary Academy School) is progressing with the reserved matters planning application approved in February 2015. The enabling works have started on site and the main building works are scheduled to start on site in March 2015. The school will begin a phased opening in September 2015 with a 30 place reception class to be located temporarily at Brook Community Primary School in Hackney. The school will open in its permanent location in September 2016.

7. EASTWICK AND SWEETWATER

7.1. Legacy Corporation has announced that Places for People and Balfour Beatty have been appointed to bring forward plans to create new neighbourhoods in **East Wick and Sweetwate**r. The plans include building up to 1,500 new homes with up to 30 per cent affordable and 500 private homes to rent on the Park, six years ahead of the original masterplan. Work to develop East Wick and Sweetwater will create a vibrant new community on the west of the Park linking to existing communities in Hackney Wick and Fish Island, the view is to complete the development in 2023.

7.2. The Legacy Corporation has taken the decision to opt to tax the development site known as East Wick and Sweetwater with effect from 26 February 2015. The impact of this decision is that the Legacy Corporation will charge VAT on income from the land, except where it is exempt income, and will recover input VAT on costs related directly to the development. Discussions are ongoing with HMRC about factoring this into Partial Exemption Special Method calculation.

8. PARK OPERATING AND EVENTS

8.1. The 60 bus sculptures to celebrate the Year of the Bus have proved very popular with visitors, and as a result have remained on the Park longer than originally planned. The Active People Active Park programme, which is funded by a grant from Sport England, came to the end of its first year at the end of February. Over the year some 26 delivery partners from a range of backgrounds, including National Governing Bodies, growth Boroughs' local sports organisations, universities and new start-up businesses have engaged over 35,000 individuals in activity on and around Queen Elizabeth Park, resulting in over 58,000 attendances. The unique participant figure for year one exceeds the total three year projected target for the project, and the attendance figure has reached 86% of the combined first and second year target. Over 49% of the participants engaged were from BAME backgrounds and 7% of participants had a disability, the split between female and male participants is evenly split.

8.2. Other events held on the Park included: London Lions basketball matches and Winter Revolution Track league cycling; a Tea Dance at the Copper Box Arena, Half Term and Easter Holiday community sports activity programme; an exhibition of London inspired LEGO® models at ArcelorMittal Orbit and a pool party to celebrate one year of the London Aquatic Centre on 1 March attended by almost 5,000 people.

8.3. Other events on the Park include:

- Yoga sessions in ArcelorMittal Orbit, Saturdays from 7 March to 11 April.
- Full Gas Cycling Winter Track league in the Veoldrome.
- Playful is the Night, a free night time picnic to celebrate spring on 28 March.
- A family friendly day on the Park to celebrate Easter: The Bunny Run on 4 April.
- Free soccer school for 6-13 year olds with West Ham United Community Sports Trust, 9-10 April.
- The British Swimming Championships at the Aquatics Centre, 14-18 April.

8.4. At its meeting on 3 March 2015, the Investment Committee agreed the Legacy Corporation's policy for venues, including that it should break even, and agreed the prices for the London Aquatics Centre for 2015/16. These have increased in line with the policy. The cost of a swim at the London Aquatics Centre will be no more than the highest price of a swim in one of the neighbouring boroughs.

9. PLANNING

9.1. The Local Plan examination in public has commenced. In preparation statements have been made in response to the questions on key issues and matters raised by the appointed inspector, for consideration at the examination. No need for any 'main modifications' to the Local Plan has been identified as a result. On the **Community Infrastructure Levy** (CIL), following Board approval in January 2015 to adopt the Charging Schedule, work is underway to publicise and prepare for the commencement of CIL charging from 6 April 2015.

10. PARALYMPIC LEGACY

10.1. Registration for **National Paralympic Day** (NPD) has launched. The event will take place on the Park on 26 June 2015 which is the final day of Sainsbury Anniversary games which will be held from 24 to 26 June 2015. NPD will include Paralympic and World swimming medalists competing in the iconic London Aquatics Centre.

10.2. The **Park Mobility Service** is due to be extended to 7 days a week as part of a new integrated service at the Information Point in the Park.

10.3. Work has continued to re-imagine **Mandeville Place,** the central public open space between Carpenters Lock and the Belvedere, as an area of Paralympic recognition, meeting our commitments to the International Paralympic Committee. This interpretation will include a tactile map and will be retrofitted after Park opening. Designs have been completed and planning approval has been granted, the programme has been agreed and work has commenced on site. The project is due to be complete by spring 2015.

11. COMMUNITY ENGAGEMENT

11.1. Work has commenced on construction of a launch pad at **Warton Road** which will include play facilities, a seating area and raising beds for the community to grow plants and vegetables. The facility is located between the Genesis housing development and the DLR railway line and is due to open to the public ahead of the 2015 Easter holidays.

12. HERE EAST

12.1. It has been confirmed that the leading international choreographer Wayne McGregor and his company will open a new world-class arts space in the Here East buildings on the Park in 2016. As the first cultural organisation to move into the Park, Studio Wayne McGregor will comprise of three studios and additional work spaces, Studio Wayne McGregor will host all of McGregor's creative work alongside artist development and creative learning programmes.

12.2. At the Board meeting in January 2015, a query was raised about the bus stops at Here East as these still referred to the site as 'iCity'. Transport for London has confirmed that the two bus stops serving the building have been removed while the road is closed to allow for the redevelopment of the area. Once this work is complete, the two stops will be reinstated in new locations with new bus shelters and renamed 'Here East' and the on board iBus announcements will also be updated at this time.

13. JOBS AND SKILLS

13.1. **Construction workforce targets** to December 2014 were reported to the last Board meeting. These figures demonstrate continued good performance with the majority of targets being met or exceeded.

13.2. The Legacy Corporation's **Legacy Careers programme** uses the opportunities that are being created in businesses on and around Queen Elizabeth Olympic Park to broaden career horizons and enable young people to plan, start and progress their career. It does this by providing on-line tools, delivering career workshops in schools and out of school and providing mentoring and work experience placements. It is delivered with a consortium of partners comprising Future Foundations, Brightside, Prospects, iCould and the International Centre for Careers Guidance. Outcomes from the programme up to the end of this financial year include:

- 41 'Legacy Career' days in 9 growth borough schools supported by 50 business volunteers benefiting 1,300 young people
- 8 career workshops – Passport to Opportunity - will be delivered in March 2015 at the Podium targeting 1,600 young people to engage with prospective employers and build the necessary skills needed for the world of work.
- 5 work experience placements.
- A rolling mentoring scheme.
- 2 finale events where school pitched their business plans to a panel of judges.
- An evaluation which shows that on average young people participating in Legacy Careers significantly increased their awareness of careers and their 'careers skills'.

13.3. The programme for 2015/16 will build on two years of successful delivery and is now being shaped to reflect the growing range of opportunities that will be generated from Olympicopolis, as well as Here East, the International Quarter (TIQ) and the Parks' operations and events programme.

13.4. To date, UCL and the Victoria & Albert Museum have engaged in the Legacy Careers programme. UCL set a challenge for young people to brainstorm and develop concepts for uses of UCL community space and UCL volunteers participated in a variety of sessions from career insights to mock interviews.

13.5. The 2015/16 Legacy Careers schools programme is being adapted to reflect opportunities coming forward from Olympicopolis and to be more teacher-led with a view to mainstreaming the programme in future years. The aim is to have 10 local schools participating that will benefit a further 1,500 young people, bringing the total number of beneficiaries to 4,400.

13.6. As part of the Legacy Careers 2015/16 programme a more structured approach to work experience is being developed. Feedback from the pilot of 5 placements has highlighted the importance of work experience to give young people exposure to the world of work, build confidence and motivate them to achieve their full potential. It is intended that the work experience programme will be offered to organisations on and around the Park one option on a menu of ways they can support the Legacy Careers programme.

13.7. To celebrate the latest cohort of Legacy Apprentices, the Legacy Corporation hosted a very successful and well attended **Apprenticeship Awards** on Wednesday 4 March 2015 at City Hall. The awards recognised the work of apprentices on the Park, highlighted the Legacy Corporation's commitment to apprenticeship delivery, and demonstrated the business benefits of employing apprentices. The awards were supported by the production of a film which included an interview with one of the Legacy Corporation's in-house apprentices.

14. HEALTH AND SAFETY

14.1. A full Health and Safety report was provided to the last Board meeting. This report focused on a specific area of work - LLDC staff health and safety – future reports will focus on Park H&S, Construction, and Occupational Health.

14.2. **Health**: A Legacy Corporation staff health event was held on 29 January. There are now plans to repeat this in June 2015. This event will also encompass broad topics such as smoking cessation and alcohol awareness and be used to encourage use of the Park's facilities.

14.3. The new occupational health arrangement with IOM (based at the Stadium) appears to be working well, a number of referral have already taken place.

14.4. **Training**: Lifting/ handling is an activity for staff who deal with deliveries, set up displays and prepare meeting rooms (and we are also mindful that an employee has recently suffered a shoulder injury in the office). Accordingly, a musculo-skeletal awareness training session has been held in the office.

14.5. First Aid and Fire Warden training sessions have been organised for March to ensure our provision is adequate. Another personal safety course session will be organised for April as lone working is a clear risk for some staff.

14.6. A security briefing covered dealing with telephone bomb threats and suspicious parcels. The 1 Stratford Place fire risk assessment has been reviewed and updated.

14.7. **Policies and procedures:** There is a corporate H&S Management System and suite of procedures and templates for staff intranet such as risk assessments. Staff are also being encouraged to undertake the online Display Screen Equipment training module.

15. APPENDICES

Appendix 1 – Commercial update (exempt information)

Appendix 2 – Corporate dashboard (exempt information)

List of Background Papers

- None

Report originator: Oliver Shepherd,
Telephone: 020 3288 1828
Email: olivershepherd@londonlegacy.co.uk

Subject: **Report of the meeting of the Planning Decisions Committee held on 24 February 2015**
Meeting date: 17 March 2015
Report to: Board
Report of: Philip Lewis, Chair of Planning Decisions Committee

This report will be considered in public

1. SUMMARY

1.1. This paper provides an update to the Board of the meeting of the Planning Decisions Committee held on 24 February 2015.

2. RECOMMENDATION

2.1 The Board is asked to note this report.

3. ITEMS CONSIDERED ON 24 FEBBRUARY 2015

3.1. The Committee considered planning applications for the non-material amendment to the Legacy Communities Scheme (LCS) parameters plans and the reserved matters for the detailed design and appearance of the **East Wick primary school** within Queen Elizabeth Olympic Park.

3.2. The Committee resolved to grant approval for both the non-material amendment and the reserved matters with powers delegated to the Director of Planning Policy and Decisions to issue the permissions subject to the satisfactory completion of unilateral undertakings by the LLDC as landowner and LLDC as local planning authority to secure amendments to the original LCS s106 agreement and to the conditions recommended. In addition, the Committee requested additional conditions related to the assessment of potential overheating from solar gain to the classrooms on the south-east corner of the proposed building; the interface between the school building and the car park; and the quality of the external materials to be used on the building.

3.3. The Committee noted a report of the Director of Planning Policy and Decisions which set out the list of all **decisions made under delegated powers** between 1 and 31 January 2015.

4. LEGAL IMPLICATIONS

4.1. Legal advice for matters considered by the Committee is addressed in the individual committee reports.

5. APPENDICES

5.1. None

List of Background Papers
Papers for the meeting of the Planning Decisions Committee on 24 February 2015

Report originator: Anthony Hollingsworth
Director of Planning Policy & Decisions
Telephone: 020 3288 8824
Email: anthonyhollingsworth@londonlegacy.co.uk

Subject: **Report of the meeting of the Investment Committee held on 3 March 2015**
Meeting date: 17 March 2015
Report to: Board
Report of: David Edmonds, Chair of the Investment Committee

This report will be considered in public

---

1. SUMMARY

1.1. This paper provides the formal report to the Board the meeting of the Committee on 3 March 2015.

2. RECOMMENDATION

2.1 The Board is asked to note this report.

3. ISSUES DISCUSSED AT THE 3 MARCH 2015 MEETING

Stadium Hospitality Fit-Out Works Contract Award

3.1. The Committee considered a report on the procurement of a supplier to deliver the Stadium Hospitality Fit-out works. Following a positive resolution to exclude members of the press and public, the Committee considered a further report containing exempt information and agreed to recommend to the E20 Stadium LLP Board to appoint the supplier to deliver the Stadium Hospitality Fit-out works.

E20 Stadium Limited Liability Partnership Agreement amendments

3.2. The Committee considered a report on the amendments to the E20 members' agreement to document the extension of the business of the E20 LLP into the South Park following the appointment of a Stadium Plus operator for the Stadium and South Park. Following a positive resolution to exclude members of the press and public, the Committee considered a further report containing exempt information and agreed the amendments to the member's agreement.

ArcelorMittal Orbit

3.3. The Committee considered a report on the plans to enhance the visitor experience at the ArcelorMittal Orbit. Following a positive resolution to exclude members of the press and public, the Committee considered a further report containing exempt information and noted the next steps.

Fees and charges

3.4. The Committee considered a report on the proposed new commercial fees and charges in advance of the new financial year. Following a positive resolution to exclude members of the press and public, the Committee considered a further report containing exempt information and approved the fees and charges policy and the recommendations relating to the proposed fees and charges.

4. LEGAL IMPLICATIONS

4.1. Legal advice for matters considered by the Committee is addressed in the individual committee reports.

5. APPENDICES

5.1. None.

List of Background Papers

- Papers for the meeting of the Investment Committee on 3 March 2015

Report originator: Rachel Massey
Telephone: 020 3288 1829
Email: rachelmassey@londonlegacy.co.uk

Subject: **Organisational Strategy**
Meeting date: 17 March 2015
Report to: Board
Report of: Ben Fletcher, Director of Communications, Marketing and Strategy

This report will be considered in public

1. SUMMARY

1.1. This paper provides an introduction to the proposed framework for the Legacy Corporation's organisational strategy 2015-2020. The strategy describes a set of strategic outcomes and business objectives for the next five years, against which the Legacy Corporation can organise, prioritise and communicate.

1.2. A report is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A in that it contains information relating to the business affairs of the London Legacy Development Corporation.

2. RECOMMENDATIONS

2.1 The Board is asked to:

2.1.1 Agree the framework for the organisational strategy in the report in Part 2 of the agenda, to be used as a basis for developing the detailed strategy document

2.1.2 Note that an Equalities Impact Assessment will be conducted on the three strategic outcomes and five business objectives

2.1.3 Note that work is also in train to develop a commercial strategy and a visitor strategy, in support of the overall organisational strategy.

3. TIMING

3.1. Subject to agreement at the Board meeting on 17 March, the framework will be developed into a full strategy document during April and May. An Equalities Impact Assessment will be also conducted in April/May. The final strategy will be brought back to the Board in June for approval.

4. BACKGROUND

4.1. The purpose of the organisational strategy is to provide a framework for the Legacy Corporation's work over the next five years, to assist in determining priorities and resource allocation against strategic objectives. The strategy will also provide a basis for effective communication about the Legacy Corporation's purpose, role and activities. It builds on the existing vision and mission, and will support more detailed planning documents such as the Ten Year Plan, the Local

Plan, and documents detailing a range of the Legacy Corporation's activities (including the Legacy Communities Scheme and Olympicopolis).

4.2. The draft framework proposes three strategic outcomes linked to the themes Park, Place and People from the Ten Year Plan:

- stimulate economic growth and convergence in and around the Park;
- create a new metropolitan heart for east London, integrating Queen; and Elizabeth Olympic Park into the surrounding area
- lead exceptional urban place-making.

4.3. These would be delivered through five business objectives:

- establish successful and integrated neighbourhoods, where people want to live, work and play;
- retain, attract and grow a diverse range of high quality local businesses and employers, and maximise employment opportunities for local people;
- establish a 21^{st} century district promoting cross-sector innovation, education, culture, sport, aspiration and participation in east London;
- create a diverse, unique, successful and financially sustainable visitor destination; and
- develop and maintain key aspects of an excellent reputation, including being innovative, inspiring, accessible, and financially self-sustaining.

4.4. The final version of the strategy will include detail of the Legacy Corporation's main activities and deliverables over the next five years, and measures of success.

4.5. More detailed work will be done in April and May, to develop a commercial strategy and visitor strategy which will be brought back to the Board in June.

5. FINANCIAL IMPLICATIONS

5.1. Finance implications are the subject of the commercial strategy work being undertaken.

6. LEGAL IMPLICATIONS

6.1. As a Mayoral Development Corporation (MDC), the LLDC is bound by the objects and powers for a MDC as set out in the Localism Act 2011. Section 201 of the Act states:

(1) The object of an MDC is to secure the regeneration of its area.

(2) An MDC may do anything it considers appropriate for the purposes of its object or for purposes incidental to those purposes.

6.2. The object of the LLDC is at the heart of the strategy, in the mission and strategic outcomes, and will be demonstrable in the programmes and outputs that are developed to support this framework in the next few months.

7. PRIORITY THEMES

7.1. The priority themes will be considered within each of the business objectives. In addition, the Equalities Impact Assessment will check that the strategy does not have unintended negative consequences on local diverse communities and equalities groups.

8. APPENDICES

None.

List of Background Papers:
Ten Year Plan

Report originator: **Elspeth Bracken**
Telephone: **0203 288 8858**
Email: **elspethbracken@londonlegacy.co.uk**

This page is intentionally left blank

Subject: **2015-16 Budget**
Meeting date: March 2015
Report to: Board
Report of: Gerry Murphy, Executive Director of Finance & Corporate Services

This report will be considered in public

1. SUMMARY

1.1. This report seeks approval of the London Legacy Development Corporation's (the Legacy Corporation) capital and revenue budgets for 2015-16 which accord with the Mayors final approved consolidated budget for the Greater London Authority (GLA) and its functional bodies for 2015-16.

1.2. These budgets reflect the LLDC's Ten Year Plan (Plan) approved by the LLDC Board in April 2014 and published in July 2014, following receipt of Mayoral consent, as updated and approved by the LLDC Board in November 2014, and now updated further following the Chancellor of the Exchequer's Autumn Statement which confirmed funding of £141m for the Olympicopolis programme.

1.3. The budgets have been developed in consultation with the GLA and in line with the Mayor's London Legacy Development Corporation Governance Direction 2013 and the Mayor's Budget Guidance for 2015-16, issued on 2 July 2014.

1.4. The report summarises the capital and revenue budgets as approved by the GLA and the key deliverables against these budgets. The report also includes changes to base-line pay, and capital borrowing against borrowing limits as required by the Mayoral London Legacy Development Corporation Governance Direction 2013. Further exempt information on these areas and on the risks and issues is included in the Part 2 report. Prudential indicators are included in the Treasury Management Strategy which is a separate item on the agenda.

1.5. A report is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A in that it contains information relating to the business affairs of the London Legacy Development Corporation.

2. RECOMMENDATIONS

2.1 The Board is asked to:

2.1.1 Approve the updated Ten Year Plan at Appendix 1 and associated resources schedule at Appendix 2 (exempt information) ;

2.1.2 Approve the 2015-16 budget, key deliverables and associated resourcing;

2.1.3 Note the associated risk and issues in delivering the 2015-16 budget as set out in Part 2; and

2.1.4 Note that Mayoral consent is required under the Governance Direction, July 2013.

3. TIMING

3.1. In line with the GLA statutory budget process, the LLDC Board is required to approve the annual revenue and capital budget in advance of the year to which they relate; the timing of this decision is therefore pressing.

4. BACKGROUND

4.1. The Legacy Corporation was established, according to the provisions of the Localism Act 2011, on 1 April 2012, and took on planning functions in October 2012. The Legacy Corporation is responsible for promoting and delivering physical, social, economic and environmental regeneration in Queen Elizabeth Olympic Park and the surrounding area, in particular by maximising the legacy of the London 2012 Olympic and Paralympic Games.

4.2. To achieve these objectives, the Legacy Corporation's aims are grouped under Park, Place and People:

4.2.1. PARK: a successful and accessible Park with world-class sporting venues offering leisure space for local people, arenas for thrilling sport, enticing visitor entertainment, and a busy programme of sporting, cultural and community events to attract visitors;

4.2.2. PLACE: a new heart for east London, securing investment from across London and beyond, attracting and nurturing talent to create, design and make world-beating 21st Century goods and services, and becoming a place where local residents and new arrivals choose to live, work and enjoy themselves, and businesses choose to locate and invest; and

4.2.3. PEOPLE: opportunities and transformational change for local people, opening up access to education and jobs, connecting communities and promoting convergence - bridging the gap between east London and the rest of the capital.

4.3. In the period 2012-13 to 2014-15, the Legacy Corporation has been engaged in the transformation of the Olympic Park to the Queen Elizabeth Olympic Park, to connect the Park to surrounding neighbourhoods, and to complete conversion of Park and venues to their legacy configuration. The Copper Box Arena and the north area of the Park, including the Timber Lodge café and community centre opened in July 2013; the Aquatics Centre opened on 1 March 2014; the ArcelorMittal Orbit and remodelled south of the Park opened in April and May 2014. The Stadium will re-open permanently in summer 2016 with a temporary re-opening for the Rugby World Cup matches in 2015.

4.4. In the period considered by the budget, the Legacy Corporation's wider role in creating a great place and creating opportunities for local people will assume ever greater importance – working in partnership to bring forward regeneration schemes and housing, delivering 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. The Olympicopolis programme is now at the centre of this work. The Legacy Corporation will work with partners to deliver on plans to create an arts, culture and educational hub on the Stratford Waterfront along with residential development and, on the area south of the Stadium and the London Aquatics Centre, a new campus for UCL, one of the UK's leading universities.

4.5. These budgets reflect the LLDC Ten Year Plan. A draft budget was submitted to the GLA on 28 November, and was updated in December 2014 following the Chancellor of the Exchequer's Autumn Statement which confirmed funding of £141m for the Olympicopolis programme. The updated Ten Year Plan is attached in Appendix 1 with a confidential Resource Plan attached in Appendix 2 (exempt information). The report in Part 2 sets out the further exempt information including the associated risk and issues in delivering the 2015-16 budget.

5. KEY DELIVERABLES

5.1. During 2015-16, the Legacy Corporation's budgets will be deployed to:

PARK

- successfully operate the park and venues, building on successful Park and venue visitor numbers achieved to date;
- deliver annual community, cultural and sporting events programming;
- support the hosting of major sports events, including five Rugby World Cup matches and athletics meets in the Stadium through the E20 Stadium LLP, Euronations Hockey, World Track Cycling Championships though LVRPA;
- maintain Green Flag status for the Park.

PLACE

- progress development schemes on the Park and surrounding area including residential schemes, the development of two new schools, and the Olympicopolis scientific, educational and cultural vision for Stratford Waterfront and south of the Park, in particular:
    - Chobham Manor : first residents moved in, and phase 2 works commenced;
    - begin phased opening for East Wick School and commence construction for Legatum school;
    - progress masterplanning and design of Olympicopolis university campus and new cultural destination;
    - progress Hackney Wick Station improvements;
- adopt the Local Plan;
- adopt the Community Infrastructure Levy and commence collection (from 1 April 2015);
- deliver an effective and responsive planning service.

PEOPLE

- target 60,000 engaged through arts and culture, 75,000 through community and 30,000 through sport;
- achieve peak of 40-50 apprentices on the Park;
- hold annual National Paralympic day;
- ensure all projects on Park meet Inclusive Design Standards;
- establish Mandeville Place in Park;
- support 195 people to achieve training or qualification certificates through community projects;
- engage 26,000 disabled people in sporting activities through Motivate East programme;
- ensure continuous improvement of the one organisation culture and values plan; and

- continue to honour LLDC's commitment to pay the London living wage.

5.2. During 2016-17, the Legacy Corporation's budgets will be deployed to:

- complete the Stadium transformation by the summer of 2016;
- commence the build on the East Wick and Sweetwater neighbourhoods;
- bring forward a final business case for the Olympicopolis programme and procure partners for the construction of the university campus and new cultural destination; and
- complete Hackney Wick Station improvements.

6. 2015-16 BUDGET

6.1. The GLA approved capital and revenue budgets for 2015-16 are as follows :

£m	2014-15 f'cast	2015-16 budget	2016-17 indicative
	40.8	37.3	32.2
Gross Revenue Budget	**40.8**	**37.3**	**32.3**
of which financing costs		*6.3*	*6.9*
Gross Capital Budget	**235.9**	**136.1**	**85.6**

7. 2015-16 CAPITAL BUDGET

7.1. The 2015-16 capital budget is £136.1m, funded by borrowings from the GLA and grants and other funding.

Capital (£m)	2014-15 f'cast	2015-16 budget	2016-17 indicative
Total capital expenditure			
General capital	236.7	120.1	32.4
Olympicopolis	2.2	16.5	53.5
Opimism bias	-3.1	-0.5	-0.3
	235.9	136.1	85.6
Funded by:			
Capital receipts	2.0	1.3	39.9
Other grants and funding	19.7	37.9	77.8
Reserves	79.0		
Borrowing	135.2	96.9	-32.1
	235.9	**136.1**	**85.6**
Cumulative borrowing requirement	*135.2*	*232.1*	*200.0*

7.2. The £136.1m 2015-16 capital plan delivers:

- Stadium complete for the 2015 Rugby World Cup, with full opening in summer 2016 (through the E20 Stadium LLP);

- East Wick and Sweetwater planning and design commenced;
- East Wick School and All Through School construction commenced;
- masterplanning, design and procurement to support Olympicopolis educational and cultural vision for the Stratford waterfront and south park commenced;
- Phase 1 of the Leaway complete;
- progress Hackney Wick Station improvements;
- F03 bridge works complete;
- Throwing Field for the World Athletics Championships commenced.

Reserves – funding the capital plan

7.3. During 2014-15, the Legacy Corporation plans to utilise all remaining capital reserves, being £79m of unutilised prior year grant allocations to fund capital works in the year.

7.4. To the extent that the forecast use of reserves for 2014-15 is not required, the Legacy Corporation will seek to carry forward unutilised capital reserve at 31 March 2015 into 2015-16.

Borrowing – funding the capital plan

7.5. The Mayor proposes that capital support to the Legacy Corporation for the Olympicopolis and other capital plans should be provided as loan funding, including funding for 2014-15. The planned capital financing costs along with the Authorised Limit and Operational Boundary for external debt for the Corporation, arising from its plans are set out below. These reflect the level of post-transformation spending required on the Park and venues before capital receipts are received from the development of the Park. They also reflect the delivery of the early phase of Olympicopolis and the GLA's support for the programme.

Authorised limit for external debt (£m)	2015-16 estimate	2016-17 estimate	2017-18 estimate
Borrowing	320.0	280.0	240.0
Other long term liabilities			
Total	**320.0**	**280.0**	**240.0**

Operational boundary for external debt (£m)	2015-16 estimate	2016-17 estimate	2017-18 estimate
Borrowing	310.0	270.0	230.0
Other long term liabilities			
Total	**310.0**	**270.0**	**230.0**

Net financing need for the year (£m)	2015-16 estimate	2016-17 estimate	2017-18 estimate
Total capital expenditure	**136.1**	**85.6**	**161.2**
Financed by:			
Capital receipts	1.3	39.9	83.2
Capital grants	37.9	77.8	112.3
Capital reserves			
Revenue			
Net financing need for the year	**96.9**	**-32.1**	**-34.3**
Capital financing requirement:			
b/fwd borrowings*	190.3	287.2	255.1
Total capital financing requirement	**287.2**	**255.1**	**220.8**
*2015-16 brought forward balance includes reserves and other minor adjustments			

7.6. The net financing requirement for the Legacy Corporation is within the operational boundaries and authorised limits set by the GLA.

7.7. Financing costs are fully provided for by the GLA in the reserves budget and prudential indicators for the Legacy Corporation are covered in the Treasury Management Strategy presentation to the Board (under agenda item 10).

8. 2015-16 REVENUE BUDGET

Revenue income, expenditure and funding (£m)	2014-15 f'cast	2015-16 budget	2016-17 indicative
Revenue income			
Sport England	0.5	0.4	0.1
Park and venue income	0.8	1.0	1.1
E20 share of LLP profits	0.0	0.2	0.2
Estate income	0.7	0.5	0.5
Estate charges and rentals	0.2	0.5	1.7
Planning fees	0.4	0.8	0.8
	2.1	3.0	4.2
Total revenue income	**2.6**	**3.4**	**4.3**
Revenue expenditure			
Park Operations and Venues	16.1	12.0	9.4
Stadium	0.9	0.5	0.3
Real Estate	0.6	0.2	0.1
Regeneration	2.8	2.8	2.4
PPDT	0.5	0.7	0.7
Executive Office (incl comms/marketing)	0.5	0.5	0.5
Insurance	1.7	1.6	1.4
Staff and corporate overheads	13.7	12.7	10.9
	36.6	30.9	25.6
Contingency/VAT	4.2		-0.2
Financing costs		6.3	6.9
Total revenue expenditure	**40.8**	**37.2**	**32.3**
Net revenue requirement	**38.2**	**33.8**	**27.9**
Funded by:			
GLA funding	10.0	17.0	13.8
Financing		6.3	6.9
CSR/LDA funding	28.5		
Reserves	-0.3	10.5	7.2
	38.2	**33.8**	**27.9**
Net revenue position after funding	**0.0**	**0.0**	**0.0**

8.1. Total revenue income and expenditure is in balance over the period. In agreement with the GLA, the balance of revenue reserves brought forward is deployed in 2015-16 (£10.5m) and 2016-17 (£7.2m). Going forward, the Legacy Corporation will not be required to hold separate reserves reflecting its close relationship with the GLA.

8.2. GLA funding is supplemented in 2015-16 and 2016-17 by additional funding of £7.0m and £3.8m respectively, agreed as part of the Plan approval in 2014. Financing costs are fully provided for by the GLA.

8.3. Changes to base line pay for an uplift of 1% in the Legacy Corporation's pay table for 2015-16 were reviewed and agreed by the Chairman's Committee on 4 February 2015, giving due consideration to the impact of the previous years pay and grading review and the GLA settlement. The uplift in the pay table of 1% gives an increase of £0.1m per annum across revenue and project (capital) budgets.

8.4. Irrecoverable VAT has not been forecast beyond 2014-15 on the basis of s33 status being legislated for the Legacy Corporation.

9. SAVINGS AND EFFICIENCIES

9.1. As set out in the submission to GLA, the budget proposes savings of £7.1m and efficiencies of £7.5m in 2015-16 arising from:

- reductions in Park operating costs, venue operating costs and costs associated with opening the Park in 2014. (£6m)
- new income generation from the Park and increases in planning fees (£1m)
- reductions in Corporate overheads including staff costs, professional fees and irrecoverable VAT savings assuming s33 status (£5m)
- other changes including reductions in contingency (£0.5m) totalling £3m

10. LEGAL IMPLICATIONS

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

10.1.1. 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 (2.1).

10.1.2. 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 3-year rolling business planning process, including changes to base-line pay for the year covered by the budget, borrowing limits and prudential indicators for the next three years (4.2).

10.1.3. obtain prior consent to the consideration by the board of any draft core business plan for approval.

10.2. The GLA has asked the Legacy Corporation to submit the Ten Year Plan for consent in place of the Corporation's Three Year Business Plan, and has agreed that this should be submitted for consent after the Board has approved it.

10.3. As stipulated in the Direction, the GLA has been consulted on the Plan and reviewed the financial information underpinning it.

11. PRIORITY THEMES

11.1. The Legacy Corporation is continuing the priority themes set by its predecessor the Olympic Park Legacy Company. These are: Promoting convergence and community participation; Championing equalities and inclusion; Ensuring high quality design; Ensuring environmental sustainability.

11.2. The Legacy Corporation's priority themes have been reflected in the 2015-16 budget and deliverables.

12. 2016-17 BUDGET PLANNING

12.1. The proposed timetable for updating the Ten Year Plan and submission to the GLA to inform the 2016-17 budget is set out below:

	Committee	Date
High level organisational strategy, principles and structure, including workplans for development of • Visitors strategy • Commercial strategy	Board	March 2015
Informal Investment Committee discussion on strategic issues	Informal Investment Committee	April 2015
Detailed organisational strategy , including • Visitors strategy • Commercial strategy	Investment Committee Board	May 2015 June 2015
10 year plan update –progress report	Investment Committee Board	May 2015 June 2015
10 year plan update pre GLA budget submission	Investment Committee	September 2015
GLA budget submissions (pre approval) • 2016-17 detail • 2017-18 indicative	Investment Committee Board	October 2015 November 2015
GLA budget approval	-	Qtr 1 2016
Departmental budgets	Investment Committee Board	February 2016 March 2016
2016-17 financial year starts	-	01/04/2016

13. APPENDICES

- Appendix 1 – Ten Year Plan
- Appendix 2 – Resource Plan (exempt information)

List of Background Papers:

- LLDC Board 30 April 2014: 10 year plan report (containing exempt information)
- LLDC Investment Committee 10 September 2014: Cultural and higher educational quarter budget and 10 year plan update (containing exempt information)
- LLDC Board 23 September 2014: Cultural and higher educational quarter budget and 10 year plan update (containing exempt information)
- LLDC Investment Committee 11 November: 10 Year Business Plan Update (containing exempt information)LLDC Board 18 November: 10 Year Business Plan Update (containing exempt information)
- LLDC Audit Committee 20 January: 2015-16 Draft Budget and 2016-17 Indicative Budget including Ten Year Plan

Report originator: Gerry Murphy, Executive Director of Finance and Corporate Services
Telephone: +44 (0)20 3288 1818
Email: gerrymuphy@londonlegacy.co.uk

This page is intentionally left blank

Ten Year Plan

2015/16 – 2024/25

V2.0

March 2015

Draft for mayoral approval

Table of Contents

1. What is this document

This is the London Legacy Development Corporation's Ten Year Plan. It sets out what we aim to do in and around Queen Elizabeth Olympic Park over the next ten years, and how we plan to achieve these aims.

London Legacy Development Corporation was set up by the Mayor of London to manage Queen Elizabeth Olympic Park and its venues, and to deliver regeneration for east London. In April 2012, we took over ownership of the Park and venues, and in October 2012, we became the local planning authority for our area. This includes both the Park itself and neighbouring districts like Hackney Wick, Fish Island, Bromley-by-Bow, Sugar House Lane, Carpenters and Stratford City. The Mayor of London is our chairman, and our board and committees meet in public.

Since the London 2012 Olympic and Paralympic Games, the Legacy Corporation has cleared Games-time overlay, connected the Park to surrounding neighbourhoods, and completed most of the conversion of Park and venues to their legacy configuration, including appointing an operator for every venue.

The Park opened to the public in stages from July 2013 with the south of the Park opening in April 2014. More than 4.5 million visitors have visited the Park including a series of major sporting and cultural events. All permanent venues have re-opened to the public with the exception of the Stadium which will host five matches for the 2015 Rugby World Cup before re-opening permanently in summer 2016 as the home to West Ham United FC and UK Athletics.

The Legacy Corporation's wider regeneration role is now taking greater prominence in its work with construction underway for the first of the new neighbourhoods at Chobham Manor. Work on the next two neighbourhoods at East Wick and Sweetwater have been brought forward by six years and a developer has recently been appointed. In addition, the Government has announced £141m of funding to progress a new culture and education quarter in the south of the Park creating new university campuses for University College London and the University of the Arts London together with a new museum for the Victoria and Albert Museum, a 600-seat theatre for Sadler's Wells and the capacity for further museum space. In addition work is ongoing to create a new business district at Here East in the former press and broadcast centres which is already home to BT Sport and in the future will be occupied by Loughborough University, Infinity SDC, Wayne McGregor/Random Dance and a range of businesses including technology, media, education and data. Work is underway to build two schools in the Park: a primary school in East Wick; and Legatum, an all through school based on two sites Stadium Island and Sweetwater, The Legacy Corporation is also working beyond the Park boundary for example to regenerate Hackney Wick and Fish Island.

This plan will set the framework for the Legacy Corporation's annual budget, which are updated and presented to the Board annually. The ten-year plan will itself be updated at least every three years.

1.1 Strategic Context

"The 2012 Olympic and Paralympic Games, their infrastructure and investment have created the most important strategic regeneration opportunities in London for the next 25 years."
(Mayor of London, London Plan, 2011)

The Legacy Corporation was set up to deliver on the regenerative promise of the London 2012 Games. Our boundary not only includes Queen Elizabeth Olympic Park, but also adjacent existing communities in the London boroughs of Hackney, Newham, Tower Hamlets, and Waltham Forest, who are represented on our Board.

These boroughs, together with the Mayor, have adopted the principle of 'convergence' – the shared ambition that "within 25 years the residents of the Boroughs that hosted the Olympic and Paralympic Games will have the same social and economic chances as their neighbours across London". Local employment initiatives, regeneration programmes, community engagement programmes and the location of social infrastructure are all designed to foster integration, and to support convergence.

The development of Queen Elizabeth Olympic Park and the regeneration of the wider east London area is also a key objective of the Mayor's Economic Development Strategy for London, published in 2010. Objective 5 of this strategy is: to attract the investment in infrastructure and regeneration which London needs, to maximise the benefits from this investment and in particular from the opportunity created by the 2012 Olympic and Paralympic Games and their legacy.

1.2 Partners and stakeholders

We depend on a wide variety of partners and stakeholders to achieve its aims. These include:

- The Mayor of London, the Greater London Authority and Transport for London.
- The six east London growth boroughs, of which four are part of the Legacy Corporation's wider area, see map on page 7.
- Local communities – the people who live and work in the diverse neighbourhoods around the Park.
- Statutory agencies such as Lee Valley Regional Park Authority, the Canal and River Trust, and Network Rail.
- Delivery partners such as West Ham United Football Club, Chobham Manor LLP, Here East, Greenwich Leisure Limited, Cofely GDF Suez, and the Camden Society.
- Local developers, investors and landowners, such as London and Continental Railways (LCR), Qatari Diar/Delancey, Lendlease, Westfield, and Vastint Holding B.V. (formerly Inter IKEA).
- Stakeholder organisations, which range from elected bodies with a formal scrutiny role (e.g. the London Assembly), to organisations representing communities of interest or identity (from business associations, to local community organisations, to environmental pressure groups).
- Sporting bodies such as Sport England, the British Olympic and Paralympic associations, and the national governing bodies for individual sports.

2. Our vision – what we want to achieve

2.1 Mission

London Legacy Development Corporation's mission is to use the once-in-a-lifetime opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to develop a dynamic new heart for east London, creating opportunities for local people and driving innovation and growth in London and the UK.

2.2 Purpose

The Legacy Corporation's purpose is to focus on three areas:

- **PARK**: a successful and accessible Park with world-class sporting venues offering leisure space for local people, arenas for thrilling sport, enticing visitor entertainment, and a busy programme of sporting, cultural and community events to attract visitors.

- **PLACE**: a new heart for east London, securing investment from across London and beyond, attracting and nurturing talent to create, design and make world-beating 21st Century goods and services, and becoming a place where local residents and new arrivals choose to live, work and enjoy themselves, and businesses choose to locate and invest.

- **PEOPLE**: opportunities and transformational change for local people, opening up access to education and jobs, connecting communities and promoting convergence - bridging the gap between east London and the rest of the capital.

2.3 Priority themes

Our vision is supported by priority themes that run through all of the Legacy Corporation's programmes:

- promoting convergence, employment and community participation
- championing equalities and inclusion
- ensuring high quality design
- ensuring environmental sustainability

Ten years on – Queen Elizabeth Olympic Park in 2022

How the Park might be described ten years after the Games

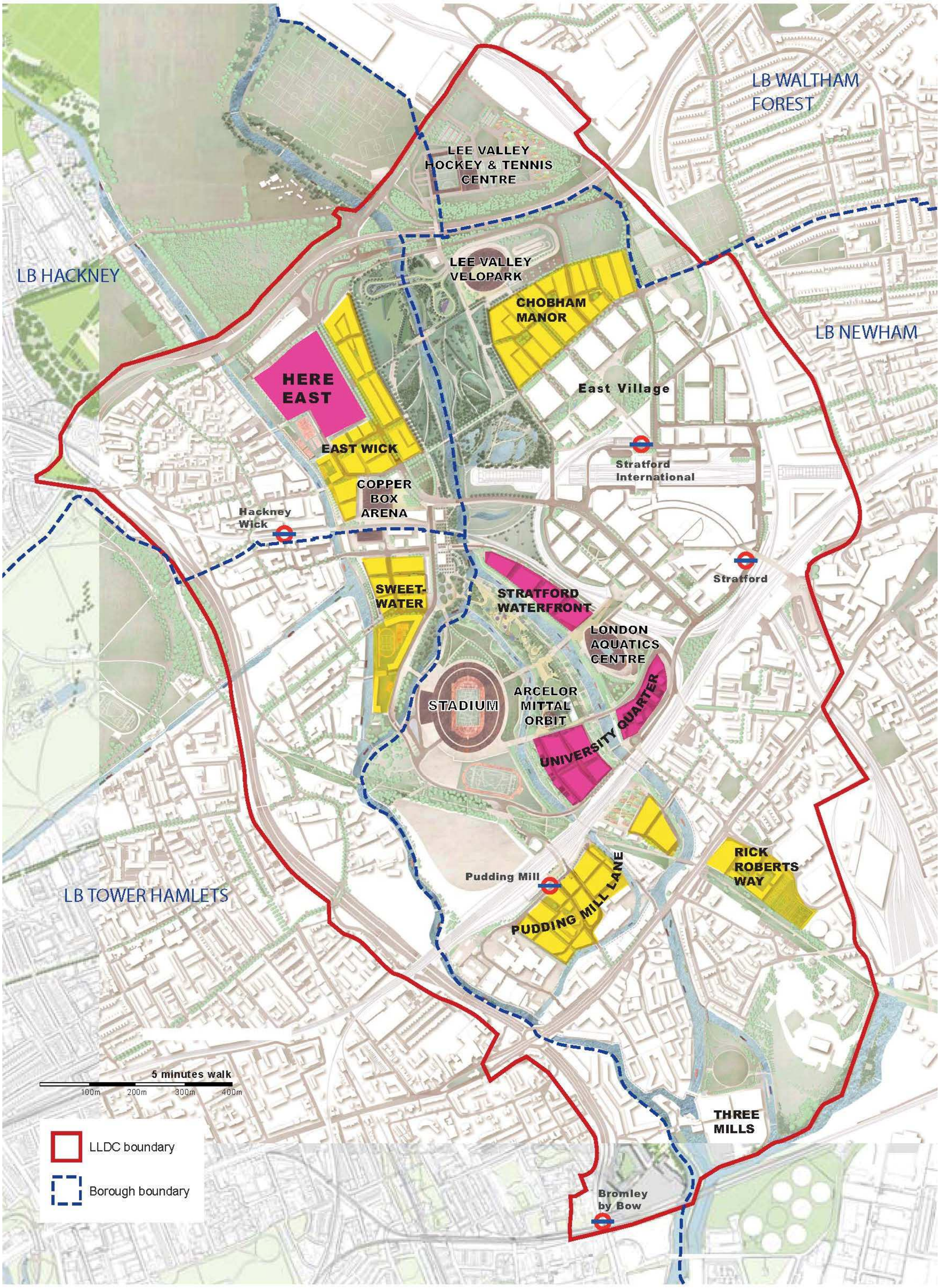
Ten years after the London 2012 Games, Queen Elizabeth Olympic Park has become the centre of an extraordinary transformation.

The Park itself, with the venues inherited from London 2012, is recognised as one of London's unmissable attractions for visitors, as a centre for sporting and cultural excellence, and as an oasis of green spaces and waterways. Crowds have returned year after year to international and national sporting events (from football, to rugby, to athletics, to wheelchair tennis), for concerts, and simply to visit and enjoy one of London's most exciting places.

Around the Park, new urban districts have emerged, linking the old and new, and making the most of east London's growing reputation as London's creative heart. New universities, museums, workshops and laboratories are designing and making everything from computer code, to bespoke furniture, to new vaccines. This new growth pole for London has opened up thousands of new jobs, both directly and through spin-off employment. Thousands of new homes have been built too, making Queen Elizabeth Olympic Park a genuinely mixed place, where families come to live, where children learn in the new schools, where designers and students work together to create, and where people from across the world come together to celebrate sporting achievement, performance and the spirit of 2012.

The transformation of Queen Elizabeth Olympic Park has also improved the lives of local people. Local families fill the Park every day, and visit the venues to enjoy the affordable leisure opportunities they offer. Thousands of local people have also found jobs on or around the Park, study in the new universities, or work in businesses boosted by the growth of the local economy. The Park may regularly feature in sporting and cultural news bulletins across the world, but it also feels like the heart of east London.

Map: the London Legacy Development Corporation area



3. Objectives – what we will do in 10 years

The table below sets out what we will achieve by March 2023 (or by previous dates where stated):

PARK	1. Continue the successful operation of Park and venues, building on the high visitor numbers achieved to date by expanding our reach beyond east London. 2. Maintain Green Flag status for the Park. 3. Attract and host 15 major sporting events/championships by 2017/18. 4. Achieve zero events waste to landfill.
PLACE	5. Deliver the first 2,500 homes on the Park 6. Build two high quality new schools. 7. Achieve zero carbon homes. 8. Create 13,000 jobs through developments on Queen Elizabeth Olympic Park, including through delivery of Here East and planned investment in Olympicopolis. 9. Enable and support the successful development of the whole LLDC area, by setting and implementing effective planning policy, delivering new connections, supporting thriving town centres, and contributing to the delivery of jobs and homes.
PEOPLE	10. Ensure that local people benefit from and contribute to the success of Queen Elizabeth Olympic Park, including through economic opportunity, community engagement, sports participation and cultural participation. 11. Ensure a successful Paralympic legacy through promoting participation in inclusive sport, delivering inclusive design on the Park and holding the annual National Paralympic Day event. 12. Operate on a stable financial footing, without additional public subsidy.

4. Strategy – how will we get there

The Legacy Corporation has a range of assets and tools at its disposal, principal among them its ownership of Queen Elizabeth Olympic Park, venues and development land, and its statutory role as the planning authority and regeneration agency for the Park and surrounding area. But the vision will not be delivered by one agency acting alone.

Acting as a catalyst and partner, we will lead regeneration in and around Queen Elizabeth Olympic Park by:

1. **Transforming and managing a world class Park and venues** – having appointed operators for Queen Elizabeth Olympic Park and its venues and completed transformation works, we are working closely with operators to ensure that Park and venues are carefully managed and maintained, to ensure a reputation for quality and safety, and to maximise visitor numbers and spending for local businesses.

2. **Hosting world class cultural and sporting events** – we will continue to intensively programme the Park and venues, with major sporting and cultural events preserving and enhancing the spirit of 2012, and a wider programme of events at all scales ensuring repeat visits from local people and the wider audience.

3. **Making vibrant new places** – new homes, workplaces and community facilities will be built and managed in partnership with developers and investors, with the mix of uses and tenures, high quality design and excellent environmental standards that will create places that work.

4. **Creating a focus for investment and growth** – emulating the legacy left in South Kensington by the Great Exhibition, we will promote the Mayor's vision for Olympicopolis, comprising cultural facilities, education and research institutions and workspaces, to stimulate job creation and economic growth across east London.

5. **Planning for regeneration** – the Local Plan will provide the framework for promoting regeneration across the Legacy Corporation area, and we will work with partners to deliver infrastructure and other projects at Hackney Wick, Bromley-by-Bow, Stratford Station and Leaway.

6. **Connecting people to opportunity** – running programmes that help local people to access jobs and economic opportunities, support community sports projects, and promote convergence for communities.

7. **Ensuring long-term success** – making sure delivery and management arrangements are robust for the long term, so that Queen Elizabeth Olympic Park remains at the heart of a London success story long after we have left the scene.

To deliver this programme, the Legacy Corporation is committed to working as one organisation, exhibiting the following values in its internal culture and in its work with partners:

- **Ambition**: we are dynamic, and open to new opportunities that are consistent with our underlying mission.
- **Responsibility**: we are accountable and transparent – taking ownership of our commitments, and delivering them effectively.
- **Excellence**: we are focused on delivery and achieve high professional standards in all we do.
- **Collaboration**: we form partnerships with other organisations based on trust and respect.

5. PARK: A successful and accessible Park and world-class sporting venues

5.1 Overview

Following the London 2012 Olympic and Paralympic Games, the Legacy Corporation took responsibility for the Olympic Park, the Aquatics Centre, the Stadium, the Copper Box Arena, the Press and Broadcast Centre and the ArcelorMittal Orbit. Together with the VeloPark and Hockey and Tennis Centre (which are owned and operated by Lee Valley Regional Park Authority), these exciting venues make up Queen Elizabeth Olympic Park, offering an unrivalled destination for sport and leisure, with everything from cycle paths and children's play areas to state of the art competition venues for swimming and athletics.

With the Park and venues re-opening (the Stadium being the last venue to open permanently in 2016), the Legacy Corporation is developing Queen Elizabeth Olympic Park's offer as London's premier centre for major sporting and cultural events, like the Anniversary Games and summer concert series that saw 700,000 visitors return to Stratford in July and August 2013. These events – from world sports championships, to community and cultural programmes – will bring the world back to Stratford and bring communities back to the Park.

Alongside the events programme, the Park will continue to act as an oasis for local people, in the dynamic landscape of the South Park Plaza, and in the softer river valleys and play space of the north of the Park. These will be places for local leisure – for playing sport (with venue prices pegged to those charged by local sports centres), for enjoying picnics, for walking or for watching the changing seasons in tranquillity. Smaller scale events will generate activity throughout the year, and short-term leases for sites that will be developed in future – from community enterprises to more commercial offerings – will ensure that there is always activity across the Park, and that visitors always have a reason to return.

5.2 Projects and plans

The Park and venues have been opened in phases, following the completion of the post-Games **transformation programme**. In the eighteen months following the 2012 Games, we cleared Games-time infrastructure, completed legacy conversion, and re-connected the Park to its surrounding neighbourhoods. The Copper Box Arena and the north area of the Park, including the Timber Lodge café and community centre opened in July 2013, and the Aquatics Centre opened on 1 March 2014. The remodelled south of the Park, the ArcelorMittal Orbit and the Lee Valley VeloPark, and Tennis Centre all opened between March and May 2014, with the Lee Valley Hockey and Tennis Centre opening in July 2014. The Stadium will re-open permanently in summer 2016 as the permanent home for West Ham United FC and UK Athletics, following temporary re-opening for major events such as the Rugby World Cup matches in 2015. The Canal Park – a linear park on the western side of Queen Elizabeth Olympic Park along the Lee Navigation Canal will be the final piece in creating world class parklands on Queen Elizabeth Olympic Park, and work will be completed by early 2015.

We have also put in place robust **operational management arrangements** for the Park and venues and LLDC assets, and these are being implemented through the re-opening programme:

- The Park and ArcelorMittal Orbit are managed by Cofely GDF Suez.
- The Aquatics Centre and Copper Box Arena are operated by Greenwich Leisure Limited, a social enterprise.
- The Timber Lodge Café is operated by Unity Kitchen, a social enterprise established by the Camden Society.
- Lee Valley Regional Park Authority owns and operates the VeloPark and the Hockey and Tennis Centre.
- Here East, a joint venture between Delancey, a specialist real estate investment and advisory company, and Infinity SDC, the UK's leading data centre operator, is converting and will manage the Press and Broadcast Centres.
- 3 Mills Studios are managed by Deloitte Real Estate.

Following the award of concessions for use of the **Stadium**, to West Ham United Football Club and UK Athletics, conversion works are underway. E20, a joint venture established by the Legacy Corporation and London Borough of Newham, will run the Stadium under a long lease, and appointments of an operator and events promoter for the Stadium and surrounding parkland is imminent.

To ensure the Park and venues can continue to build on high Park and venue visitor numbers achieved to date a major **events programme** is planned. Some events will be focused on boosting Park usage, and creating a draw for local and national visitors. In addition to annual events like National Paralympic Day and Ride London, these include school events, charity events like Sport Relief, concerts and film screenings, funfairs and fun runs.

Major sporting events confirmed for coming years include the Rugby World Cup 2015, and IAAF and IPC world championships in 2017, along with the European Swimming Championships and EuroHockey Championships, This builds on successful sporting events already held on the Park including the Tour de France Grand Depart, FINA Diving Championships, European Badminton Grand Prix, and UCI Track Cycling. At the same time, the Park and its leisure facilities in the Copper Box Arena and Aquatics Centre will remain accessible and affordable to local people

The Legacy Corporation works hard to ensure that the Park is managed to recognised standards, and this has been recognised through gaining the Green **Flag Award** one year earlier than anticipated. This is based on an annual assessment of performance against a range of criteria, including safety, cleanliness, sustainability, community involvement and conservation and we will maintain this standard. . By 2020, we will also seek to achieve **zero waste to landfill** from events, reflecting our priority theme to focus on environmental sustainability.

Milestones and measures - Park

10 Year Objective

15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25

Objectives 1: Park and venues

- Rolling programme of life cycle venue refurbishment
- Operational Park, venues and waterways
- Stadium complete for Rugby World Cup
- Operational Stadium including football, athletics and summer events
- Academic Buildings UCL delivered
- Open Stratford Waterfront
- Full opening of Stadium

Objective 2: Visits to the Park

- Build on the high visitor numbers achieved by expanding our reach beyond east London.
- Annual community, cultural and sporting events programme

Objective 3: Major sports events

- FINA diving championships
- 5 Rugby World Cup matches
- Athletics meets in the stadium
- IPC World Championships
- Revolution track cycling
- EuroHockey championships
- European Swimming championships
- IAAF World Championships
- Future major sporting events TBC
- Tour de France stage
- UCI Track Cycling
- World Track Cycling championships
- European Badminton Grand Prix (and in future years)

Objective 4: Zero events waste to landfill

- Achieve and maintain zero event waste to landfill for events

Objective 5: Green flag status for the Park

- Maintain Green flag status for the Park

Page 45

6. PLACE: a new heart for east London

6.1 Overview

In the summer of 2012 the London Games brought the world to east London, showcasing its rich heritage, beauty and vitality, as well as excellent new facilities and transport connections. The eastwards growth of central London, which began some thirty years ago in Docklands now encompasses Stratford – placing Queen Elizabeth Olympic Park at the heart of a new metropolitan district.

The London 2012 Games helped to secure this fundamental shift in perceptions of east London. The area's young and diverse population had already made it a trailblazer in design and creativity, from fashion to music, to architecture and artisanal food. Hackney Wick and Fish Island have established an epicentre of creativity on the western edge of the Park, to balance the dynamism of Stratford Town Centre and Westfield Stratford City on the east side of the Park.

We want to capitalise on this opportunity, and to raise our ambition for new development around Queen Elizabeth Olympic Park, by building on its existing strengths in design and creativity. Inspired by the vision for the legacy of the Great Exhibition that created Exhibition Road, sometimes known as 'Albertopolis', the Mayor of London has worked with the Legacy Corporation on plans to attract and nurture talent to create, design and make 21st century goods and services that will compete with the best in the world, with the potential to deliver 3,000 new jobs, 1.5 million additional visitors and £2.8 billion of economic value to Stratford and the surrounding area.

Plans for Olympicopolis include working with partners:

- University College London (UCL) will create a new university campus to the south of the ArcelorMittal Orbit.
- The Stratford Waterfront site will house new facilities for Sadler's Wells, University of Arts London and the Victoria and Albert Museum.

These new facilities will strengthen the Park's offer for national and international visitors, but also create a home for skilled artists, designers, teachers, engineers, scientists, architects and craftspeople – and the global companies that need this talent. These people will live and work throughout east London, but the Park will be the fulcrum of growth and a new symbol of London as a global powerhouse of creativity, learning and development.

In addition, around 10,000 homes will be built on land at Queen Elizabeth Olympic Park, including East Village, and thousands more in the surrounding area. These new neighbourhoods will form strong links with adjoining districts such as Hackney Wick, Bromley-by-Bow, Leyton and Stratford, and will share the use of new community facilities, including three new schools, new nurseries, community and health centres. There will be a mix of affordable and market housing for sale and rent, with a particular focus on the provision of family homes that are urgently needed in this part of London.

In managing the delivery of new neighbourhoods on the Park, we are working with the GLA and partners across London to ensure we learn the lessons from some of London's most successful neighbourhoods and new developments. We want to take a long-term approach, partnering with developers and investing in excellent management arrangements, to maximise social and economic value. In most instances, we will form partnerships to share risk and rewards with developers and maintain our focus on quality, rather than selling off land.

The Legacy Corporation is working closely with local partners to bring forward plans for areas outside Queen Elizabeth Olympic Park, including Hackney Wick, Fish Island and Bromley-by-Bow, to ensure that regeneration in these areas works hand-in-hand with development on the Park, and makes the most of the regeneration potential of the wider area. Town planning is also an important tool of physical and social integration with the areas immediately surrounding the Park. The Legacy Corporation operates a regular planning policy forum with the neighbouring boroughs, using their plans as the basis for decisions whilst it prepares its own, and working to ensure these plans are effectively integrated into their own long-term approach. In addition, the boroughs are consulted on significant planning applications, and five borough members sit on the planning committee.

The Local Plan for the Legacy Corporation area will draw these strands of place making together in an integrated framework for how east London's new heart will develop, preserving its unique character, and ensuring that new development is of sufficient quality to help realise this vision. The Plan's policies will be complemented by active intervention to deliver critical infrastructure and redevelopment programmes, connecting and enhancing local centres.

6.2 Projects and plans

The programme for **building new homes** on the Park is gathering pace. Our first phase, at Chobham Manor to the north of East Village (the former Athletes' Village) started construction in summer 2014 with the first units occupied from 2016. We have recently signed agreements with development partners for the next phase of housing, which has been accelerated 6 years, to complete build out by 2023, comprising 1,500 homes at East Wick and Sweetwater neighbourhoods to the west of the Park, where many of the homes will be specifically designed for market rental. New homes will also be built as part of the Olympicopolis development around Stratford Waterfront.

Future phases of housing will be designed to balance our wish to deliver new neighbourhoods on the Park as quickly as possible with the need to allow new communities, including a good mix of affordable and market housing of different types, to grow gradually and organically. Homes and neighbourhoods will be built to the excellent architectural and urban design standards, drawing on the expertise of our Quality Review Panel, and will all meet zero carbon standards.

We are also accelerating our plans for **new schools**, to build in the ingredients of success from the start, cement community cohesion and meet local needs. We are working with the London Borough of Hackney and Mossbourne Academy Trust to deliver a new primary school and a nursery in the west of the Park. We are also working with the Education Funding Agency to support the delivery of the Legatum Free School, which will offer two forms of entry at primary level, six forms of entry at secondary, plus 240 places in the 6th form. The school is scheduled to open from 2016 with the primary provision located at Sweetwater and the secondary provision at Stadium Island.

The plans for **Olympicopolis** will be further developed during 2015 with the V&A, UCL,UAL, Sadler's Wells, the Government and other partners, to ensure that these exciting new developments for the Park can be delivered as soon as possible, with construction from 2017, and in a way that accelerates and enhances the tangible civic, economic and social legacy from London 2012.

In the former **Press and Broadcast Centre**, which already houses BT Sport, Here East will fit out their new tech hub, with confirmed tenants including Infinity SDC, Loughborough University and Wayne McGregor/Random Dance. The buildings will be occupied in phases from 2015, and will be fully occupied by 2020.

As the **local planning authority**, we have prepared and are consulting on a local plan, to set out our vision for the area in 2031, and the detailed land use and building policies that will help to realise that vision. This also forms the basis of the local Community Infrastructure Levy, which will use contributions from local developments to support essential infrastructure projects – from footpaths and cycleways to junction improvements – that are needed locally. We also process planning applications from local householders and developers, with a dedicated planning committee that includes local authority representatives and independent members, as well as members of the Legacy Corporation board.

Alongside the Park, at **Hackney Wick**, we are delivering improvements to the London Overground station, including new routes to reduce journey times between the station and Here East and the Park, a new and enlarged station concourse, the installation of lifts to the platforms, and the creation of a new north-south pedestrian route under the railway embankment. The first phase of these works will be completed in 2016/17. These form part of the programme, delivered in partnership with the local boroughs, to create vibrant, mixed-use places at Hackney Wick and Fish Island, retaining its character and heritage, and supporting existing residents and businesses, while becoming an exciting and attractive location for newcomers. The first phase of these works will commence in 2018/19.

The **Leaway** (formerly known as the 'Fatwalk') is a linear park creating a continuous walking and cycling route along the River Lea. This will connect several existing but fragmented parks, building new parks and pedestrian and cycle connections as land becomes available. By spring 2016, the continuous Leaway route will have been completed, including the creation of a generous, permanent riverside public route and major new infrastructure elements such as the ramped connection to the towpath at Twelvetrees and a new ramp linking Canning Town to the river via the A13. Future works will be delivered in partnership with landowners and include a new pedestrian/cycle bridge at Poplar Reach; delivery of a new 'connector' at the A13 in Poplar and completion of significant new parks at Mill Meads and Twelvetrees.

Improvements in the **Stratford** area include the completion of an entrance at Stratford Station to create better connections to the Carpenters Estate and the south of the Park, and bridge improvements and landscaping for the Jupp Road bridge which connects the Carpenters Estate to Stratford Town Centre.

Our strategy for **Bromley by Bow** is still developing, but we are working with the landowners and partners to agree the comprehensive delivery of a new District Centre, improvements to BBB Station and better crossings over the busy A12 highway.

By the end of this Plan period, work will also have begun on a comprehensive, residential-led mixed use development at **Rick Roberts Way**, and a new Local Centre at **Pudding Mill**, with a combined delivery of approximately 1,700 new homes.

Milestones and measures - Place

	15/16 – 24/25 milestones (in timeline order)	10 Year Objective
Olympicopolis institutions	Building designers appointed; Olympicopolis development agreements; Hybrid planning consent; Cultural & Education Complex Construction & Fit-out; Mixed-Use Buildings UCL delivered; Academic Buildings UCL delivered; Open Stratford Waterfront	Olympicopolis
Olympicopolis housing	Appoint design team; Residential developer appointed.; Outline planning consent; Detailed planning consent.; Fixed price construction contract; Tower 1 completed 280 units built; Tower 2 completed 504 units built	**Objective 6:** Deliver 2,500 homes
Chobham Manor	Chobham Manor developer on site; Chobham Manor 250 units built; Chobham Manor 550 units built; Chobham Manor all 828 units and occupied	
East Wick & Sweetwater	East Wick & Sweetwater planning and design; Phase 1 Construction and infrastructure delivery; East Wick & Sweetwater 875 units built; East Wick & Sweetwater 1,150 units built; East Wick & Sweetwater 1,520 units built; 360 End Use Jobs Created	
East Wick School	East Wick School construction; Phased East Wick School opening	**Objective 7:** Build 2 high quality new schools ()
All Through School	All Through School Construction; Phased All Through School opening (Opening Sept' 16	
	Zero carbon homes across all developments	**Objective 8:** Zero carbon
Press and Broadcast Centre (Here East)	Here East start on site to fit out Press & Broadcast Centres; Press Centre ready for phased occupation; Broadcast Centre ready for phased occupation; Here East buildings fully occupied	**Objective 9:** Creation of 13,000 jobs
Planning Policy and Decisions Team	Provide effective planning decisions service to support delivery of jobs and homes; Community Infrastructure Levy adopted and collection commences; Local Plan adopted; Local Plan review; Local Plan review	**Objective 10:** Development of the whole LLDC area
Hackney Wick	Hackney Wick Station improvements complete; Hackney Wick neighbourhood centre first phase undertaken and complete	
Leaway	Leaway: complete phase 1; Future Leaway phasing dependent on funding	
Stratford	Stratford Station Carpenters entrance design and build complete; Jupp Road bridge rebuilt	
Bromley by Bow	Bromley by Bow Station complete; Bromley by Bow district centre development	

7. PEOPLE: Opportunities and transformational change for local people

7.1 Overview

London's Olympic Bid in 2004 promised "the regeneration of an entire community for the direct benefit of everyone who lives there", and the potential to create transformational change lay behind the selection of Stratford as the focus for London's bid. The Legacy Corporation's vision will only be realised if local people and communities benefit from the investment, new jobs, sports facilities and homes that are attracted into the area.

East London's communities are some of the most dynamic and culturally diverse in the UK but also some of the most deprived, facing a number of significant barriers including low employment rates, poor health outcomes, high crime rates and poor quality housing. The area is rich in success stories, but many of those who are successful tend to move on. The goal of convergence describes the objective which is shared by national, regional and local government – to bridge the gap between this area and the rest of the capital, and ensure that the rebirth of the area around Queen Elizabeth Olympic Park makes a lasting change for local people.

Promoting convergence is a long-term project, and one which we share with the east London 'growth boroughs' (Barking and Dagenham, Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest), working particularly closely with the four boroughs adjoining the Park whose leaders and mayors are members of the Legacy Corporation Board.

Our vision is that the new neighbourhoods in the Park will be seamlessly integrated with those in the surrounding area, including through sharing excellent schools (including the Chobham Academy at East Village), nurseries, and community and health centres. Local people will be active users of its sporting and cultural facilities; local children will have access to exceptional quality education at new and existing schools, colleges and universities; employers moving on to the Park will set and meet testing targets for employing local people; local jobseekers will be able to find fulfilling and rewarding jobs in the local area or further afield; and local businesses will benefit from the spending power of an increasing flow of visitors to the Park, venues and cultural facilities.

To support this, we run an extensive programme of community engagement. This programme adopts a multi-pronged approach which includes not only community outreach projects but also involvement in how the space is physically built and managed. This approach ensures that the community is considered in every aspect of the Park's future. Our engagement work is made up of five main themes; Community connections, Park management and programming, Neighbourhood development, Business engagement and community communications. Our broad range of projects and activities include the likes of our schools and education programme, Youth Panel, Voice of East London radio project, Park Champions volunteering programme, building community hubs, sports outreach projects and community gardening projects. In addition we also invest in best practice site relations by running a 24hr public hotline, regular residents meeting and newsletters.

We also have a wider responsibility to taxpayers, to minimise its call on public funds by ensuring best value in everything we do, acting commercially where this can support our role as a regeneration agency, and – over the long term - enabling return of capital receipts from new developments to the Mayor of London and National Lottery.

7.2 Projects and plans

The Legacy Corporation delivers projects and programmes to enable local people to benefit from the opportunities the Park offers and also to become part of the success story of the area. Our approach in all these areas is to work with park employers, operators, boroughs and local community organisations, to link the Park into local networks.

Our **arts and culture programme** has invested in local arts venues such as The Yard theatre and The White Building in Hackney Wick - both these venues support cutting edge artists and extend the cultural offer beyond the Park. A major priority in coming years will be brokering relationships between local creativity and the new cultural institutions of Olympicopolis. By 2016 we plan to engage with more than 100,000 people through arts outreach and participation activities and events - we intend to achieve this by delivering at least 20 cultural events and commissioning 15 new arts projects for the Park during this time. We will deliver spectacular and accessible projects across all art forms, working with local communities, supporting local employment opportunities and inspiring the next generation of young people to develop their creative talent and skills.

Our **socio-economic programme** is based on working with partners, such as borough job brokerages, Job Centre Plus and training providers to ensure that local people have both the opportunities and the skills to compete for and benefit from employment in the Park. We use our procurement process to select contractors and operators who demonstrate a strong commitment to delivering benefits to local people and priority groups, including the payment of London Living Wage. We work very closely with our contractors, venue operators and other businesses on the Park to help them to access well-trained job-ready employees from the local community. We aim to raise benchmarks and set best practice, stretching local labour targets and establishing new delivery models.

Our work with contractors during the transformation phase stretched inherited lifetime local labour targets of 20 per cent to 30 per cent and delivered the most apprentices on a single site in London in 2013, creating opportunities for local people and underrepresented groups. Our apprenticeships programme, operated through a social enterprise, has now been adopted by the Chobham Manor development partners, reflecting its success in linking young people into career opportunities in construction. We are now replicating this success across other sectors to support a range of business to recruit locally and build apprenticeships into their operational models; this includes businesses in sport and leisure, hospitality, creative, digital, media and tech sectors.

Workforce targets are set out below.

% of workforce	Transformation	Aquatics and Copper Box	Estates and facilities management	
			Target	Threshold
Residents from the host boroughs	30	70	85	70
From black and minority ethnic groups	25	55	35	25
Women	5	50	42	30
Disabled people	3	3-5	10	5

Our **community engagement programmes** seek to work with local people from all backgrounds, to generate ideas for the Park, spread information, and develop the projects that will bring life to the Park as it re-opens. We have a particular focus on young people, with a schools programme, a youth radio station, and a youth panel who have contributed design ideas and a legacy manifesto to shape the future of the Park. We have also established Echo, a timebanking programme that enables people to trade skills and services with others in the local community, and the park operators have established Our Parklife, a social enterprise aiming to help people who have been unemployed for a long time to access work on the Park.

Community sports participation is actively encouraged by locally-pegged prices in place at the Park venues, and by the wide range of mass participation events planned on the Park each year, from Ride London, to fun runs, to more informal opportunities. Over the next four years we will aim to engage with 100,000 people[1] through Active People Active Park, working with local boroughs sports clubs and community groups to deliver a programme of activity for all ages, abilities and levels of fitness. Activities range from Nordic walking and social jogging to self-defence classes.

As an integral part of the programme, the Motivate East programme, run with the host boroughs helps to support the **Paralympic legacy** by promoting local involvement in Paralympic sport, celebrating the legacy through the annual National Paralympic Day which showcases disability sports and art and ensuring inclusive design across the Park and the wider LLDC area.

Over the next three years, we will work with local communities and agencies to build capacity so that local people are empowered to make the most of the opportunities offered by Queen Elizabeth Olympic Park legacy. We will also seek further funding to enable continuing support and targeted programmes where these are needed.

[1] This target does not include use of the venues, and mass events like runs and cycle events.

Milestones and measures - People

		10 Year Objective
Arts and Culture	**To March 2016:** • Engage with 100,000 people through arts outreach and participation •Support 30 new jobs • Deliver 20 cultural events • Commission 15 arts projects **Targets in future years depending on funding**	
Socio Economic	**To March 2016:** **Achieve and exceed all contractual targets – see separate table** • A peak of 40-50 apprentices on the Park. **Targets in future years depending on funding and contractual arrangements**	**Ten Year Objective 11:** Benefits for local people
Community engagement	**To March 2016:** •Meet Targets to reach 150,000 people through local community projects and activities •Support 195 people to achieve training or qualification certificates through community projects •Meet target of 100,000 engaged through our education projects and initiatives •Meet target of 1,000 paying Echo Members **Targets in future years depending on funding**	
Sports participation	**To March 2017:** •Engage 100,000 people through Active People Active Park programme **Targets in future years depending on funding**	
Paralympic legacy and inclusion	•Meet targets for 26,000 Participants in inclusive sport through Motivate East project by 31/3/16. Future targets depending on funding. •Hold annual National Paralympic day •Ensure all Projects on Park meet inclusive Design Standards •Mandeville Place to be established in Park in 2014/15	**Ten Year Objective 12:** Paralympic legacy

Page 54

8. Sustaining the legacy

London Legacy Development Corporation has been established to make the most of a once-in-a-lifetime opportunity, and we must ensure that our legacy is robust and sustainable in the long term. To this end -

- Operating arrangements are already in place for the Park and venues. These will be kept under review, and refreshed where appropriate, and options will be considered for what long-term oversight and governance arrangements need to be put in place.

- Major real estate projects will be well advanced by the end of the period covered by this plan, and long-term estate management arrangements will be established to maintain the quality of management that is embedded in our estate strategy. This includes further work to develop plans for Olympicopolis.

- Many regeneration programmes, like Our Parklife, the Legacy List and the Echo timebank, already have an independent existence as charities and social enterprises. Others, such as work with Park employers to ensure local people can access employment, should become mainstreamed into day to day business. Others will be picked up by local authorities, or other local agencies.

This page is intentionally left blank

Subject: **Treasury Management Strategy**
Meeting date: 17 March 2015
Report to: Board
Report of: Gerry Murphy, Executive Director of Finance and Corporate Services

---

This report will be considered in public

---

1. SUMMARY

1.1. This report constitutes the London Legacy Development Corporation's (the Legacy Corporation) Treasury Management Strategy Statement (TMSS) for 2015-16 prepared in accordance with the Treasury Management in the Public Services Code of Practice (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and relevant legislation.

2. RECOMMENDATIONS

2.1. **The Board is asked to approve the LLDC TMSS for 2015-16, including the Treasury Management Policy Statement, Minimum Revenue Provision Policy, relevant Prudential Indicators and Treasury Management Limits, Group Investment Syndicate Investment Strategy and Treasury Management Practices: Main Principles set out in Appendices 1-5.**

2.2. **The Board is asked to confirm the delegation of responsibility for ensuring effective scrutiny of the treasury management policies and practices to the Audit Committee, and its execution and administration of treasury management decisions to the Executive Director of Finance and Corporate Services, who will act in accordance with the organisation's policy statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.**

2.3. **The Board is asked to note the investment activities for the financial year ending 31 March 2014 and for the first six months of the financial year 2014-15, at Appendix 6.**

3. BACKGROUND

3.1. The TMSS sets out the Treasury management activities of the Legacy Corporation for the year 2015-16.

3.2. The TMSS has been prepared with regard to the following legislation and guidance:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (The Code) and associated Guidance Notes;
- The CIPFA Prudential Code for Capital Finance in Local Authorities and associated Guidance Notes;
- The Local Government Act 2003;

- The Department for Communities and Local Government (DCLG) Guidance on Local Government Investments;
- The DCLG Capital Finance Guidance on Minimum Revenue Provision.

3.3. The Code defines treasury management activities as:

'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

3.4. The TMSS therefore takes into account the impact of the Legacy Corporation's Revenue Budget, Medium Term Capital Programme and the Balance Sheet position and covers the following areas:

- Economic Background
- Prospects for Interest Rates Forecast Treasury Management Position
- Borrowing Strategy Policy on Borrowing in Advance of Need
- Debt Rescheduling Investment Strategy
- Use of External Service Providers Treasury Training
- Treasury Management Policy Statement (Appendix 1)
- Minimum Revenue Provision (MRP) Policy Statement (Appendix 2)
- Prudential Code Indicators and Treasury Management Limits (Appendix 3)
- Group Investment Syndicate (GIS) Investment Strategy (Appendix 4)
- Treasury Management Practices: Main Principles (Appendix 5)

3.5. In covering the above areas, as per its Treasury Management Policy Statement (**Appendix 1**), the Legacy Corporation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Responsibility for risk management and control lies within the Legacy Corporation and cannot be delegated to any outside organisation.

3.6. The Legacy Corporation is exposed to the following treasury management risks:

- Credit and counterparty risk (security of investments)
- Liquidity risk (inadequate cash resources)
- Interest and market risk (fluctuations in interest rate levels and thereby in the value of investments)
- Refinancing risks (impact of debt maturing in future years) and
- Legal and regulatory and fraud risk (non-compliance with statutory and regulatory requirements, risk of fraud)

These risks are further discussed in **Appendix 5** (Treasury Management Practices: Main Principles)

3.7. The Legacy Corporation formally adopts the Code through the following provisions:

I. The Legacy Corporation will create and maintain as the cornerstones for effective treasury management:

- a Treasury Management Policy Statement stating the policies, objectives and approach to risk management of its treasury management activities; and
- suitable (TMPs), setting out the manner in which the Legacy Corporation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the proposed policy statement and TMPs follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Legacy Corporation. Such amendments do not result in the Legacy Corporation materially deviating from the Code's key principles.

II. The Legacy Corporation will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

III. The Legacy Corporation delegates responsibility for oversight of the implementation and regular monitoring of its treasury management policies and practices to its Audit Committee, and for the execution and administration of treasury management decisions to the Executive Director of Finance and Corporate Services, who will act in accordance with the organisation's policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

IV. The Legacy Corporation nominates its Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

V. Should there be a need to revise the Treasury Management Strategy; the Treasury Management Policy Statement; the Minimum Revenue Provision Policy Statement; the Prudential Code Indicators and Treasury Management Limits; the GIS Investment Strategy and the Treasury Management Practices at times other than those stated above, then these updates will be submitted to the Audit Committee for scrutiny and then submitted to the Board for approval.

VI. Should the Executive Director of Finance and Corporate Services wish to depart in any material respect from the main principles of the Code, the reason should be disclosed, in advance, in a report to the Board.

3.8. The main changes in the TMSS 2015-16 as compared to the TMSS 2014-15 are:

- Updated Economic Background (Section 4)
- Updated interest rate forecasts (Section 5)
- Revised Prudential Indicators and Treasury Management Limits (**Appendix 3**)
- Changes to the GIS Investment Strategy (Section 10.7)

4. ECONOMIC BACKGROUND provide by GLA Treasury Group

4.1. After a five year recessionary period starting in 2008, the UK economy is starting to grow. In its Bank of England Inflation Report February 2015, the Bank of England forecast economic growth for 2015 at 2.9%, 0.5% higher than the 2.4% forecast in the Government 2014 Autumn Statement.

4.2. This UK growth forecast is largely based on the recent rapid fall in oil prices, which, it is argued, by producing good 'low' inflation, 0.3% as at January 2015, should boost real disposable incomes and in turn generate increased consumption, from which growth can occur. The continuing decline in unemployment should also help.

4.3. However, this UK growth is by no means certain: if non–oil businesses choose to sit on their cash rather than invest and employers use the opportunity of zero inflation to dampen the rate at which pay increases, the real income boost to demand could be adversely impacted. Also, as the revenues of oil producing countries fall, UK exports to oil producing countries are likely to fall, again having a negative impact on UK growth. Finally, the uncertainty around the May General Election, with a possible change of government, could also adversely affect UK growth.

4.4. Globally, the economic picture is also mixed. The USA has become stronger, so that policy action, for the first time in several years, has moved away from Quantitative Easing (QE) and associated low interest rates to the expectation that there will be an interest rate rise, possibly in the middle of 2015. However, the Eurozone is entering a period of deflation. As a result, a full programme of QE will commence in March 2015, with the aim of trying to boost the stagnant Eurozone economy. Moreover, further instability has since been introduced, by the election of a Greek anti-austerity/anti-bailout government, at the end of January 2015.

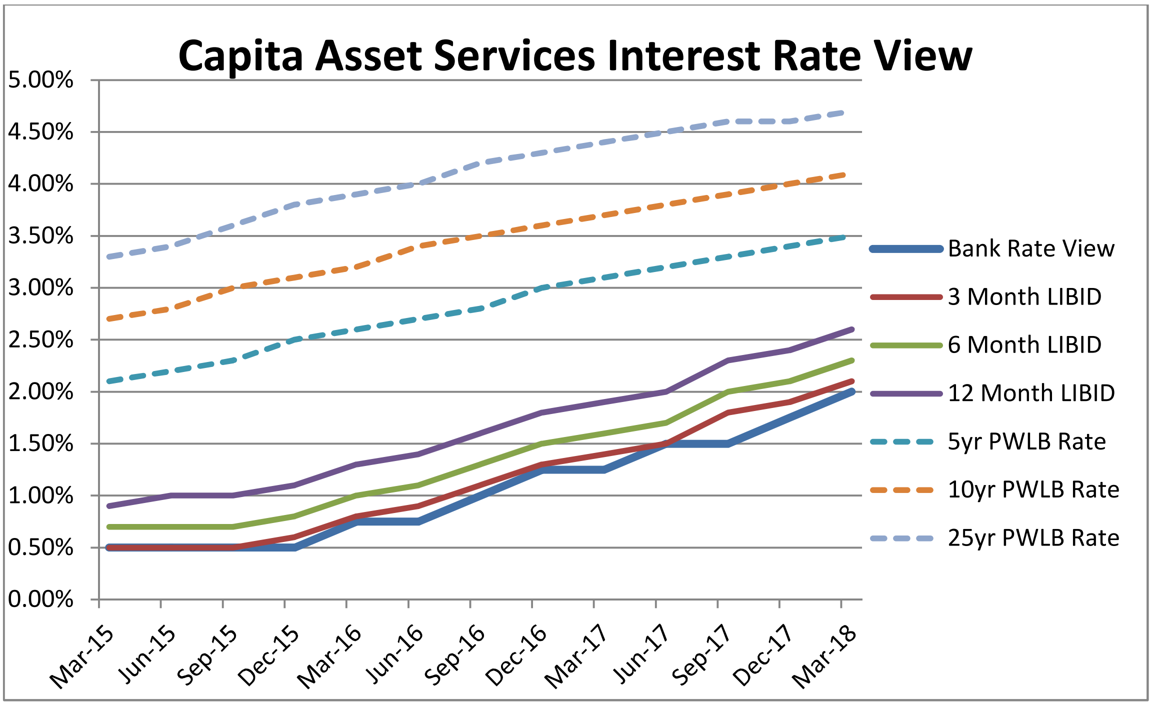
4.5. This mixed and uncertain outlook has several key treasury management implications:

- Higher quality counterparties for shorter time periods should continue to be preferred, especially against a possible backdrop of government debt to GDP ratios rising in some countries.
- Investment returns are likely to remain relatively low during 2015/16. In the UK, a rise in the base rate from its six year low of 0.5% has been further put back, with a rate rise now forecast no earlier than the first quarter of 2016, and only an increase of 0.25% to 0.75%.
- Borrowing interest rates have and continue to be volatile, as alternating bouts of good and bad news have promoted optimism and then pessimism, in financial markets. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt.
- There will remain a cost of carry to any new borrowing, which causes an increase in investments, as this will incur a revenue loss between borrowing and investment returns.

5. PROSPECTS FOR INTEREST RATES

5.1. The effective management of risk around borrowing and investments and cashflow management decisions includes understanding interest rate and inflation rate movements.

5.2. Capita Asset Services, Treasury Solutions is the Authority’s advisor, under the GLA Group Treasury Consultancy Services contract. The provision of interest rate forecasts is one obligation under this contract that Capita Asset Services, Treasury Solutions has to meet. Below is a central view for short term interest rates (Bank Rate) and longer term fixed interest rates, as provided by Capita Asset Services, Treasury Solutions, as at February 2015. The PWLB Rates shown are net of the 0.2% ‘certainty rate’ discount.



6. FORECAST TREASURY MANAGEMENT POSITION

6.1. The Legacy Corporation's forward treasury portfolio position is summarised below. The table shows the actual external borrowing (the treasury management operations) against the capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

Forecast Treasury Position

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
External Borrowing			
Borrowing at 1 April	**190.3**	**287.2**	**255.1**
Change in borrowing	**96.9**	**-32.1**	**-34.3**
Borrowing at 31 March (A)	**287.2**	**255.1**	**220.8**
CFR - the borrowing need	**287.2**	**255.1**	**220.8**
Under/(over) borrowing	**0.0**	**0.0**	**0.0**
Investments			
Investments at 31 March (B)	**10.0**	**10.0**	**10.0**
Change in investments	**0.0**	**0.0**	**0.0**
Net Borrowing (A-B)	277.2	245.1	210.8

6.2. Within the set of prudential indicators there are a number of key indicators to ensure that the Legacy Corporation operates its activities within well-defined limits. One of these is that the Legacy Corporation needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for the current year and the next two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes, except to cover short term cash flows. In making this comparison between gross debt and the CFR, CIPFA guidance provides that, if in any of these years, there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with the gross external debt.

6.3. The Executive Director of Finance and Corporate Services has confirmed reports that the Corporation complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in this budget report.

7. BORROWING STRATEGY

7.1. Delegation/Authorisation

7.1.1. The arrangements for borrowing, including the selection and the type and structure of debt instruments, are delegated to the Executive Director of Finance and Corporate Services, provided no decision contravenes the limits set out in the prevailing TMSS.

7.1.2. On the basis of the above, the Executive Director of Finance and Corporate Services is

1. authorised to approve borrowing by the Legacy Corporation, for the purposes of financing capital expenditure and subject to the necessary statutory provisions, provided that the Authorised Limit, determined by the Mayor for the Legacy Corporation, is not exceeded.

2. authorised to make use of cash balances to fund internal borrowing when it is considered advantageous, provided the Authorised Limit, determined by the Mayor for the Legacy Corporation, is not exceeded.

3. authorised to borrow temporarily within the Authorised Limit, where this represents prudent management of the Authority's affairs. As an example, where a cash flow requirement is short-lived, the opportunity cost of withdrawing or otherwise liquidating investments may exceed that of temporary borrowing. In such circumstances, borrowing may be the prudent action.

4. authorised to borrow temporarily above the Authorised Limit where, and only where the amount of the increased limit represents the amount of any delayed payment which is due to the Legacy Corporation and has not been received on the due date, and such delay has not already been provided for in the Authorised Limit, under the provisions of Section 5 of the Local Government Act 2003.

7.1.3. All borrowing decisions should be reported to the Audit Committee at the first opportunity within the Treasury Management cycle.

7.2. Internal Borrowing Approach

7.2.1. When using cash balances to fund internal borrowing, the Legacy Corporation acknowledges that this may reduce credit risk and short term net financing costs. However, any decision to undertake internal borrowing will be tempered by the following considerations:

1. The Legacy Corporation must maintain sufficient liquidity to be certain of meeting existing borrowing and other obligations

2. The measures set out in the investment strategy below substantially control credit risk

3. The materiality of such risks should be considered in the light of the long term financial consequences of sub-optimal borrowing decisions

4. Agreements with central government specifying particular levels of borrowing

7.3. Future of the Public Works Loans Board (PWLB)

7.3.1. The Government informed Local Authorities on 24 December 2014 that it had tabled an amendment to the National Infrastructure Bill, which is currently going through the House of Lords. Initially it was thought that the amendment would enable the Government to abolish the PWLB and transfer its lending functions to another body using the process set out in the Public Bodies Act 2011. However, the understanding of the current PWLB Secretary is that it is the role of the PWLB Commissioners that will be removed and the PWLB will be renamed, and not abolished.

7.3.2. There is an expectation that the current lending arrangements will remain in place going forward and that it is the governance arrangements that will change. Officers will monitor the progress of the Bill and any consultation issued related to the PWLB and its functions.

7.3.3. The Legacy Corporation does not have any borrowing with the PWLB.

8. POLICY ON BORROWING IN ADVANCE OF NEED

8.1. The Legacy Corporation will not borrow more than or in advance of need purely to profit from the investment of the surplus borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Legacy Corporation can ensure the security of such funds

8.2. In determining whether borrowing will be undertaken in advance of need the Legacy Corporation will:

1. Ensure the on-going revenue liabilities created, and the implications for the future plans and budgets are considered to be affordable and are within the forward approved capital financing requirement estimate;

2. Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;

3. Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships; and

4. Consider the alternative interest rates bases available, the most appropriate periods to fund and repayment profiles to use.

8.3. Over the next 12 months the economic consensus is that investment rates are expected to remain significantly below borrowing rates. However, short-term avoidance of costs by postponing borrowing in 2015-16 will also be weighed against the potential for incurring additional long-term costs by having to enter into new external borrowing in later years, when long-term rates are expected to be higher.

9. DEBT RESCHEDULING

9.1. Given short term borrowing rates are likely to be cheaper than longer term fixed interest rates, decisions may be taken to restructure the debt portfolio, by switching from long term debt to short term debt through the early redemption or replacement of loans, so as to either increase long term affordability or adjust maturity profiles for the purposes of managing liquidity and interest rate risks. Such rescheduling decisions will be reported to the Audit Committee at the first opportunity within the treasury management reporting cycle.

10. INVESTMENT STRATEGY

10.1. The Legacy Corporation maintains a low risk appetite consistent with good stewardship of public funds. At the forefront of its thinking is the principle of Security before Liquidity and Liquidity before Yield (SLY). Cash flow forecasts and prevailing market conditions determine the maximum possible prudent maturities for investments and credit considerations are used to select counterparties with whom to transact. Investments are managed in such a way as to make losses at the portfolio level extremely unlikely, while capturing the optimum return within these constraints.

10.2. The Legacy Corporation will continually develop its investment risk methodologies with regard to advice from external advisors, relevant developments in the market and academia, benchmarking techniques and approaches employed by the Credit Ratings Agencies. These Agencies are currently Fitch, Moodys, and Standard and Poor's and their credit ratings will be monitored by the GLA Group Investment Syndicate, through whom the Legacy Corporation invests its short term cash balances, on a daily basis, with appropriate action taken when these ratings change.

10.3. The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Legacy Corporation will not engage in such activity.

10.4. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decision to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end investment balances.

Year End Core Funds and Expected Investment Balances

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
Fund balances/reserves	0.0	0.0	0.0
Capital Receipts Reserve	0.0	0.0	0.0
Provisions	0.0	0.0	0.0
Other	0.0	0.0	0.0
Total Core Funds	**0.0**	**0.0**	**0.0**
Working Capital *	10.0	10.0	10.0
Under/(over) borrowing	0.0	0.0	0.0
Expected Investments	**10.0**	**10.0**	**10.0**

*Working Capital balances shown are estimated year end: these may be higher mid year

10.5. The Legacy Corporation's short-term cash balances are invested through the GLA Group Investment Syndicate (GIS). The Legacy Corporation is a participant of the GIS and the nature of the GIS and the GIS Investment Strategy, including creditworthiness policy and permitted instruments, as agreed between the Syndics, (the Executive Director of Finance and Corporate Services is the Syndic for LLDC) is attached at **Appendix 4**. This Strategy effectively constitutes the Legacy Corporation's Annual Investment Strategy, which should be prepared and approved before the start of each financial year, with approval by the Board. This GIS Investment Strategy is currently under review by all the current participants of the GIS and the Board is presented with the latest version.

10.6. The changes intended to be incorporated into the GIS Investment Strategy to further strengthen the GIS Investment Strategy's aim of achieving a good return within the constraints of security first and liquidity second are provided below. Minimisation of risk is further achieved through the maintenance of a list of highly creditworthy and diversified counterparties. These changes will not come into force until all participants have had their 2015-16 TMSS's approved and the Chief Finance Officer of each participant has signed a copy of the 2015-16 GIS Investment Strategy.

10.7. <u>2015-16 GIS Investment Strategy Changes</u>

10.7.1. The GIS Investment Strategy is considered and agreed by participants. A common approach permits maximum efficiency of the shared group service.

10.7.2. This shared strategy is subject to on-going development and review, with the result that the following changes and additions have been incorporated into the 2015-16 strategy.

i. The investment strategy has been reviewed for robustness against the consequences of a tighter regulatory framework and possible removal of implied sovereign support levels by Rating Agencies in 2015. (Appendix 4, Section 3.10.4 and 5 and 6).

ii. The approach in relation to Lloyds Bank and RBS investments has been updated to reflect latest Government intentions regarding the sale of its shareholding in these counterparties. (Appendix 4, Section 3.10.7).

iii. The Credit Worthiness Policy has been updated to reflect the June 2014 change in Capita Asset Services, Treasury Solutions creditworthiness methodology. Capita Asset Services, Treasury Solutions made changes to its credit methodology, in response to the main rating agencies indicating that they are considering removing implied sovereign support levels, originally introduced in response to the 2008 financial crisis, but now no longer considered in keeping with regulations either in force or being imposed through 2015 and beyond. (Appendix 4, Section 3.10.1).

iv. The Credit Worthiness Policy has been updated to reflect the latest criteria for the award of a "blue" banding to a counterparty. The blue banding of 1 year investment duration still only applies to nationalised or semi-nationalised UK Banks, but there is no longer a requirement that the Government stake is greater than 20%. Rather the requirement is based on the Government's 'intentions' regarding its stake. Therefore, a 15% stake and no intention to further sell in the near future could result in the retention of the blue banding, while a larger stake, with an intention by the Government to reduce its holding to nil in the near future, could result in the removal of the blue banding from a counterparty. (Appendix 4, Section 3.10.1).

v. The deposit protection scheme offered by German banks has been removed from the Strategy, following an adverse legal opinion about enforceability.

vi. The sovereign national Government rating has been changed from 'AA+ or above' to 'AA or above' for Term deposits, Call Accounts and Certificates of Deposit – Institutions not meeting general criteria but instruments explicitly guaranteed by sovereign national Government (Specified Investments) to achieve consistency across ratings for instruments. (Appendix 4, Section 3.8).

vii. Specified and Non-Specified Investments definitions have been refreshed to reaffirm the GIS Investment Strategy's commitment to high security and high liquidity. (Appendix 4, Section 3.6 and 3.7).

viii. Corporate Bonds investment duration has been increased from 13 months to 24 months. This will give the opportunity to take advantage of higher yields through longer term investments, without significantly increasing the overall risk taken by the GIS. Under the Credit Risk Factors table adopted for corporate bond investment decisions, only the highest quality counterparties rated by Fitch as 'AAA' or 'AA+' or 'AA/F1+' (or the equivalent from other Rating Agencies) will be involved in corporate bond investment decisions between 13 months and 24 months. (Appendix 4, Section 3.9).

ix. The percentage for Cash Exposure limits for investments greater than one day are to be applied to the forecast average cash balance over the term of the proposed investment instead of to the forecast annual average cash balance. This change will reduce the impact of cash flow characteristics outside the relevant investment horizon. (Appendix 4, Section 3.15.1).

10.8. Where funds are placed in pooled vehicles such as Money Market Funds (MMFs), each MMF is only an approved counterparty while the underlying investments are instruments of the kinds listed in Appendix 4. Variation between a MMF's list of approved counterparties and the approved counterparties of the LLDC is permissible, at the discretion of the Executive Director of Finance and Corporate Services, providing the MMF's own rating meets the criteria of Appendix 4.

10.9. Additionally, the Executive Director of Finance and Corporate Services may from time to time instruct the Group Treasury team to invest sums independently of the GIS, for instance, if the Legacy Corporation identifies balances which are available for longer term investment, after proper consideration of expected future cash flows, as at the time of investment. It is proposed that the Corporation adopt an identical set of parameters for such investments as those detailed in Appendix 4, except that there shall be no requirement to maintain a weighted average maturity of no greater than three months. However, regard must always be given to the Treasury Managements Limit 'Limits for Principal Sums Invested for Periods Longer than 364 Days' (Appendix 3 section 6.3).

10.10. Whilst the Legacy Corporation sets its Annual Investment Strategy at the start of each financial year, this need not be a once-a-year event, and the initial investment strategy may be replaced by a revised Strategy, at any time during the year, on one or more occasions, subject to the approval of the Legacy Corporation. All Investment Strategies approved by the Legacy Corporation will be made available to the public free of charge, on print or online.

11. TREASURY MANAGEMENT BUDGET

11.1. The Table below provides a breakdown of the treasury management budget

Treasury Management Budget

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
Interest payable	**6.3**	**6.9**	**5.6**
Interest Receivable	**-0.06**	**-0.06**	**-0.06**
Minimum Revenue Provision	**0.00**	**0.00**	**0.0**
Other	**-6.3**	**-6.9**	**-5.6**
Total	**-0.06**	**-0.06**	**-0.06**

11.2. Assumptions behind the 2015-16 Budget are:

- Average rates achievable on investments will be 0.6%.
- New borrowing to fund the capital programme will be financed by long term borrowing at a rate of 4%.
- Replacement borrowing will be taken out at the long term borrowing rate of 4%.
- The MRP charge is in line with the Corporation's MRP Policy

12. USE OF EXTERNAL SERVICE PROVIDERS

12.1. The Legacy Corporation uses Capita Asset Services, Treasury Solutions as its external treasury management advisor under a joint arrangement with the Greater London Authority. Whilst recognising the specialist skills and resources such advisors can provide, the Legacy Corporation recognises that responsibility for treasury management decisions remains wholly with the organisation and will ensure that undue reliance is not placed upon external service providers. The LLDC monitors and maintains the quality of this service by regular review and assessment.

12.2. The LLDC does not currently employ any external fund managers, however, in the event of such an appointment, appointees will comply with this and subsequent Treasury Strategies

12.3. Barclays Plc is the LLDC's banker and continues to provide a competitive service under an annual rolling contract.

12.4. The GLA Investment Manager, under the GIS Investment Strategy, uses King and Shaxson Limited as a custodian of the Legacy Corporation's tradeable instruments (such as Treasury Bills) with HSBC as the sub-custodian. The GLA's policy is that any custodian (or, instead, sub-custodian) shall meet the GLA's credit criteria for 12 month investments (prior to CDS or other temporary adjustments).

13. TREASURY TRAINING

13.1. The Code requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.

13.2. The Syndics of the GIS Investment Strategy will collectively receive investment training on the 23 March 2015.

13.3. Capita Asset Services, Treasury Solutions run training events regularly which are attended by Treasury officers. In addition, Treasury officers attend national forums and practitioner user groups.

13.4. Notwithstanding the above, the training needs of Treasury officers and committee members are periodically reviewed.

14. FINANCIAL IMPLICATIONS

14.1. The principal financial implications are integral to this report.

14.2. The LLDC will contribute £10,000 towards the cost of Group Treasury arrangements managed by the GLA, including external advisory services.

15. LEGAL IMPLICATIONS

15.1. The TMSS is a requirement of LLDC's reporting procedures and both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The LLDC is required to comply with both Codes through Regulations issued under the Local Government Act 2003. Section 23(1)(d) and (e) of the Local Government Act 2003 provides that the functional bodies of the GLA are local authorities for this purpose.

15.2. Section 3(1) of the 2003 Act provides that all local authorities are to determine and keep under review how much money they can borrow. Section 3(2) of the Act is more specific in relation to the Mayor and functional bodies by providing that the determination is to be made by the Mayor following consultation with the Assembly, in the case of the GLA, or the relevant functional body.

15.3. Regulations under the 2003 Act state that the LLDC has a duty to make an amount of MRP which it considers to be "prudent". The regulation does not itself define "prudent provision" however; the MRP guidance makes recommendations to authorities on interpretation and determination of MRP provision for the future.

15.4. Paragraph 7 of Schedule 21 to the Localism Act 2011 allows the board of the LLDC or any committee of the board to delegate any of its functions to staff of the LLDC.

16 APPENDICES

Appendix 1 - Treasury Management Policy Statement 2015-16
Appendix 2 – Minimum Revenue Provision Policy Statement
Appendix 3 – CIPFA Prudential Code Indicators and Treasury Management Limits
Appendix 4 – Group Investment Syndicate Investment Strategy
Appendix 5 – Treasury Management Practices: Main Principles
Appendix 6 - Treasury Management Update: 2013-14 Outturn and 2014-15 Mid-Year Report

List of Background Papers
- None

Report originators: Sandra Thompson, GLA, Senior Group Treasury Officer – Reporting and Control and
Gerry Murphy, LLDC Executive Director of Finance and Corporate Services

Telephone: 020 7983 5741; 020 3288 1818
Email: Sandra.Thompson@London.gov.uk

GerryMurphy@Londonlegacy.gov.uk

Appendix 1: Treasury Management Policy Statement 2015-16

1. Policy Statement

1.1 This policy statement is in the form recommended by the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes, Section 6.

1. The LLDC defines its treasury management activities as:

   "The management of the Corporation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

2. The LLDC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the LLDC, and any financial instruments entered into to manage those risks.

3. The LLDC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Appendix 2: Minimum Revenue Provision (MRP) Policy Statement

1. Policy Statement

1.1 MRP is the amount out of revenues set aside each year as a provision for debt i.e. the provision in respect of capital expenditure financed by borrowing or credit arrangements.

1.2 Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) provides that for the financial year 2007/08 and subsequent financial years, the detailed MRP calculation is to be replaced with the requirement that:

1.3 " The Corporation shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent"

1.4 The guidance also recommends that the annual MRP Policy is presented to the Corporation for approval before the start of the financial year to which it relates. Any in-year changes must also be submitted to the Corporation for approval.

1.5 The recommended statement for LLDC is set out below:

1. Capital receipts into the LLDC are applied to capital expenditure in the year in the first instance and then fully to repayment of debt.

(Note that revenue support to the Corporation's financing costs is provided by the GLA.)

Appendix3: CIPFA Prudential Code Indicators and Treasury Management Limits

1. Background

1.1 The Prudential Code has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code has a central role in capital finance decisions, including borrowing for capital investment. Its key objectives are to provide a framework for local authority capital finance that will ensure for individual local authorities that capital expenditure plans are affordable; all external borrowing and other long-term liabilities are within prudent and sustainable levels and that treasury management decisions are taken in accordance with good professional practice.

1.2 The Prudential Code also has the objective of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

1.3 Any such framework for the internal control and self management of capital finance must therefore deal with all three of the following elements:

- Capital expenditure plans
- External debt
- Treasury Management

1.4 To ensure compliance with the Prudential Code in relation to the above elements, the Corporation is required to set and monitor a number of Prudential Indicators. The setting of these Prudential Indicators is a circular rather than a linear process. For example, the level of external debt will follow on from the Corporation's capital plans, revenue forecasts and treasury management strategy. However, if initial estimates would result in outcomes that would not be affordable or prudent, then plans for capital and/or revenue are reconsidered.

1.5 Prudential Indicators and Treasury Management Limits must be approved by the Corporation and any subsequent changes to these Indicators and Limits must also be approved by the Corporation.

1.6 These Prudential Indicators are set out below and reviewed for compliance.

2. Capital Expenditure

2.1 <u>Capital Expenditure</u>

2.1.1 Capital expenditure results from the approved capital spending plan and proposed borrowing limits. It is the key driver of Treasury Management activity.

2.1.2 All capital expenditure is stated, not just that covered by borrowing.

Capital Expenditure

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
Total Capital Expenditure	**136.1**	**85.6**	**161.2**
Financed by:			
Capital receipts	**1.3**	**39.9**	**83.2**
Capital grants	**37.9**	**77.8**	**112.3**
Capital reserves	**0.0**	**0.0**	**0.0**
Revenue	**0.0**	**0.0**	**0.0**
Net financing need for the year	**96.9**	**-32.1**	**-34.3**

2.2. Capital Financing Requirement

2.2.1 The capital financing requirement is an indication of the underlying need to borrow for capital purposes. It is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resource.

2.2.2 This borrowing is not associated with particular items or types of capital expenditure.

Capital Financing Requirement (CFR)

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
Total CFR	**287.2**	**255.1**	**220.8**
Movement in CFR	**96.9**	**-32.1**	**-34.3**
Movement in CFR represented by			
Net financing need for the year (see Capital Expenditure table)	**96.9**	**-32.1**	**-34.3**
Less MRP and other financing movements	**0.0**	**0.0**	**0.0**
Movement in CFR	**96.9**	**-32.1**	**-34.3**

3. External Debt Prudential Indicators

3.1 Authorised Limit for External Debt

3.1.1 The Authorised limit is the expected maximum borrowing needed with some headroom for unexpected developments such as unusual cash movements.

3.1.2 For the purposes of the Prudential Code borrowing is distinguished from other long term liabilities.

3.1.3 The Authorised limit is the statutory limit that is determined, by the Mayor in consultation with the Assembly, under section 3 (1) of the Local Government Act 2003. It is intended to be an absolute ceiling which cannot be exceeded, except as provided under section 5 of the Local Government Act 2003, where payments expected but not yet received can temporarily result in the limit being exceeded, provided the original setting of the limit had not taken into account any delay in receipt of the payment.

Authorised Limit for External Debt

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
Borrowing	**320.0**	**280.0**	**240.0**
Other long term liabilities	**0.0**	**0.0**	**0.0**
Total	**320.0**	**280.0**	**240.0**

3.2 Operational Boundary for External Debt

3.2.1 The operational boundary is based on the same estimates as the authorised limit. However, it reflects an estimate of the most likely prudent but not worst case scenario. It equates to the maximum level of external debt under the capital spending plans approved by the Mayor and excludes the headroom included within the authorised limit.

3.2.2 The Operational Boundary is set as a warning signal that external debt has reached a level nearing the Authorised limit and must be monitored carefully. It is probably not significant if the operational boundary is breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the operational boundary would be significant, requiring further investigation and action as appropriate.

Operational Boundary for External Debt

	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m
Borrowing	**310.0**	**270.0**	**230.0**
Other long term liabilities	**0.0**	**0.0**	**0.0**
Total	**310.0**	**270.0**	**230.0**

3.2.3 Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence seeking to identify whether or not the Corporation’s financial strategy is prudent and sustainable by measuring the extent to which the Corporation is using borrowing to fund revenue expenditure in the short and medium term. Since financing costs have to be repaid from revenue, borrowing to fund revenue expenditure may be affordable in the short term, but not in the medium term. It therefore follows that in the medium term borrowing should only be funding capital expenditure and this indicator seeks to check that this is so, by identifying that debt does not, except in the short term, exceed the total of the capital financing requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. In making this comparison between gross debt and the CFR, CIPFA guidance provides that, if in any of these years, there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with the gross external debt.

For the purposes of the Prudential Code, gross debt refers to the sum of borrowing and other long term liabilities.

Gross Debt and the Capital Financing Requirement

	2013-14 Actual £m	2014-15 Projected £m	2015-16 Estimate £m	2016-17 Estimate £m
External Borrowing at 31 March	0.0	190.3	287.2	255.1
CFR - the borrowing need	0.0	190.3	287.2	255.1

4. Affordability Prudential Indicators

4.1 Ratio of Financing Costs to Net Revenue Stream

4.1.1 This indicator compares the total principal and net interest payments on external debt to the overall revenue spending of the Corporation.

Financing Costs to Net Revenue Stream

	2015-16 Estimate %	**2016-17 Estimate %**	**2017-18 Estimate %**
Total	**19**	**25**	**25**

4.2 Incremental impact of capital investment decisions on the council tax

4.2.1 This indicator measures the changes in the council tax as a result of incremental changes in capital investment decisions.

4.2.2

Incremental Impact on Council Tax

	2015-16 Estimate £	**2016-17 Estimate £**	**2017-18 Estimate £**
Council Tax Band D	**0.00**	**0.00**	**0.00**

5. Treasury Management Prudential Indicator

5.1 The Treasury Management Prudential Indicator requires the adoption of the latest version of the CIPFA Code of Practice for Treasury Management in the Public Services.

5.2 The Corporation has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

6. Treasury Management Limits on Activity

6.1 Net Borrowing Upper Limits to Fixed and Variable Rate Interest Rates Exposure

6.1.1 The upper limit on interest rate exposure sets an upper limit to exposure to the effects of changes in interest rates. These limits are presented as a percentage of the net principal sum outstanding on the Local Authority's borrowing. The calculation formula is therefore:

Total Fixed (or Variable Rate) Borrowings less Total Fixed (or Variable Rate) Investments

Divided by

Total Borrowing less Total Investments

Fixed rate calculation:

(Fixed rate borrowing* less Fixed rate investments*)
Total Borrowing less Total Investments

*Defined as greater than 1 year to run to maturity

Variable rate calculation:

(Variable rate borrowing** less Variable rate investments**)
Total Borrowing less Total Investments

**Defined as less than 1 year to run to maturity, or in the case of LOBO borrowing, the call date falling within the next 12 months

Upper limit on interest rate exposure on net debt

	2015-16	2016-17	2017-18
	%	%	%
Fixed rate	**150.0**	**150.0**	**150.0**
Variable rate	**50.0**	**50.0**	**50.0**

6.2 Limits for Maturity Structure of Borrowing

6.2.1 The Corporation is exposed to the risk of having to refinance debt at a time in the future when interest rates may be volatile or uncertain. The maturity structure of borrowing indicator is designed to assist the Corporation in avoiding large concentrations of fixed rate debt that has the same maturity structure and would therefore need to be replaced at the same time. The indicator is calculated as the amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate. For each maturity period an upper and lower limit is set.

Limits for Maturity Structure of Borrowing for 2015-16

	Upper Limit	Lower Limit
	%	%
Under 12 months	**0**	**0**
12 months and within 24 months	**25**	**0**
24 months and within 5 years	**50**	**0**
5 years and within 10 years	**100**	**0**
10 years and above	**0**	**0**

6.2.2 The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. Where the lender has the right to increase the interest rate payable without limit, such as in a Lenders Option, Borrowers Option (LOBO) loan, the maturity date will be deemed to be the next call date.

6.3 Limits for Principal Sums Invested for Periods Longer than 364 Days

6.3.1 This indicator seeks to contain the risk inherent in the maturity structure of a Corporation's investment portfolio, since investing too much for too long could

- adversely impact on the Authorities liquidity and in turn its ability to meet its payment obligations and
- also lead to the loss of some of its principal if it is forced to seek early repayment or redemption of principal sums invested.

6.3.2 Under this indictor the Corporation is therefore required to set an upper limit for each financial year period for the maturing of its long term investments.

Limits for Principal Sums Invested for Periods Longer than 364 days

	Maximum principal sums invested >364 days		
	2015-16 £m	2016-17 £m	2017-18 £m
Principal sums invested >364 days	0.0	0.0	0.0

6.3.3 This limit does not apply to externally managed funds or to pooled monies within the Group Investment Syndicate, providing the weighted average maturity of investments does not exceed 3 months.

Appendix 4: Investment Strategy 2015-16
(incorporating the GIS Investment Strategy 2015-16)

1. Introduction

1.1 The Authority has a Shared Service Agreement with the GLA, under which the GLA has delegated authority to manage the Authority's investments.

1.2 A two fold approach applies to the management of the Authority's investments under this Shared Service Agreement.

1.3 Cash balances can be invested independently of the GLA Group Investment Syndicate (GIS), in the Authority's own name. This normally arises where the Authority identifies balances which are available for longer term investments

or

Cash balances can be invested through the GLA GIS, in the name of the GIS.

1.4 Cash balances invested in the Authority's own name are subject to the GIS Investment Strategy, except that there is no requirement to maintain a weighted average maturity which does not exceed 3 months.

1.5 Cash balances invested in the name of the GIS are subject to the GIS Investment Strategy.

1.6 All Authority investments must therefore fully consider the GIS Investment strategy. This Strategy is outlined below:

2. GIS Investment Strategy 2015-16 Introduction

2.1 The Group Investment Syndicate (GIS) is a vehicle for investing pooled short term cash balances belonging to 'participants', currently the Greater London Authority (GLA), the London Fire and Emergency Planning Authority (LFEPA), the London Legacy Development Corporation (LLDC), the London Pensions Fund Authority (LPFA) and the Mayor's Office for Policing and Crime (MOPAC). The GLA acts as the Investment Manager under the supervision of the Syndics (the participants' respective chief financial officers).

2.2 On an individual basis, shorter investments can give rise to additional transaction costs and lower returns; but by pooling resources the participants can achieve economies of scale through larger individual transactions; can exploit the greater stability of pooled cash flows to obtain better returns and can achieve greater levels of diversification.

2.3 A risk sharing agreement ensures risk and reward relating to each investment within the jointly controlled portfolio are shared in direct proportion to each participants' investment.

2.4 The Investment Manager (the GLA) operates the GIS cash balances in accordance with the GIS Investment Strategy.

3. GIS Investment Strategy 2015-16 Detail

3.1 The Investment Manager (the GLA) will generally use call accounts and short-dated or highly liquid instruments in order to maintain liquidity and will maintain the weighted average maturity of the short term portfolio arising from investing GIS balances, so that the weighted average maturity does not exceed 3 months. The majority of investments will therefore be specified investments rather than non-specified investments.

3.2 Performance benchmarks may be set from time to time by unanimous agreement of the Syndics.

3.3 The Investment Manager may delegate the management of a portion, not exceeding the forecast minimum GIS balance for the next 12 months, of the GIS to external fund managers if this is deemed prudent. As a result of very large scale pooling, such managers may be able to engage in trading which is impractical for the GLA. Therefore, a slightly broader range of instruments are available to those managers. However, any delegation would be within the agreed investment strategy and would give a fund manager no greater discretion than the GLA treasury team presently have.

3.4 As well as seeking high liquidity, the Investment Manager will seek high security, adopting the prudent investment policy recommended in the Department for Communities and Local Government (DCLG) Guidance on Local Government Investments (revised 2010). This states that Security should come before Liquidity and Liquidity before Yield (SLY).

3.5 To identify investment options with relatively high security and liquidity, the GIS Investment Strategy adopts the concept of Specified and Non Specified Investments, as defined in the DCLG Guidance on Local Government Investments (revised 2010).

3.6 Specified Investments

3.6.1 An investment is a specified investment if all of the following apply:

i. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;

ii. The investment is not a long-term investment (i.e. due or required to be repaid within 12 months);

iii. The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 3146 as amended) (i.e. the investment is not loan capital or share capital in a body corporate)

iv. The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:

- The United Kingdom Government
- A local authority in England or Wales (as defined in section 23 of the 2003 Local Government Act) or a similar body in Scotland or Northern Ireland
- A parish council or community
- High credit quality is defined as a minimum credit rating as outlined in the table 'Criteria for Specified Investments' provided below

3.7 Non Specified Investments

3.7.1 Non-Specified Investments are defined as those not meeting the definition of Specified Investments.

3.8 Criteria for Specified Investments[1]

Specified Investments				
Investment	**Minimum Credit Criteria (Expressed as Capita's durational band or raw ratings)**	**Managed: Internally (I) or Externally (E)**	**Maximum percentage of total investment**	**Maximum Duration (months)**
Debt Management Agency Deposit Facility (DMADF)	--	I	100%	6
Term Deposit – UK public body (e.g. Local, Police or Fire Authority)	Eligible for PWLB or National Loans Fund finance	I/E	100%	12
Term Deposits, Call Accounts and Certificates of Deposit – Rated Bank or Building Society	Green; domicile long term sovereign rating equivalent to Fitch AA or better	I/E	100%	12
Term Deposits, Call Accounts and Certificates of Deposit – Financial Institution in significant part owned by UK Government	Blue	I/E	100%	12
Term deposits, Call Accounts and Certificates of Deposit– Institutions not meeting general criteria but instruments explicitly guaranteed by sovereign national Government rated AA or above (Fitch long term)	None	I/E	100%	12
UK Government Gilts held to maturity	--	I/E	100%	12
UK Treasury Bills held to maturity	--	I/E	100%	12
Bonds issued by multilateral development banks (e.g. The European Investment Bank) held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moodys)	I/E	100%	12
Corporate bonds explicitly guaranteed by UK Government held to maturity	Rating equivalent to UK Government	I/E	100%	12
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -				
Government Liquidity Funds	Fitch AAAmmf; or S&P AAAm; or Moody's Aaa.	I/E	100%	12
Money Market Funds	Fitch AAAmmf; or S&P AAAm; or Moody's Aaa.	I/E	100%	12

3.8.1 Forward term deposits may be negotiated with institutions meeting the criteria above with the sum of the forward period and duration of the deal subject to a maximum of 12 months. Total forward dealt exposure may not exceed 20% of the forecast average daily balance at the time. The GIS defines 'forward' as negotiated more than 4 banking days in advance of deposit. Shorter forward periods are viewed as normal cash management practice providing cash

[1] The subsequent definition of "bond" includes all transferable rated debt securities e.g. Medium Term Notes, Floating Rate Notes. Where a specific term is used it is to highlight a particular set of limits.

resources are certain. The Investment Manager may make exceptions to this limit where the counterparty is a member of the GLA Group.

3.9 Criteria for Non-Specified Investments

Non-Specified Investments Aggregate exposure to non-specified investment shall not exceed 50% of total forecast daily average balances, as at the date of investment. Non-Specified Investments highlighted in bold can **only** be entered into by external fund managers, appointed in accordance with the Corporation's TMSS.				
Investment	Minimum Credit Criteria (Expressed as Capita's durational band or raw ratings)	Use: Internal (I) or Externally (E) managed	Maximum percentage of total investments	Maximum Duration (months)
Term Deposits, Call Accounts and Certificates of Deposit – institutions eligible for specified investments	Defined as per specified investments	I/E	50%	24
Term Deposits, Call Accounts and Certificates of Deposit – unrated institutions covered by explicit and unconditional parental guarantee from institution meeting criteria as above.	For parental guarantor: Green; domicile long term sovereign rating, equivalent to Fitch AA or better.	I/E	50%	24
UK Government Gilts held to maturity	--	I/E	50%	240
UK Government Gilts held for trading	**--**	**E**	**50%**	**600**
UK Treasury Bills held for trading	**--**	**E**	**50%**	**12**
Corporate bonds explicitly guaranteed by UK Government held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moodys)	I/E	50%	240
Corporate bonds explicitly guaranteed by UK Government held for trading	**Long term AAA (Fitch or S&P) or Aaa (Moodys)**	**E**	**50%**	**300**
Bonds issued by multilateral development banks held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moodys)	I/E	10%	120
Bonds issued by multilateral development banks held for trading	**Long term AAA (Fitch or S&P) or Aaa (Moodys)**	**E**	**10%**	**300**
Floating Rate Notes (multi lateral development banks issuances only)	Long term AAA (Fitch or S&P) or Aaa (Moodys)	I/E	10%	120
Corporate Bonds or commercial paper held to maturity	Fitch credit Factor <10.0	I/E	20%	24

3.10 Creditworthiness Policy: Rated Financial Institutions (Type A counterparties)

3.10.1 The Investment Manager shall, at a minimum, implement the sophisticated creditworthiness methodology developed and maintained by Capita Asset Services, Treasury Solutions. The methodology uses an average of the ranked ratings from all three of the Ratings Agencies to arrive at a score which places the institution into the following suggested maximum durational bands for investment:

Yellow	5 years
Purple	2 years
Orange	1 year
Red	6 months
Green	100 days
No Colour	not to be used

An exception is made for those banks with significant share capital in UK public ownership.

Blue 1 year (This blue banding applies only to nationalised or semi-nationalised UK Banks. There is no pre-determined level of holding which will result automatically in a loss of this banding: A change in this banding will be triggered instead by Government 'intention'. For example: A Government holding of 15% with a stated intention not to sell any more shares could result in the banding remaining blue, whilst a Government holding of 20% with a stated intention to sell the remaining holding within 6 months could result in the banding being removed and the semi-nationalised UK Bank falling to its stand-alone rating.)

3.10.2 Following this initial classification, the score (hence, potentially, the band) is adjusted downwards to account for negative rating watches or outlooks (i.e. indications by the Agencies that a downgrade is being considered). Scores are further adjusted downwards if Credit Default Swap (CDS) spreads exceed certain barrier levels. UK banks in the Blue band are excepted from these further steps due to the security offered by their nationalised or semi-nationalised status.

3.10.3 In addition to organisations placed in the Blue band under Capita Asset Services, Treasury Solution's methodology, the Investment Manager may, in exceptional circumstances, include organisations that fall short of ratings criteria, but are backed by an explicit and credible sovereign guarantee.

3.10.4 It is possible that in 2015-16, counterparties will fall into a lower durational banding and even become 'no colour' as a result of Rating Agency action, such as removing implied sovereign support. However, this scenario is by no means certain. It is possible that Rating Agencies may decide to alleviate any negative impact on ratings by incorporating other factors, for example Additional Loss Absorbing Capital (ALAC), such as equity bonds, in their methodologies for rating financial institutions. Capita Asset Services, Treasury Solutions have stress tested their methodology against potential worse case scenarios associated with the removal of implied levels of support and have concluded that a practical, workable counterparty list with security as the primary driving factor would still be available. With so much uncertainty, no change is therefore currently proposed to the GIS Investment Strategy as a result of possible future Rating Agency action, but, as always, the situation will continue to be closely monitored.

3.10.5 In response to the financial crisis of 2008, the financial regulatory framework will be tightened further in 2015, by such European Directives as the Bank Recovery and Resolution Directive (January 2015) and the recast Deposit Guarantee Scheme Directive (3 July 2015). These are part of a package of measures to impose more stringent capital, leverage and liquidity requirements on financial institutions, to try and ensure financial institutions can withstand financial shocks in the future and that a depositor 'bail-in' culture is fostered rather than a sovereign national government 'bail out' culture. As these measures actually strengthen counterparty quality, again there is no proposal to change the current GIS Investment Strategy: Under the auspices of Security, Liquidity and Yield (SLY), the Investment Manager will continue to use high quality counterparties, be mindful of Participant's cash flow requirements and continue to seek diversification amongst the GIS investments.

3.10.6 However, it is expected that as financial institutions have to meet more stringent Leverage, Net Stable and Liquidity Coverage ratios in 2015, their appetite for very short dated maturities is likely to be severely reduced in 2015. This could have a significant adverse effect on returns under the GIS Investment Strategy, simply because its sole aim is to invest short term cash balances. There will therefore be a need to continue to monitor cash balances closely, including seeking to identify core cash balances which can be invested as participants' 'own name' investments for longer terms, subject to compliance with the investment principles of SLY.

3.10.7 The participants consider the UK government as a zero-risk counterparty for practical treasury management purposes, since the participants' individual viability, in common with all UK public bodies, depends on the ability of central government to meet its obligations. So long as the Royal Bank of Scotland (RBS) and Lloyds have significant share capital in public ownership, this viewpoint is extended to RBS and Lloyds. Since the 2014-15 GIS Investment Strategy was written, the Government's intentions regarding its shareholdings in RBS and Lloyds have become clearer.

- With regard to RBS, it is the opinion of the participants that the Government is unlikely to seek to significantly reduce its investment in RBS over the next 12 months. The Government currently has a 80%+ stake in RBS.

- With regard to Lloyds, significant Government divestment in Lloyds is, however, very likely. The Chancellor in December 2014 announced it was the Government's intention to resume the sell-off of its 24.9% stake in Lloyds Banking Group over the next six months. It is not expected that there will be a full sell off. Current thinking is that the Government will seek to reduce its stake in Lloyds to 20% in the run up to the May 2015 general election. On this basis, participants will therefore continue their approach of keeping Lloyds' investment duration short. This should make it possible for the GIS to minimise any counterparty risk by being able to keep its Lloyds' investments within any durational band changes, as the Government's stake in Lloyds reduces.

- It should be noted that the above opinions may be subject to change after the forthcoming May 2015 election, particularly if there is a change of government.

3.11 Credit Worthiness Policy: Corporate Bonds and non-financial institutions (Type B counterparties)

3.11.1 Following regulatory change to the status of corporate bonds held by local authorities (previously such purchases constituted statutory capital expenditure) opportunity exists for exposure to corporate borrowers other than financial institutions. In the Participants' view the overall use of corporate bonds will not increase the overall risk taken by the GIS. The use of corporate bonds increases the potential for diversification, liquidity and yield although there is additional risk arising from potentially less complete ratings information for certain bonds (for which reason these institutions do not appear in the ratings service from Capita Asset Services, Treasury Solutions). For this reason the overall exposure to instruments of this type is set at 20% (excluding guaranteed or Multi-lateral Development Bank (MLDB) issues). Exposure to counterparties not covered by the Capita Asset Services, Treasury Solutions methodology shall be governed as follows:

- Maximum exposure to single Type B (e.g. National Grid) counterparty (or group): 5%

- It is the rating of the bond that will be used in the credit factor assessment of the corporate bond investment decision, not the rating of the issuer of the corporate bond.

- Specifically, for all corporate bonds, excluding guaranteed or MLDB issues and including securities issued by Type A counterparties, but carrying a lower rating than the issuer's individual rating, the following apply:

  Maximum duration: 730 days (24 months)
  Maximum credit factor of any single security: 10.00
  Maximum portfolio credit factor (PCF)[2]: 5

Credit Factors are defined with reference to the approach suggested by Fitch for rated MMFs:

Credit Risk Factors by Security, Rating and Maturity

Days	'AAA'	'AA+'	'AA/F1+'	'AA-'	'A+'	'A/F1'	'A-'	'BBB+'	'BBB'/'F2'
Overnight	0.01	0.01	0.01	0.01	0.02	0.03	0.04	0.07	0.10
2-7	0.02	0.04	0.06	0.10	0.15	0.20	0.30	0.50	0.80
8-30	0.10	0.15	0.25	0.40	0.60	0.75	1.30	2.10	3.50
31-60	0.20	0.30	0.50	0.80	1.20	1.50	2.60	4.20	7.00
61-90	0.25	0.50	0.75	1.25	1.50	2.50	5.00	7.50	10.00
91-120	0.35	0.65	1.00	1.50	2.30	3.30	6.60	10.00	13.50
121-150	0.40	0.80	1.25	2.10	2.90	4.20	8.30	12.50	16.50
151-180	0.50	1.00	1.50	2.50	3.50	5.00	10.00	15.00	20.00
181-210	0.60	1.20	1.75	3.00	4.00	5.80	11.70	17.50	23.50
211-240	0.70	1.30	2.00	3.30	4.70	6.60	13.30	20.00	27.00
241-270	0.75	1.50	2.25	3.75	5.25	7.50	15.00	22.50	30.00
271-300	0.80	1.70	2.50	4.20	5.80	8.30	16.70	25.00	33.50
301-330	0.90	1.85	2.75	4.60	6.50	9.20	18.50	27.50	37.00
331-397	1.00	2.00	3.00	5.00	7.00	10.00	20.00	30.00	40.00
398-730	2.70	5.30	8.00	13.00	19.00	27.00	43.00	69.00	106.00

Where no Fitch ratings exist, the following mapping will be used:

Long term			Short term		
Fitch	Moodys	S&P	Fitch	Moodys	S&P
AAA	Aaa	AAA			
AA+	Aa1	AA+			
AA	Aa2	AA	F1+	P-1	A-1+
AA-	Aa3	AA-			
A+	A1	A+			
A	A2	A	F1	P-1	A-1
A-	A3	A-			
BBB+	Baa1	BBB+			
BBB	Baa2	BBB	F2	P-2	A-2

[2] Average for all corporate bonds held, weighted by nominal value

3.11.2 Furthermore, securities issued by “blue” counterparties will be treated as ‘rating equivalent to UK government’ if, and only if, the Investment Manager and Capita Asset Services, Treasury Solutions believe the counterparty will remain in the Blue category until the instrument matures. All Local Authority bonds will be treated as ‘rating equivalent to UK Government’.

3.11.3 In addition to these high level principles, the Group Treasury team may apply a variety of additional market data and media due diligence measures prior to committing funds to a Type B Counterparty. These will be detailed in the Group Treasury Management Practices (TMPs).

3.12 Construction of Approved Lending Lists for Rated Organisations (Type A Counterparties)

3.12.1 The process by which the Investment Manager will construct the Approved Lending List of rated organisations will consist of:

- taking the range of organisations placed by Capita Asset Services, Treasury Solutions in the Green band and above, prior to outlook and CDS adjustments;
- excluding those domiciled in foreign countries with a Fitch long-term sovereign rating below AA (or equivalent from another agency); and
- including organisations backed by an explicit and credible sovereign guarantee.

3.12.2 The Approved Lending List will be monitored on a daily basis by the Investment Manager and maintained in a manner consistent with the Group Treasury Management Practices (TMPs).

3.13 Construction of Approved Lending Lists for Un-Rated Organisations (Type C Counterparties)

3.13.1 The Investment Manager may add organisations without credit ratings to the Approved Lending List in the following circumstances only:

- The organisation has an explicit, financially credible guarantee from a foreign sovereign state of at least Fitch AA (or equivalent) rating:
    - Treated in the Purple (AAA) or Orange (AA and AA+) band, subject to the duration of deals not exceeding the term of the guarantee;
- The organisation is explicitly guaranteed by a parent company meeting Approved List criteria:
    - Treated in the same band as its parent, subject to the duration of deals not exceeding the term of the guarantee; and
- The organisation is a UK Public Body meeting criteria for loans from the PWLB or National Loans Fund (e.g. Local Authorities, Police and Fire Authorities):
    - Treated as UK government securities. (This is on the basis that participants would not generally take an alternative view

on the credit quality of another Public Body to that taken by HM Treasury acting through the PWLB. However, officers may ask of such bodies' statutory chief finance officers whether their borrowing falls within their affordable limit as defined by the Local Government Act 2003 and may restrict investments with individual counterparties where there may be a risk that any delay in repayment could disadvantage the participants' operations)

3.14 Construction of the Operational Lending List of Approved Counterparties (Type A and Type C counterparties)

3.14.1 The Approved Lending List shall form the basis of the Operational Lending List used by the Investment Manager when making investments.

3.14.2 The process by which the Investment Manager will construct the Operational Lending List of rated organisations will consist of:

- taking the range of organisations placed by Capita Asset Services, Treasury Solutions in the Green band and above, after outlook and CDS adjustments;
- excluding those domiciled in foreign countries with a Fitch long-term sovereign rating below AA (or equivalent from another agency); and
- including organisations backed by an explicit and credible sovereign guarantee.

3.14.3 The Operational Lending List will consist of, as a minimum, those counterparties which appear on the Approved Lending List and in which there is a current investment.

3.14.4 It may also include those counterparties on the Approved Lending List which are currently operationally feasible, but in which there is currently no investment e.g. where the counterparty is currently looking for funding in the market, but not offering a sufficient yield to attract an investment. Counterparties currently not looking for funding in the market should normally not be included in the Operational Lending List.

3.14.5 At no time will the Operational Lending List include counterparties that are not already on the Approved Lending List.

3.14.6 For the further control of risk, the Operational Lending List may be subject to temporary restrictions to higher levels of credit worthiness or suspension of countries or individual counterparties on the basis of professional external advice or the due diligence of the Investment Manager.

3.14.7 The Operational Lending List will be monitored and maintained in exactly the same way as the Approved Lending List.

3.15 Counterparty Limits for Short Term Balances

3.15.1 The durational band after adjustment for outlook and CDS data, where available, determines the limits on acceptable exposure in terms of both total invested and duration as follows:

Limits for Short Term Balances

		Cash exposure limits			
Band	Max. Tenor	Overnight	> 1 day	> 3 months	> 6 months
Yellow	5 years	100%	30%	15%	5%
Purple	2 years	100%	20%	10%	5%
Blue	1 year	100%	50%	50%	25%
Orange	1 year	50%	15%	10%	5%
Red	6 months	25%	10%	5%	n/a
Green	3 months	10%	5%	n/a	n/a
UK Sovereign	5 years	100%	No more than 50% >12months		
		Percentages applied to daily balance	Percentages are applied to forecast average balance over the term of the proposed investment as at the date of investment and are cumulative		

3.15.2 The limits above are overlaid with the following considerations:

- Companies within the same group shall be subject to group limits, defined as the limits applying to the highest rated member of the group; and

- When placing new investments, other than overnight, exposure to organisations domiciled in any one state, excepting the United Kingdom, exposure relative to the forecast average balance shall not exceed 25% for AAA rated states, 15% for AA+ rated states or 5% for AA rated states.

- The 5 year limit for "Yellow" counterparties may be reduced depending on the type of instrument and the trading status. For term deposits, the maximum tenor is 2 years.

3.16 Deposit Facility of Last Resort

3.16.1 In the circumstance of being unable to place funds with counterparties on the Operational List within approved limits, the Investment Manager will attempt to place the surplus funds with the Debt Management Agency Deposit Facility (DMADF). This facility may, of course, also be used in other circumstances if it offers rates above equivalent market levels, though in past experience this is unlikely. Where the sums to be invested were large or durations significant, officers would investigate the use of UK government securities held to maturity (or MMFs investing solely in these instruments) and within the parameters of the overall strategy adopt the financially preferable course.

3.16.2 In the instance of technical failures or unexpected monies being received after the cut-off time for sending payments, the Investment Manager will have no choice but to leave the funds with the GLA's bankers, RBS. In such circumstances, the funds will be moved to the GLA's call account at RBS. At present, however, the quasi-governmental security of RBS arising from the high level public ownership means it ranks as a 'blue' counterparty and enjoys a 100% overnight limit.

Appendix 5: Treasury Management Practices: Main Principles

1. INTRODUCTION

1.1 The Treasury Management Practices (TMPs): Main Principles below set out the manner in which the Corporation will seek to achieve its Treasury policies and objectives. These TMPs: Main Principles follow the wording recommended by the latest edition of the CIPFA Treasury Management Code.

1.2 TMPs: Main Principles are supported by TMPs: Schedules, which provide specific details of the systems and routines employed and the records to be maintained to deliver the TMPs: Main Principles. These Schedules are maintained and updated as necessary, being operational procedures and forming an integral part of the Corporation's treasury management manual.

1.3 Approval and monitoring of TMPs is a matter for local decision. As such the TMPs: Principles will be approved by the Corporation and monitored by the Executive Director of Finance and Corporate Services and annually reviewed by the Corporation before the start of the year.

1.4 TMPs: Schedules will be approved by the Executive Director of Finance and Corporate Services. and monitored and annually reviewed by the Executive Director of Finance and Corporate Services.

1.5 Scrutiny of the approval and monitoring of TMPs will be performed by the Audit Committee following recommendations by the Executive Director of Finance and Corporate Services.

2. TMP1 RISK MANAGEMENT

2.1 General statement

2.1.1 The Executive Director of Finance and Corporate Services will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the *organisations* objectives in this respect, all in accordance with the procedures set out in TMP6 'Reporting requirements and management information arrangements'.

2.1.2 In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the TMPs: Schedules.

2.2 Credit and counterparty risk management

2.2.1 The Executive Director of Finance and Corporate Services regards a key objective of the Corporation's treasury management activities to be the security of the principal sums it invests. Accordingly, he/she will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit investment activities to the instruments, methods and techniques referred to in the TMP4 Approved instruments, methods and techniques and listed in the TMPs: Schedules. The Executive Director of Finance and Corporate Services also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which the Corporation may borrow, or with whom it may enter into other financing arrangements.

2.3 Liquidity risk management

2.3.1 The Executive Director of Finance and Corporate Services will ensure the Corporation has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business,/service objectives.

2.3.2 The Executive Director of Finance and Corporate Services will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

2.4 Interest rate risk management

2.4.1 The Executive Director of Finance and Corporate Services will manage Corporation exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 'Reporting requirements and management information arrangements'.

2.4.2 Executive Director of Finance and Corporate Services will achieve this by the prudent use of Corporation approved instruments, methods, and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

2.5 Exchange rate risk management

2.5.1 Executive Director of Finance and Corporate Services will manage its exposure to fluctuations in exchange rates, so as to minimise any detrimental impact on its budgeted income/expenditure levels.

2.6 Refinancing risk management

2.6.1 The Executive Director of Finance and Corporate Services will ensure that Corporation borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Corporation as can reasonably be achieved in the light of market conditions prevailing at the time.

2.6.2 Executive Director of Finance and Corporate Services will actively manage Corporation relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

2.7 Legal and regulatory risk management

2.7.1 The Executive Director of Finance and Corporate Services will ensure that all Corporation treasury management activities comply with statutory powers and regulatory requirements. He/She will demonstrate such compliance, if required to do so, to all parties with whom the Corporation deals in such activities. In framing its credit and counterparty policy under TMP[1] 'credit and counterparty risk management', he/she will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Corporation, particularly with regard to duty of care and fees charged.

2.7.2 The Executive Director of Finance and Corporate Services recognises that future legislative or regulatory changes may impact on treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Corporation.

2.8 Fraud, error and corruption, and contingency management

2.8.1 The Executive Director of Finance and Corporate Services will ensure that she has identified the circumstances which may expose the Corporation to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, she will maintain effective contingency management arrangements, to these ends.

2.9 Market risk management

2.9.1 The Executive Director of Finance and Corporate Services will seek to ensure that the Corporation's stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect the Corporation from the effects of such fluctuations.

3. TMP2 PERFORMANCE MEASUREMENT

3.1 The Executive Director of Finance and Corporate Services is committed to the pursuit of value for money in the Corporation's treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in the Corporation's treasury management policy statement.

3.2 Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the TMPs: Schedules.

4. TMP3 DECISION-MAKING AND ANALYSIS

4.1 The Executive Director of Finance and Corporate Services will maintain full records of Corporation treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching these decisions are detailed in the TMPs: Schedules.

5. TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

5.1 The Executive Director of Finance and Corporate Services will undertake Corporation treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 'Risk management'.

6. TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

6.1 The Executive Director of Finance and Corporate Services considers it essential, for the purposes of the effective control and monitoring of the Corporation's treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

6.2 The principal on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

6.3 If and when the Corporation intends, as a result of lack of resources or other circumstances, to depart from these principles, the Executive Director of Finance and Corporate Services will ensure that the reasons are properly reported in accordance with TMP6 'Reporting requirements and management information arrangements', and the implications properly considered and evaluated.

6.4 The Executive Director of Finance and Corporate Services will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Executive Director of Finance and Corporate Services will also ensure that at all times those engaged in treasury management will follow the policies and procedures. The present arrangements are detailed in the TMPs: Schedules.

6.5 The Executive Director of Finance and Corporate Services will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the TMPs: Schedules

6.6 The delegations to the Executive Director of Finance and Corporate Services in respect of treasury management are set out in the TMPs: Schedules. The Executive Director of Finance and Corporate Services will fulfil all such responsibilities in accordance with the Corporation's policy statement and TMPs and if a CIPFA member, the 'Standard of Professional Practice on Treasury Management'.

7. TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS.

7.1 The Executive Director of Finance and Corporate Services will ensure that regular reports are prepared and considered on the implementation of Corporation treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

7.2 As a minimum:

The Corporation will receive

- an annual report on the proposed strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

7.3 The Audit Committee, as the body with responsibility for the scrutiny of treasury management policies and practices, will receive regular monitoring reports on treasury management activities and risks.

7.4 The Audit Committee responsible for scrutiny, such as an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

7.5 The Corporation should report the treasury management indicators as detailed in CIPFA's sector-specific guidance notes

7.6 The present arrangements and the form of these reports are detailed in the TMPs: Schedules.

8. TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

8.1 The Executive Director of Finance and Corporate Services will prepare, and the Corporation will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 'Risk management', TMP2 'Performance measurement', and TMP4 'Approved instruments, methods and techniques'.

8.2 The Executive Director of Finance and Corporate Services will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 'Reporting requirements and management information arrangements'.

8.3 The Executive Director of Finance and Corporate Services will account for the Corporation's treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory requirements in force for the time being.

9. TMP8 CASH AND CASH FLOW MANAGEMENT

9.1 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this Corporation will be under the control of the Executive Director of Finance and Contractual Services, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Executive Director of Finance and Corporate Services will ensure that these are adequate for the purposes of monitoring compliance with TMP1 (1.3) 'liquidity risk management'. The present arrangements for preparing cash flow projections, and their form are set out in the TMPs: Schedules.

10 TMP9 MONEY LAUNDERING

10.1 The Executive Director of Finance and Corporate Services is alert to the possibility that the Corporation may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the TMPs: Schedules.

11. TMP10 TRAINING AND QUALIFICATIONS

11.1 Executive Director of Finance and Corporate Services recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. She will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Executive Director of Finance and Corporate Services will recommend and implement the necessary arrangements.

11.2 The Executive Director of Finance and Corporate Services will ensure that Corporation members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

11.3 Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

11.4 The present arrangements are detailed in the TMPs: Schedules.

12. TMP11 USE OF EXTERNAL SERVICE PROVIDERS

12.1 The Corporation recognises that responsibility for the treasury management decisions remains with the Corporation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Executive Director of Finance and Corporate Services, and details of the current arrangements are set out in the TMPs: Schedules.

13. TMP12 CORPORATE GOVERNANCE

13.1 The Corporation is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principals and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

13.2 This Corporation has adopted and implemented the key principles of the Code. This, together with the other arrangements detailed in the TMPs; Schedules, are considered vital to the achievement of proper corporate governance in treasury management, and the Executive Director of Finance and Corporate Services will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Appendix 6: 2013-14 Outturn and 2014-15 Mid-Year Report
prepared by GLA Treasury Group

1. SUMMARY

1.1 All treasury management activities were managed in accordance with the approved Treasury Management Strategy.

1.2 All investments were made to counterparties on the Group Investment Syndicate (GIS) approved lending list.

1.3 In contrast to the whole of 2013-14, investment balances for the six month period ending 30th September 2014 have been consistently present, resulting in an investment return equating to 0.57% per annum against a benchmark of 0.42% per annum.

2. RECOMMENDATION

2.1 The Board is asked to note the investment activities for the financial year ending 31 March 2014 and for the first six months of the financial year 2014/15.

3. BACKGROUND

3.1 This report provides details of investment activities for the financial year ending 2013/14 and for the period 1 April 2014 to 30 September 2014.

3.2 The Executive Director of Finance and Corporate Services confirms that, throughout the reporting period, all treasury activities were conducted in accordance with the Treasury Management Strategy 2013-14, approved by the Board on 26th March 2013 and the Treasury Management Strategy 2014-15, approved by the Board on the 30th April 2014.

3.3 LLDC's treasury management function, including the management of the - Corporation's cash investment activities and the provision of treasury reporting, is managed by the GLA under delegated authority.

3.4 Under this delegated arrangement, the LLDC's officers provide the GLA with details of the Corporation's cash flow requirements.

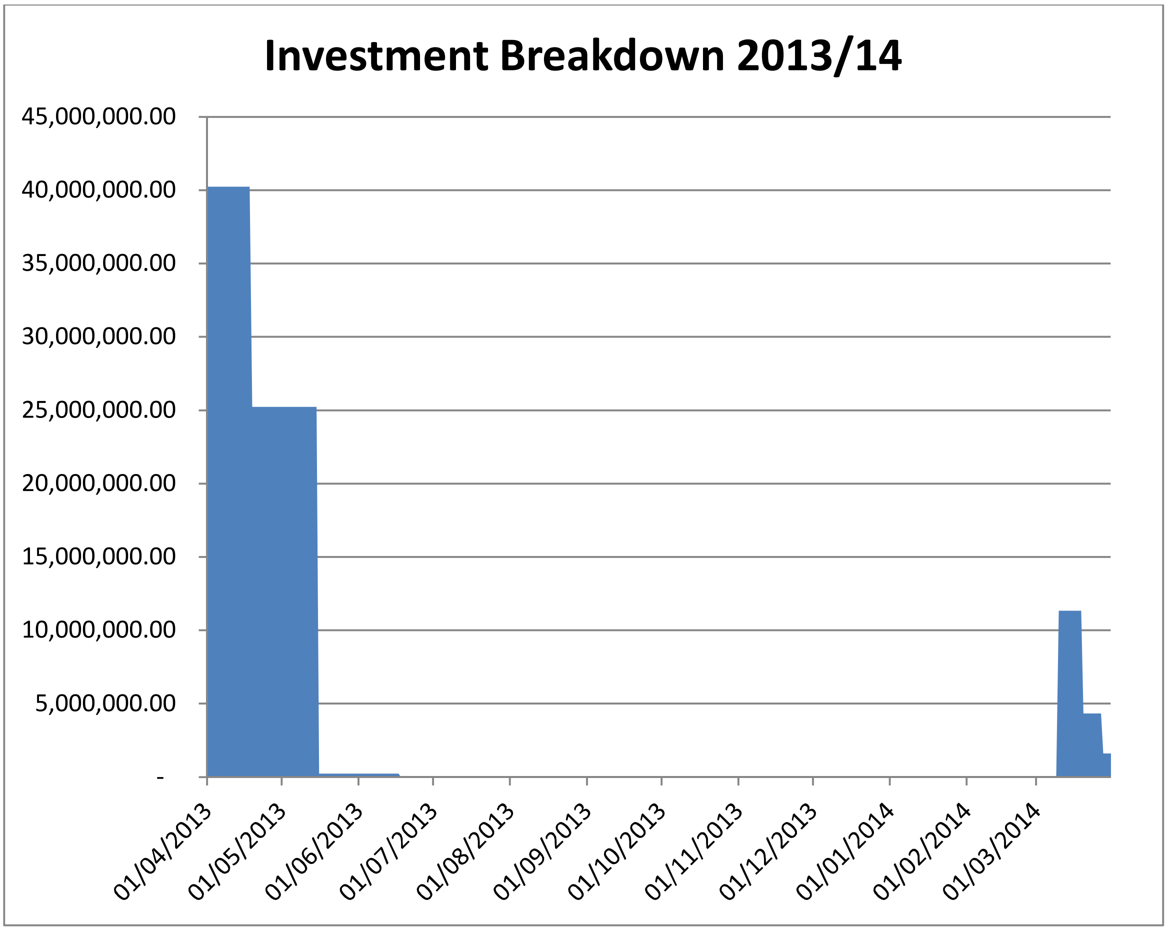
4. TREASURY MANAGEMENT OUTTURN 2013-14

Investment Balances

4.1 The Corporation's cash balance as at 31 March 2014 was £1.602m.

4.2 Interest totalling £39,681.00 was earned on deposits for 2013/14.

4.3 The chart below shows investment balance levels (in £s) throughout 2013/14.



Investment Instruments

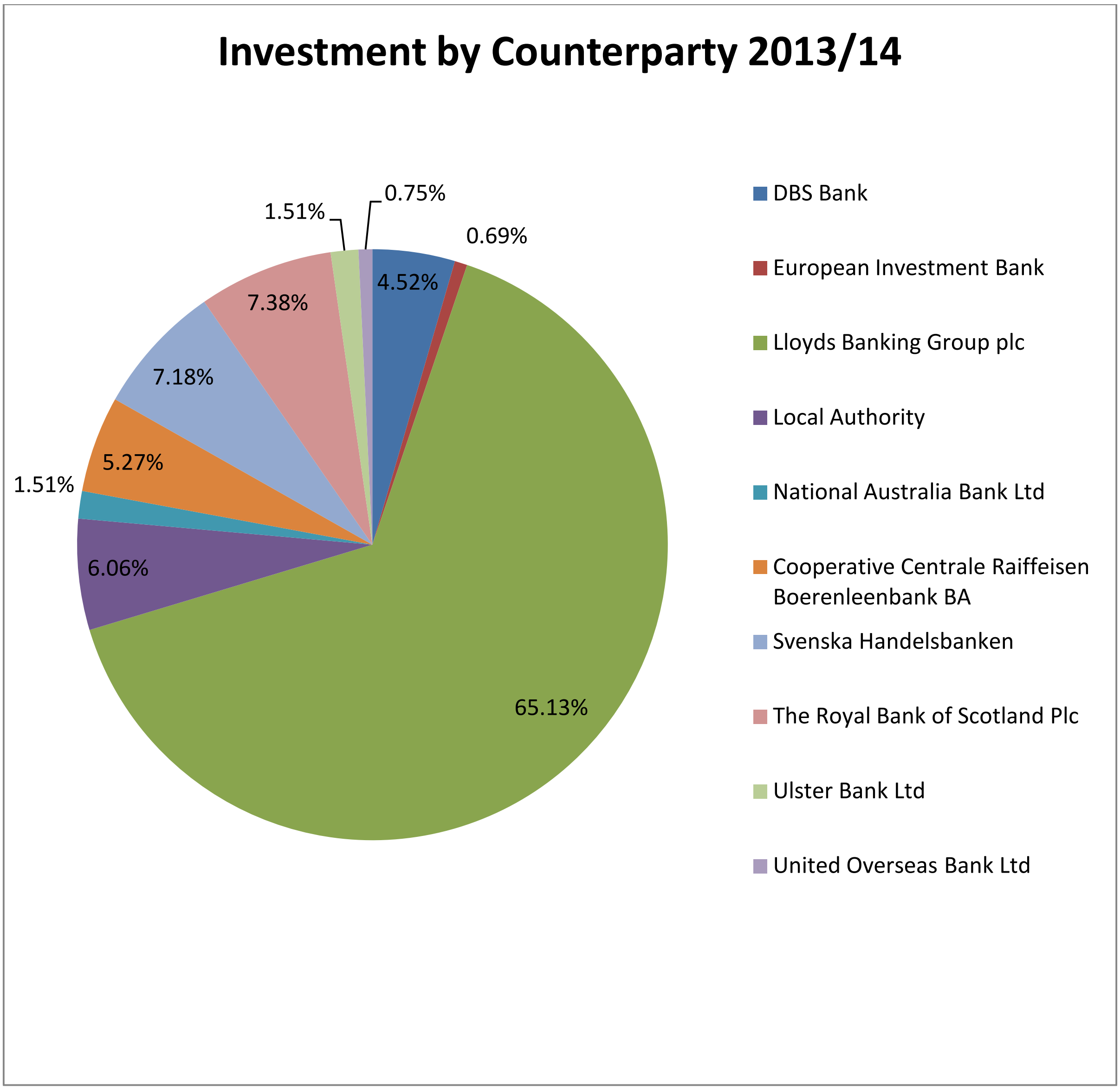
4.4 The investment instruments selected for investment purposes are as defined by the 2013/14 Treasury Management Strategy Statement (TMSS) and for 2013-14 included.

a. Local Authority Deposits
b. Bank Deposits and Call Accounts
c. Building Society Deposits
d. Certificates of Deposit
e. Corporate Bonds
f. Money Market Funds

Investment Counterparties

4.5 Within the GIS, the Corporation was exposed to British banks, foreign banks and Local Authorities throughout the reporting period. The GIS utilised notice accounts, call accounts and fixed term deposits with these institutions. During 2013-14, the GIS invested a large proportion of funds with Lloyds and RBS, who consistently provided the best available rates within acceptable risk and liquidity parameters. Typically, the GIS investment strategy enforces greater diversification, but as these two banks remained in significant government ownership, they were treated as a quasi-public sector risk.

4.6 The chart below shows the breakdown of the Authority's investment balance of £1.602m by Counterparty as at 31 March 2014.



5. TREASURY MANAGEMENT PERFORMANCE DURING THE SIX MONTH PERIOD ENDING 30 SEPTEMBER 2014

Investment Performance

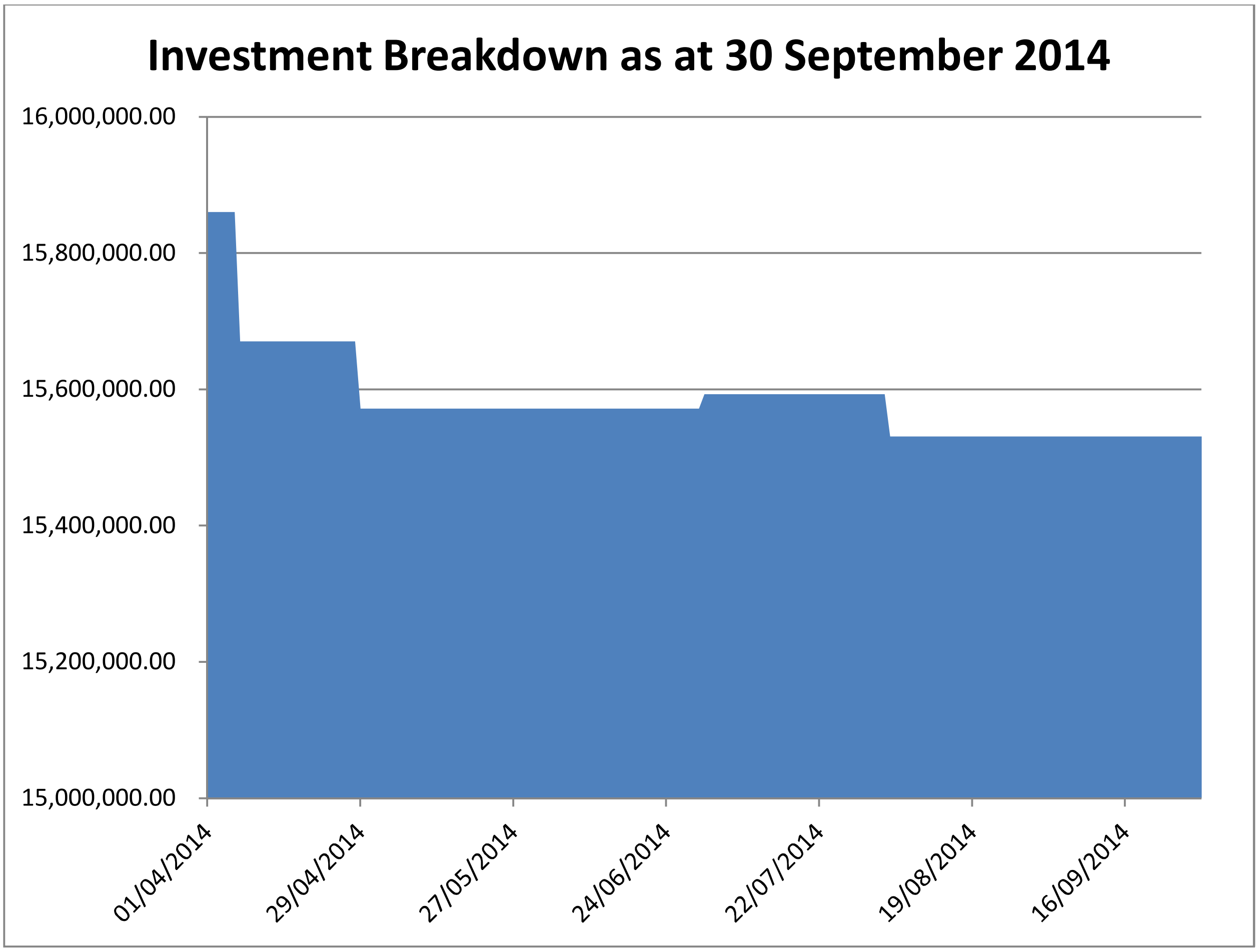
5.1 Investment performance is monitored against the three month London Interbank Bid rate (LIBID). The three month LIBID rate is the rate that banks are willing to pay for borrowing from other banks and as such is considered to be a reasonable benchmark to assess return on investment performance. The Corporation's weighted average investment return for the six month period ending September 2014 for the GIS equated to 0.57% per annum. This was against a weighted average 3 month LIBID rate of 0.42%, an out performance of 0.15%.

Investment Balances

5.2 The Corporation's cash balance as at 30 September 2014 was £15.530m.

5.3 Interest totalling £44,363 was earned on deposits during the six month period ending the 30 September 2014.

5.4 The chart below shows investment balance levels (in £s) during the six month period ending the 30 September 2014.



Investment Instruments

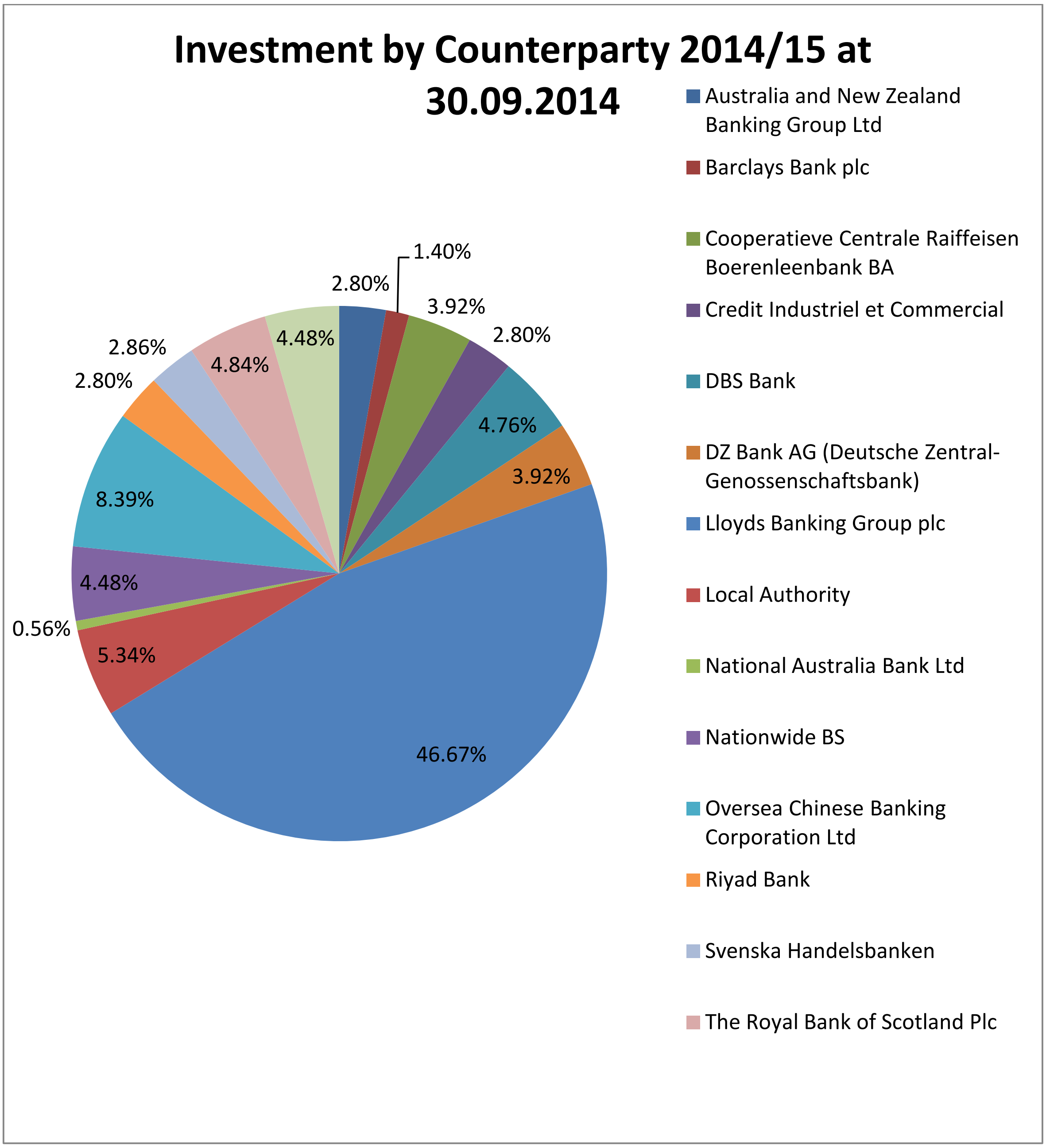
5.5 The investment instruments selected for investment purposes are as defined by the 2014-15 TMSS and for the six month period ending 30 September 2014 included:

a. Local Authority Deposits
b. Bank Deposits and Call Accounts
c. Building Society Deposits
d. Certificates of Deposit
e. Corporate Bonds
f. Money Market Funds

Investment Counterparties

5.6 Within the GIS, the Corporation was exposed to British banks, foreign banks and Local Authorities throughout the reporting period. The GIS utilised notice accounts, call accounts and fixed term deposits with these institutions. During the six month period ending 30 September 2014, the GIS reduced its investment in Lloyds from 65.13% to 46.67% in anticipation of the Government selling its shareholding in Lloyds, which would result in Lloyds losing its quasi-public sector risk status.

5.7 The chart below shows the breakdown of the Corporation's investment balance of £15.530m by Counterparty as at 30 September 2014.



6. INTEREST RATE MOVEMENT AND INVESTMENT PERFORMANCE

6.1 During the reporting period, the Bank of England (BoE) Monetary Policy Committee maintained the base rate at 0.5%. Money market rates have remained low reflecting market expectations that the BoE base rate would remain low.

7. RISK ASSESSMENT AND COMPLIANCE

7.1 The Treasury Management Strategy restricts lending to institutions that have a high credit rating and that meet other requirements that determine its overall credit quality.

7.2 To manage counterparty risk in terms of investment activities, the GLA uses Capita Asset Services, Treasury Solutions (Capita) as advisors. Capita provides under licence financial ratings issued by the international ratings agencies Fitch, Moody's, and Standard and Poor's and officers compile the GIS Approved Counterparty Lending List by reference to such ratings. The list is updated weekly by reference to Capita's weekly list. Officers also monitor the financial media and counterparties are suspended or removed at any time if concerns arise through other sources about their financial wellbeing, even if the overall credit rating remains within the Corporation's acceptable limit.

This page is intentionally left blank

Subject: **Bank Mandate**
Meeting date: 17 March 2015
Report to: Board
Report of: Gerry Murphy, Executive Director of Finance and Corporate Services

---

This report will be considered in public

---

1. SUMMARY

1.1. This paper requests approval to amend the current bank mandates for the Legacy Corporation bank accounts.

2. RECOMMENDATION

2.1 The Board is asked to approve changes to the bank mandates of the Legacy Corporation.

3. TIMING

3.1. The Board is asked to approve this decision in order that it may be actioned immediately.

4. BACKGROUND

4.1 The current bank mandate for the Legacy Corporation is as follows:

Input	Verify	Approve	
		A	B
• Senior Finance Business Partner • Financial Accountant	• Senior Finance Business Partner • Financial Controller • Executive Director of Finance & Corporate Services	• Executive Director of Finance & Corporate Services	• Senior Finance Business Partner • Financial Controller
		A or B for any payment (including transfers to E20)	

Each payment requires one verifier and one approver who cannot be the same person.

4.2 Following changes in staffing in the Legacy Corporation Finance team as part of the Finance restructuring, a review of the current bank mandates has taken place and the Executive Director of Finance and Corporate Services proposes the following changes to the bank mandates with due regard for segregation of duties controls and in order to provide operational flexibility in ensuring payments can be made efficiently.

4.3 Additional oversight in respect of payments over £5m has been introduced with counter approval from outside of Finance.

4.4 The changes allow:

4.4.1 Either of the Senior Finance Business Partners, Financial Accountant or Deputy Financial Controller to input payment requests.

4.4.2 Payment requests to be verified by either the Senior Finance Business Partner, Financial Accountant, Deputy Financial Controller or Financial Controller but not by the same person as the input request.

4.4.3 Payment request approvals of up to £5m are by either an "A" signatory being the Financial Controller, the Executive Director of Finance & Corporate Services or the Chief Executive or a "B" signatory being any one of LLDC's Executive Directors. Generally Executive Directors should not be asked to approve payment that originated in their departments.

4.4.4 Payment requests for over £5m require both one "A" and one "B" signatory.

Input	Verify	Approve	
		A	B
• Senior Finance Business Partner • Financial Accountant • Deputy Financial Controller	• Senior Finance Business Partner • Financial Accountant • Deputy Financial Controller • Financial Controller	• Financial Controller • Executive Director of Finance & Corporate Services • Chief Executive Officer	• Any Executive Director
		A or B for up to £5m A plus B for over £5m (including transfers to E20)	

Note that job titles may change and equivalent jobs will apply.

4.5 In addition all A and B signatories are cheque signatories.

4.6 This mandate applies to all the Legacy Corporation bank accounts being ;

- Current Account
- High Interest Deposit Account
- Planning Decisions
- Three Mills Trading
- Arcelormittal Orbit
- Olympic Park Transformation

4.7 A review will be undertaken of the requirement for each of their bank accounts and accounts will be closed as appropriate.

4.8 The mandate does not apply to the E20 bank account, the mandate for which is required to be approved by the E20 Board.

5. FINANCIAL IMPLICATIONS

5.1. Not Applicable.

6. LEGAL IMPLICATIONS

6.1. Not Applicable.

7. PRIORITY THEMES

7.1. Not Applicable

8. APPENCICES

8.1. None

List of Background Papers: None

Report originator:	**Gerry Murphy**
Telephone:	**0203 288 1818**
Email:	**gerrymurphy@londonlegacy.co.uk**

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Agenda Item 16

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank