



E20 Stadium LLP – Board Meeting 29.07.16

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## Agenda

**Meeting:** E20 Stadium LLP

**Date:** 29.07.16

**Time:** 10:00 – 12:00

**Meeting Venue:** The London Stadium – The BM6

### Member Representatives Expected:

David Edmonds (LLDC and Chair), David Gregson (LLDC), Nicky Dunn (LLDC), Lester Hudson (NLI), Katharine Deas (NLI)

**(Ex-Officio Members)** David Goldstone (LLDC), Kim Bromley-Derry (NLI)

### Also Expected:

Alan Skewis (E20), s.40 (E20); Martin Gaunt (E20); s.40 (E20); s.40 (NLI); Colin Naish (LLDC), Richard Irish (LLDC)

### Apologies:

Gerry Murphy (LLDC)

### Agenda Items

1. Welcome and Apologies
2. Minutes of the meeting held on 23 June 2016
3. E20 Director Update
4. July Events Report
5. Naming Rights
6. Transformation Update
7. Look ahead to September Board
8. Draft minutes of the Finance and Audit Committee held on 11 July 2016
9. E20 Statutory Accounts
10. E20 Bank Accounts
11. AOB
12. Tour of Stadium and view progress on seat moves

*Please note, the August Board meeting has been cancelled*

**Subject:** E20 Director Update  
**Meeting date:** 23.06.16  
**Agenda Item:** 3  
**Report to:** E20 Stadium LLP Board  
**Report of:** Alan Skewis, Director of E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This report provides the E20 Stadium LLP Board (“the Board” or E20) with an update from the Director and E20 team on various work streams. This report, and future reports from this Director will focus on the key risks and opportunities facing E20. They also provide a context for decisions included in other reports.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to:
- 2.1.1. **NOTE** the report
  - 2.1.2. **APPROVE** the payment of WHUs transformation costs payment of £15m to LLDC. This requires Board approval as the sum exceeds the LLDC Chief Executive and NLI Director’s £10m delegated authority for a pre-Concession works transaction.
  - 2.1.3. s.43

## 3. DIRECTOR OVERVIEW

- 3.1. In the month since the last Board meeting the stadium has made significant progress in a number of areas. These include:
- 3.1.1. Balfour Beatty handed over the stadium on July 13<sup>h</sup> 2016
  - 3.1.2. The stadium has hosted the Diamond League, Great Run events and the Shell conference. Over 160,000 people have attended stadium events in 2016 already
  - 3.1.3. The Track sale project has proven to be a success, with gross revenue of s.43 generated in the first 4 days
  - 3.1.4. WHU have moved into their offices, and opened the shop and ticket office
  - 3.1.5. Progress made on trialling a “pop up” bar on event days at the aquatics centre welcome zone
- 3.2. These are very significant milestones, and have further demonstrated that the stadium is an impressive venue with the potential to drive revenues, provide a significant contribution to the area and promote East London.
- 3.3. This progress has reduced a number of the risks reported to the Board. The updated risks are as follows, with changes shown in bold:
- 3.3.1. Stadium Readiness in August 2016, and consequent WHU legal action for damages (Red)
  - 3.3.2. Financial position required further Member contributions (Red)

- 3.3.3. Managing stakeholders and tenants, especially WHU on community tickets and seat moves (**Red**, was Amber)
- 3.3.4. Non-delivery of naming rights (Amber)
- 3.3.5. School Construction (Amber)
- 3.3.6. Liability for retractable seating (Amber)
- 3.3.7. Operator Performance (Amber)
- 3.3.8. LS185 Disputed Costs (Green, was Amber)
- 3.3.9. A new risk is added following a state aid challenge being notified to LLDC by BIS. This is unlikely to have merit, but will divert time and resources. (Amber).

#### **4. FINANCIAL POSITION**

- 4.1. E20 remains in a delicate financial position that requires it to return to its members for significant working capital.
- 4.2. Separate papers on the agenda cover financial issues, and are not repeated in this report.
- 4.3. The £15m + VAT one-off contribution to the Stadium transformation works from West Ham United has been safely received. E20 resisted late attempts by West Ham to offset costs against this fee, and the £15m was received in full and on time. The full £15m is now due to be paid from E20 to LLDC as intended as part of the funding for transformation.
- 4.4. The sum exceeds the LLDC Chief Executive and NLI Director's £10m delegated authority for a pre-Concession works transaction. The E20 Board is therefore asked to APPROVE the payment to LLDC.

#### **5. STADIUM READINESS IN AUGUST 2016**

- 5.1. The stadium has been handed over from Balfour Beatty to LS185, via LLDC and E20.
- 5.2. The handover was qualified by:
  - 5.2.1. Some fire safety and security systems and the Building Management System that require further BB works before the Diamond League Athletics and the opening football match.
  - 5.2.2. Finalisation of a number of Workstream Acceptance Certificates (WACs). These include some 'as built' drawings being supplied after the handover, as agreed in the supplemental agreement.
  - 5.2.3. Standard but extensive defects and snagging requirements that require addressing. BB will remain responsible for defects for 52 weeks from handover date (13 July 2016).
  - 5.2.4. LS185 have agreed that Hard/Technical Services commenced on 14 July 2016 with exception of those noted at 6.2.1 (which remain BB responsibility until complete).
  - 5.2.5. LS185 and E20 have agreed that the Full Operating Period as defined in the Operator Agreement will not commence until items noted at 6.2.1 have been completed. This is anticipated to be before the 4th August 2016.
  - 5.2.6. LS185 will have 90 days to review assets and identify issues once the Full Operating Period commences.
- 5.3. While a major milestone Members should note that:

- 5.3.1. The retractable seats have not been handed over, as they are outside the BB contract and E20 has been clear it will not take hand over of the seats until they have been proven to work in a manner that is consistent with the multi-use requirements of the stadium
- 5.3.2. There remain a number of matters between LLDC, E20 and LS185 on the scope of works required to meet the contract requirements. Examples include the extent of segregation barriers, power to supply grow lights
- 5.3.3. A number of enhancement projects are ongoing, including the wrap and digital screen
- 5.4. The main issues to be addressed have reduced, but remain critical:
  - 5.4.1. Movement of the retractable seats between 23 July and the 4 August (Red)
  - 5.4.2. Lack of clarity between LLDC transformation, E20 and LS185 scope means that items are not ordered in time, or simply assumed to be provided by another party (Amber)
  - 5.4.3. Incomplete external wrap and digital screen on the stadium. Works are progressing, and remain on timetable. A temporary scrim solution for the first game in place of the screen is being investigated. E20 is only prepared to provide very limited funding, with remainder requested from West Ham if they want a full solution (Amber for end August, Red for end July)
  - 5.4.4. Criticism from West Ham United on items not completed (Amber)
  - 5.4.5. Voids progressing with planners and final branding being agreed. Understood will only be in place by the Premier League game, not Juventus match (Amber)

## **6. WEST HAM UNITED VERSUS DOMZALE 4 AUGUST 2016**

- 6.1. WHU play Domzale of Slovenia on the 4th August.
- 6.2. The North, South and West stand lower tiers are being moved between 23 July and 4 August.
- 6.3. E20 / LLDC has implemented the Layher system on the North and South stands to assist in the turnaround for the bridges and supporting infrastructure.
- 6.4. A verbal update will be given on progress at the meeting, when it will be better known if the 4 August is a realistic date for all the seats to be in place.
- 6.5. WHU are not selling tickets in the affected areas until it is known that the seats will be in place.
- 6.6. WHU have made it clear that they will seek damages if the seats are not in place for their first game in the stadium. E20 have been equally robust in refuting such claims Legal letters have been going between WHU and E20, but with no court action or immediate claims for damages.

## **7. WESTFIELD**

- 7.1. Westfield are concerned that use of the stadium is impacting on their customers. The degree to which this is the case depends on the nature of the event, and the timing of ingress and egress.
- 7.2. Westfield raised issues over the ACDC egress. There were no issues on the Friday Diamond League, and some more issues on Saturday relating to the Town Centre Link bridge egress.
- 7.3. The main focus for Westfield's concerns are football matches, as these are unknown, and have the poorest spectator reputation. Plans to avoid football spectators accessing the Westfield estate (other than at the station accesses and town centre Link Bridge station) have partially addressed concerns, but they remain nervous about the impact. They are also seeking to recoup costs and secure indemnities from E20 and LS185. A

short term contribution to their costs from July to 1 October 2016 has been agreed to allow information to be collated from the first events.

- 7.4. The stadium egress issues are a reflection of wider issues about the capacity of Stratford station. While the short term focus is on managing the current position, consideration needs to be given to wider future development of the station. A further station access point on the stadium side that avoids Westfield would address many of the issues, but would be expensive.

## 8. TICKETS

### Increased Capacity for WHU Events from 54,000 to 60,000

- 8.1. The stadium is expected to be licenced for up to 54,000 spectators for the Europa League and Juventus games. This is the limit that LS185 have been set by the LBN Licensing Authority.
- 8.2. WHU have set a ticketing strategy for the Europa League game to E20 and LS185, initially not selling the lower tier impacted by the seat moves.
- 8.3. WHU have sold close to 54,000 for the Juventus game, and are not currently selling further tickets.
- 8.4. WHU have sold 54,000 tickets for the Premier League game to WHU fans. This excludes 3,000 it has to provide the away team, Bournemouth. This takes the total to 57,000. They are therefore reliant on the additional capacity being agreed.
- 8.5. 3,000 tickets remain unsold if the capacity of 60,000 is reached, and could be sold to WHU fans in a manner broadly consistent with the 5% match-by-match basis.
- 8.6. E20 have advised it has no issue with the principle and supporting such an increase. However, it needs to be assured it is safe.
- 8.7. The main outstanding issues are licensing and WHU payment for additional capacity.
- 8.8. This decision on a licence for 60,000 spectators lies with the LBN Licensing Department. They will only approve above 54,000 if:
  - 8.8.1. They are satisfied that the SAG representative support such a capacity. The licencing issues are not decisions E20, LS185 or WHU control.
  - 8.8.2. The egress plan for 60,000 is satisfactory, and has proven to be accommodatable through experience of the 54,000 capacity athletics and football events.
- 8.9. WHU and E20 have different views on how the concession agreement deals with the addition of the 6,000 capacity. Legal opinion has been shared, and this has helped narrow, but not determine, the issues. The matters are unlikely to conclude before the 21<sup>st</sup> August, but there is the potential to back date any the additional costs / payments to that first game. That is the basis on which we are proceeding to date.
- 8.10. LS185 are confirming the additional costs for going to 60,000. As a minimum measures are put in place to manage include:
  - 8.10.1. Stewards in the Stadium – Additional stewards to meet safety requirements. LS185 have costed these per match, and will review the total costs over the season after the initial games have been played. These should be passed to WHU.
  - 8.10.2. Stewards on Egress – Additional stewards to meet safety requirements on egress, both managed by LS185 and Westfield. The increase will be known after testing of the 54,000 at current levels. We believe these should be passed to WHU.

8.10.3. Segregation – This has been costed at up to £70,000 to extend the segregation lines in the upper tier of the South Stand. This is a direct result of the additional capacity, so will be charged to WHU

8.10.4. Concourse Capacity – A Fence Box system is being purchased by LS185 to achieve this to the satisfaction of the Licencing team. At the same time LS185 and E20 are securing the necessary planning consents. It has a cost of c.£30,000. This will be charged to WHU.

8.11. Members are asked to note that this will become a very significant issue for WHU in the coming weeks if they cannot honour ticket sales for the Bournemouth game.

#### Community Tickets

8.12. s.43

8.13. s.43

8.14. s.43

#### E20 Tickets

8.15. Based on earlier steers from the Board, Finance & Audit Committee, and Members, E20 is adopting the following approach to tickets for 2016-17 events:

8.15.1. 216 General Admission tickets were purchased by E20 for the Diamond League, at a cost of s.43 (including a s.43 discount). These were shared with Members.

8.15.2. No hospitality tickets were purchased by E20 for the Diamond League. Members made their own arrangements where necessary.

8.15.3. E20 will take up its full allocation of 150 General Admission season tickets for West Ham, expected at no cost based on earlier West Ham advice.

8.15.4. E20 will purchase 20-30 hospitality season tickets for West Ham, at a cost of s.43 each.

8.15.5. E20 will purchase a limited number of General Admission tickets for the West Ham vs Juventus match, to be shared with Members.

8.15.6. Remaining funds within E20's s.43 ticket budget can be used if necessary for tickets for additional events (eg. November rugby league match), and/or purchase of food/drinks when hosting guests.

8.15.7. The general principle on tickets is to share them between Members broadly in the proportion of 65% value to LLDC, 35% value to Newham (on average over the course of the year). This is after a small number are used by E20 for staff and occasionally hosting its own stakeholders.

8.16. Arrangements are being made for the upcoming football matches, with LLDC and Newham allocating their seats to guests and community groups.

## **9. NAMING RIGHTS**

9.1. A separate paper provides an update on naming rights.

## 10. OPERATOR / DISPUTED COSTS

- 10.1. The “Look ahead to September Board” provides an overview of LS185 performance and is not repeated here.
- 10.2. LS185 have agreed the items in the disputed costs settlement. Formal paper work is being exchanged to finalise the position.

## 11. STADIUM MAINTENANCE

- 11.1. At the recent E20 Finance & Audit Committee a request was made for details of the funding arrangements with LS185 for maintenance of the stadium. LS185 is responsible for the cost for the maintenance, repair or replacement of any assets up to a cost of £10k per item. Assets are defined as: “all items of plant, fixtures, fittings and equipment (including portable appliances), building structure and fabric excluding the roof external hard or soft surfaces”.
- 11.2. If the cost of maintaining, repairing or replacing the items exceeds £10k, the cost is payable by E20 (and budgeted for under lifecycle in the E20 business plan). The annual fixed costs payable to LS185 by E20 includes £341k for maintenance, repair and replacement.

## 12. ALLOCATION OF THE £14.2M DISCRETIONARY FUND

- 12.1. No further allocation from the £14.2m discretionary fund are requested at the Board meeting. There is just over £1m in the fund left.
- 12.2. There have been adjustments within the £500,000 delegated to the E20 Director, which are set out in Appendix 1.

### Track Protection

- 12.3. At the June 2016 meeting Members agreed purchase of track protection system at a maximum investment of £670,000
- 12.4. Following negotiations by LS185 with the leading suppliers in the track protection market, E20 have agreed with LS185 to purchase of 6,000m<sup>2</sup> of s.43 from s.43
- 12.5. It is anticipated that the final cost for track protection will be £100,000+ under the maximum investment of s.43.
- 12.6. This will improve the funds available, and improve the 10 year pay back required for invest to save schemes.

## 13. “OWN THE TRACK” LAUNCH

- 13.1. The project to sell-off sections of the former London 2012 running track was launched over the Diamond League weekend, with a priority purchase window for British Athletics members and Newham residents.
- 13.2. The launch attracted strong public and press interest, which translated into encouraging initial sales. As at 25 July, as the general sale commenced, over 1,600 sales had already been achieved, generating gross revenue of £150,000. This means that the project start-up costs are already comfortably repaid, and the project is generating profit for E20. The speculative business plan target of £100k net profit to E20 in 2016-17 now looks achievable, albeit still a fair way off.
- 13.3. E20 wishes to record its thanks to the LLDC and LBN Communications teams for their support of the successful launch, and ongoing commitment to the project. Members are

encouraged to support the project through their networks. See <https://www.london2012track.com/>

 **Seb Coe**   
@sebcoe 

Collecting a piece of 2012 history for the IAAF tonight @London\_DL - delighted that everyone can #ownthetrack



RETWEETS 17 LIKES 95

3:02 pm - 22 Jul 2016

  17  95 

**Attachments:**

- **Appendix 1: Allocation of Discretionary fund made by the E20 Director**

**Appendix 1 : Items Considered under E20  
Director Delegation**

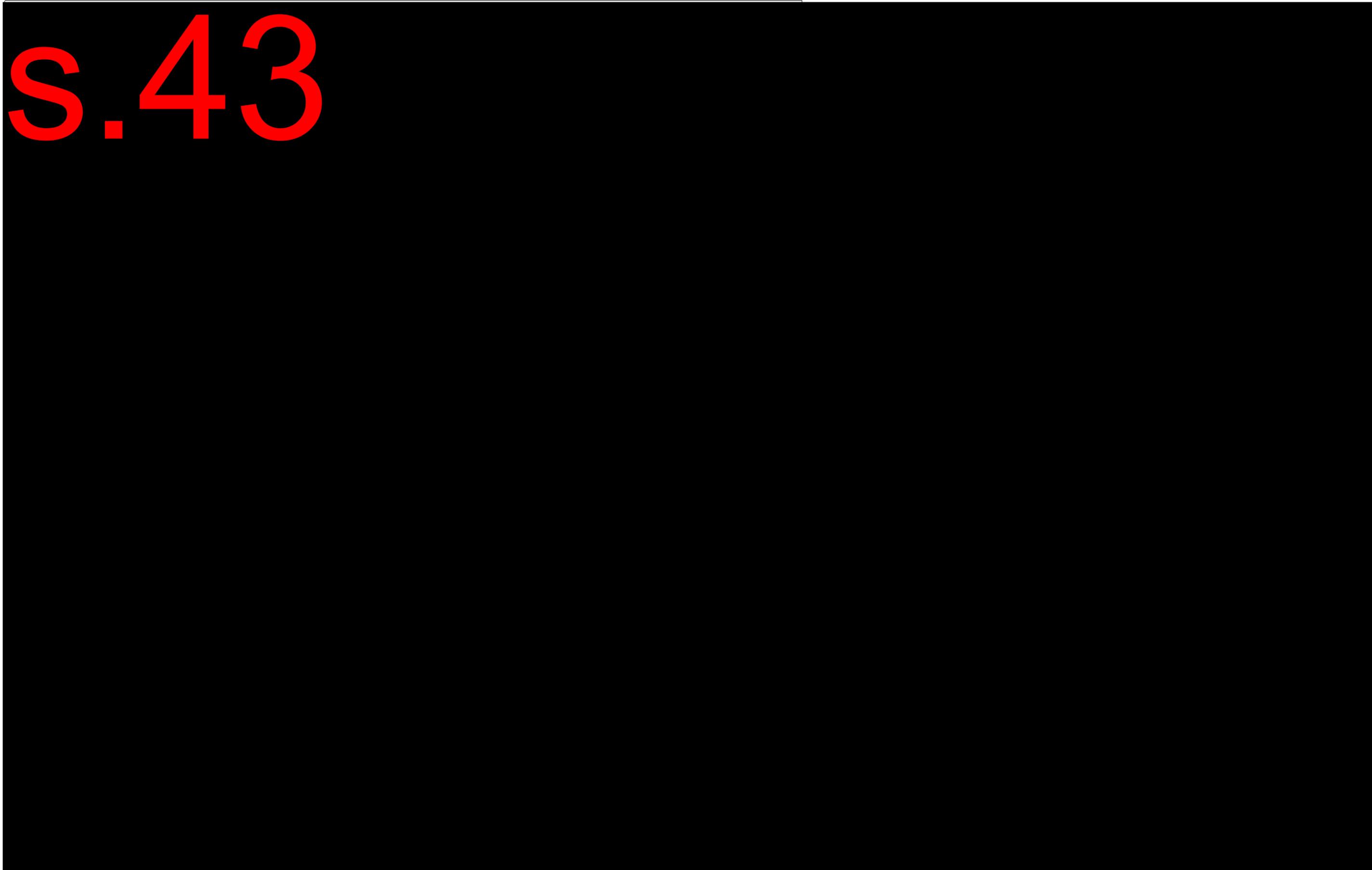
Description	Amount (£)	E20 Director Decision	E20 Director £500K delegation	Contingent Risk	Others	Comment
Montfichet Rd access improvements	205,000	Pending	27,000	178,000	-	£5K Committed for feasibility works. £22K for Rhino barriers. Proven spend to save case, so likely to proceed. Cost reduced due to item below.
Access improvements (flattening) adjacent to Stratford Station	15,000	Agreed	15,000	-	-	LBN Highways work to assist egress from OS to Stratford Station. E20/LS185 (email 17/05/16)
Enhanced CCTV	163,371	Agreed	-	-	163,371	Transformation to fund + £65K contribution LS185 [CR No.7]
Power and data to enhanced CCTV	5,000	Agreed	-	-	5,000	Transformation to fund (£3,288 Power) [CR No.7]
Hawkeye Goal line technology	13,500	Agreed	13,500	-	-	Installation not part of transformation
Airwaves	393,000	Agreed	33,000	-	360,000	E/O Trans max £360K. Transformation budget meets £360,000 [CR No. 10]
Players tunnel (under void)	8,000	Agreed	8,000	-	-	Agreed with LS185 paying for tunnel onto pitch. Director to seek to get included in void treatment but not assumed
Provision of medical buggy	6,000	Pending	-	6,000	-	Only if the buggy is able to have QEOP and LBN logos
Outside Broadcast (BT 2016/17 requirements)	1,968	Agreed	1,968	-	-	Flooring £1,968, Electrical Works by BT
Alterations to Flash interview rooms (EPL 2016/17 Requirement)	60,000	Agreed	60,000	-	-	EPL 2016/17 requirement to provide 5 No. soundproof rooms, UEFA require 7 No [CR No.16]
Power supplies under athletics track - growlights, broadcast - camera, interview positions, pitch side LEDs	25,000	Rejected	-	-	25,000	Transformation to fund (EPL requirements/should be included in base build)

Additional ducts under athletics track	30,000	Rejected	-	-	30,000	Transformation to fund - as above
Protection to warm up track to create additional space for June 2016 concert promoters. (Mace/BB offices etc. unavailable	1,875	Agreed	1,875	-	-	Needed for concert. Available for future events
Provision of additional head trauma medical room closer to tunnel	30,000	Agreed	30,000	-	-	Agreed due to distance and complexity of corridor routes [CR No. 16]
Alterations to TV studio (Sky Requirements)	50,000	Pending	10,000	40,000		Contingent risk for 2017/18. Possibly £10K for change of balustrades from metal to glass.
Visiting club analyst (2016/17 EPL requirements)	10,000	Agreed	10,000	-	-	Alteration required by EPL rules
Replacement of the bridge F07 transformation fixed bollards with removable bollards.	70,943	Agreed	70,943	-	-	Needed for the marathon route to be usable for the stadium. Also needed for mass participation runs. Final amount to be challenged, as E20 Director believes BB should have installed as removable
South East Tunnel - maintaining 9m access route for June 2016 concert	6,800	Agreed	6,800	-	-	Needed for concert.
Additional requirements to Press box	15,000	Rejected	-	-	15,000	E20 compliant with EPL, WH to fund additional requirements
Power and data to mid-tier LEDS	5,000	Agreed	5,000	-	-	[CR No.9]
Marginal cost of flexible signs (WHU branding items)	30,000	Agreed	30,000	-	-	Sum to be finalised as s.43 implemented"
Change of use from banquet seating to additional bar	100,000	Pending	-	100,000	-	To extend draught and capacity for selling alcohol in the Boleyn bar
Protective covers to 28 no. dug out seats	2,660	Agreed	2,660	-	-	LS185 to procure [CR No.17]
Fire extinguisher and cases	2,443	Rejected	-	-	2,443	SR email 19/5/16 - Should be included in FFE
Concourse clean (June 2016 Concert)	15,000	Agreed	15,000	-	-	AS email 1/6/16 - should look to recover from Transformation
Fence box (temporary fencing solution)	30,000	Agreed	30,000	-	-	To enable increased stadium capacity of 60,000 , look to recover from WHUFC [CR

						No.18]
Removing plastic seat covers (10,000 WH branded)	8,333	Pending	-	-	8,333	Look to WH to fund as branding
Static boards upper tier (200m x 1.35m)	30,028	Agreed	30,028	-	-	LS185 email 27/5/16
Blindside pitch static branding (102m x 0.9m)	14,003	Rejected	-	-	14,003	LS185 email 27/5/16. WH, LS185 to consider
Temporary solution for Wi Fi	<i>15,000</i>	Agreed	<i>15,000</i>	-	-	<i>Checking budget cost with LS185</i>
Additional irrigation pump	12,483	Pending	-	12,483	-	Request from LS185, under review
Removal of segregation barriers for Diamond League Athletics.	<i>10,000</i>	Agreed	<i>10,000</i>	-	-	
Extending Segregation barriers for 60,000 capacity	<i>50,000</i>	Pending	<i>50,000</i>	-	-	To enable increased stadium capacity of 60,000 , look to recover from WHUFC
Improvements to away Changing room	<i>20,000</i>	Pending	-	<i>20,000</i>	-	Awaiting costs from LS185.
Radar Keys to disabled WCs	<i>5,000</i>	Pending	-	<i>5,000</i>	-	Under review
<b>TOTAL</b>	<b>1,460,407</b>		<b>475,774</b>	<b>361,483</b>	<b>623,150</b>	

Budget estimates in italics. (Further detailed requirement may affect cost)

# S.43



S.43

# S.43

**Subject:** July Athletics Events Feedback  
**Item:** 4  
**Meeting date:** 29 July 2016  
**Report to:** E20 Stadium LLP Board  
**Report of:** Alan Skewis and s.40, E20

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## 1. SUMMARY

- 1.1. This update report focuses on E20 feedback received from the Great Newham London Run events (14 and 17 July 2016), and the Diamond League meeting (22 -23 July).
- 1.2. Overall the athletics events were a success, providing a good spectator experience, and a firm reminder of the stadium's multi-purpose function and its athletics heritage.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the report and actions

## 3. GREAT NEWHAM LONDON RUN EVENT SUMMARY

- 3.1. The events, both Newham community days attracted over 25,000 participants and spectators over the 2 days.
- 3.2. The split was:

Event	Approximate Spectators	Participants	Key Issues
Great Run for Fun	3750	School children	LS185 charge to LBN
Great Team Relay	2878,	including 466 teams	LS185 charge to LBN
Great Newham London Run 10k	17410,	including 8785 runners	LS185 charge to LBN OCS Steward performance
Great Family Run	3250		LS185 charge to LBN

- 3.3. The community value of these events is high, creating unique opportunities for the stadium and excellent local engagement through LBN.
- 3.4. The events do not contribute significantly to E20s business plan, as the community days are based on a cost recovery rather than commercial charge basis by LS185.
- 3.5. Despite the venue being professionally run by key members of the LS185 team, LS185 performance was below that expected of an operator:
  - 3.5.1. Overpriced services and late submission of costs to LBN
  - 3.5.2. Stewarding performance by OCS: Over 200 stewards were not provided to LS185 and event organiser Nova
- 3.6. Looking forward the events have to become financially sustainable for LBN. To do so:

- 3.6.1. Radical change is required to the LS185 cost recovery base
- 3.6.2. Greater clarity on the licensing needs for community events
- 3.7. It is recommended that LBN set a budget for the 2017 events (to be held between June 29<sup>th</sup> and July 2<sup>nd</sup>), and that early discussions contain the project within that budget.

#### 4. DIAMOND LEAGUE EVENT SUMMARY

- 4.1. The events, both UKA Access Agreement days attracted over 80,000 spectators over the 2 days. On Saturday tickets allowed spectators access to the IPC (11am-2pm) morning and afternoon (2pm-5pm) sessions
- 4.2. The events were spilt across 3 sessions:

Event	Approximate Spectators	Participants / Key Issues
Friday Evening	37,000	Stewards, Catering
Saturday Morning (Paralympic)	30,000 (peak at 1pm)	None
Saturday Afternoon	45,000	Catering Stratford Station egress

- 4.3. Overall the athletics events were a success, providing a good spectator experience, and a firm reminder of the stadium's multi-purpose function and its athletics heritage.
- 4.4. There are, however, a number of recurring issues (see table) that LS185 cannot continue to explain as being a result of familiarisation with a new venue.
- 4.5. A number of egress measures were put in place for football, especially relating to not allowing egress through Westfield for one hour after the event. The barriers put in place to stop access via Jamie's Passage and the Cow were substantial and effective. The pinch point at the Northern Ticket hall / Town Centre Link bridge still presents significant issues.
- 4.6. The event was also a live test of the stadium catering operations in the completed stadium. A number of issues need to be addressed regarding speed, clarity and quality of service.
- 4.7. More widely LS185 and LLDC need to address the opportunities on ingress and egress for making money from spectators outside the venue. The lack of opportunity to purchase food and drink, as well as the speed of service and understanding of mass event catering is very apparent.
- 4.8. As well as under delivering on income a better offer would assist in taking pressure (and share of income spend!) from spectators, as well as reduce pressure on peak egress

#### 2016 EVENTS TO DATE SUMMARY

- 4.9. The table below summarises feedback from events this year. It does not include the statutory authority feedback, and is a work in progress as other views are still being incorporated.
- 4.10. The overall public impression is of an excellent venue staging great events.

4.11. There are some recurring negative themes on stewarding, catering and egress.

	ACDC	GNLR	Diamond League	Average E20 Score (out of 10)
Public Perception of Event	Success	Success	Success	8
Spectator Experience	Very Good	Very Good	Very Good	8
Reputation as Venue for Activity	Success, building Reputation	Success, building Reputation	Success, but catering and egress issues could start to damage reputation	7
Stadium Readiness	Good performance by operator given stadium not handed over	Good performance by operator given stadium just handed over	Good performance by operator given stadium, but now moving away from handover to normal operations so areas need to improve	7
Security	Good at stadium	Good at stadium	Good at stadium	7
Safety	Good, except Stratford station issues	Good	Good	7
Promoter View	Success	Venue great, but not happy with LS185 costs charged	Happy, with some detailed issues to be addressed	6
Catering Sales	On target to LS185 business plan	Limited	Better financial performance than 2015	6
Egress (Stadium and Park)	Major issues at Town Centre Link bridge	No major issues, given lower numbers and egress dispersed over longer period	No major issues. Overuse of Bridge 1 compared to Bridge 5.	6
Financial Success for E20	Below target	None	Better financial performance than 2015	5
Catering Quality	Speed of service	Limited feedback, less queues as numbers lower.	Speed of service, consistency of message, ran out of some food and drink	5
Hospitality Sales	Poor, lost £200k	Very limited	Used under 50% of spaces, finances believed to be on par with expectations in business plan	5
Stewards	Poor in areas outside field of play	Poor attendance by stewards but massively overbooked	Better performance, but still some with lack of information and briefing	5
Egress (station)	Poor at Westfield transport hub due to steward performance	No issues with compliant, smaller and dispersed crowd egress	Improved, but still not fully working at pinch point at Stratford station	5
Way finding	Too limited	Too Limited	Too limited	4

4.12. LS185 have now held 5 event days in 2016 on top of 9 events in 2015. Familiarisation issues from now should only relate to the specific pressures football place on the venue. The recurring issues require immediate action.

**Appendix 1: GNLR and Diamond League Feedback forms**

## E20 General Feedback on Muller Anniversary Games (non statutory or KPI)

Area	Positives	Negatives	Actions
Transport	<p>Good communication from TFL staff in Stratford Station as you came off the platforms.</p> <p>Very quiet coming in on the DLR</p>	Central Line problems on Saturday, but communicated in stadium	SAG / LS185 to review
Entering the Stadium	When entering the Stadium close to start of events on Friday (around 19:30) there were no queues.	<p>Long queues on Friday when entering the Stadium in hour before event</p> <p>Significant impact of 100% bag searches on entry times. Concern it would not work for football</p> <p>Noted athletics spectators had more bags than football will (c.80% have bags compared to less than 20% for football)</p>	LS185 to review
Exiting the Stadium	<p>Stadium emptied quickly.</p> <p>Friday – Once it was established that Stratford Regional Station was shut due to fire alarms being activated, Security in Park HQ control room made all stewards aware and to put the contingency egress plan into action. However, this was not needed in the end as the Station was re-open before main egress. VMS were changed throughout the Park stating “Transport Delays”</p> <p>Stop and holds worked well on both days.</p>	<p>Feedback that spectators concerned that not allowed through Westfield after the Saturday event to get something to eat.</p> <p>Friday – Stratford Station was shut around 21:25 due to fire alarms in the Station.</p> <p>Wheelchair user was sent right at the Orbit and up Montfichet Road. There was a relatively steep slope which is not ideal for wheelchair users.</p>	SAG / LS185 to review
Catering/Cleaning	None	<p>Various complaints about food quality, speed of service</p> <p>Confused messages on lack of water and straws, meal deal advertised, but sold out of yogurts.</p> <p>Podium Bar (next to ArcelorMittal Orbit) had long queues and lack of food.</p>	LS185 to follow up with Delaware North.
Queues	Queues for drinks only were moving quickly although they were quite long.	Long queues for catering with many items running out of stock. No advertising to inform people in the queue and was	LS185 to review

		only informed once at the front.	
Wayfinding	None	No signage at Pudding Mill Lane for the London Stadium. Some confusion over routes to Stratford International More activation and signage at northern ticket hall to tell people to go via Montfichet – Spectators people defaulted to Forever 21 stairs and Westfield estate	SAG / LS185 to review
Spectator Experience	Great atmosphere in the Stadium with good sports presentation and interviews from the warm up track.	Some reported issues over disability access through QEOP and in stadium	LS185 to review
Security	None	No preparation instructions from security staff on lead up to turnstile to open bags. Members of the public asking stewards if they want to check their bags, stewards seemed pre-occupied and busy chatting amongst themselves.	LS185 to review
Helpfulness of stewards	Stewards on Saturday at block 236 very helpful and proactive.	Inconsistency of knowledge from stewards Some stewards on Friday in block 248 not engaging or proactive – Not showing people where there seats were. Tickets were not checked once arrived at the block, could of sat anywhere.	LS185 to review
Seating	East Stand well received with limited complaints about any restricted views, and positive messages about being close to the action	Some feedback that sitting in the East Stand and the runners went down in their blocks, couldn't see lanes 5-9, and sound system close to spectators Anecdotal reports of people getting through turnstiles on Friday with a Saturday ticket.	LS185 to review
Hospitality	Very good atmosphere and good food.	None	LS185 to review
Social Media	Great and positive feedback on Facebook of the event.	One report on Facebook of a wheelchair user being moved due to TV position.	LS185 to review

## Great Newham Run Post-Event Report

<p><b>1. Event synopsis</b> – Go Run for Fun held two events on Thursday 14th July - Go Run for Fun in the afternoon and The Great Team Relay in the evening. On Sunday 17th July, the 10k and family run was held.</p>
<p><b>2. Feedback/evaluation on the operation of the event management</b> - LS185 successfully delivered each of the events in conjunction with The Great Run Company (GRC) &amp; LBN. Good working relationships with GRC enabled set-up during the handover of the venue and ensuring the West Ham Shirt Launch could take place within the window. The Safety Systems of the venue have not been operated by the LS185 contractor prior to/during/after the event, this was delivered by Balfour Beatty sub-contractors due to the system not being fully commissioned in time. West Ham were present on site for the first time due to moving into their offices. For the Sunday event there were delays in closing the roads due to a lack of contracted staff managed directly by GRC, there was no involvement in this part of the operation for LS185. During egress when roads were re-opened there was a higher than expected number of persons leaving the park, fast time deployment of staff by both the stadium and park security addressed the issues. <u>Extended road closures will be required if the event takes place again</u></p>
<p><b>3. Attendance figures</b> – Final Runner figures to be confirmed by GRC.                  Go Run For Fun - 3750                  Great Team Relay - 2878 (turnstile number) (GRC figure - 1864 total runners / 466 teams of 4) <span style="float: right;">Great</span>                  Newham London Run &amp; Family Run - 17410 (turnstile number) (GRC figures - 10k 8785 (finishers) Family Run 3250)</p>
<p><b>4. Financial</b> – to follow</p>
<p><b>5. Event staffing</b> - For both days stewarding numbers were delivered and on Sunday an overbook contingency was worked to provide greater resilience going forward. Arrangements were put in place to improve command and control, this included restructuring of the safety management team and bringing in experienced radio and logging operatives. Detailed search and screen policies and revised pre-opening check were implemented and received positive comments from London Borough of Newham safety inspectors.</p>
<p><b>6. Catering / hospitality standards</b> – Smooth operation across the board for DN. Walk-up on the concourse felt very easy. Nice to use the freshly refurbished function rooms for the first time at a bowl event.</p>
<p><b>7. Event and post-event cleaning standards</b> – The running track was not fully cleaned for this event, it was scheduled to take place after in time for the Muller Anniversary Games. Vinci-Facilities did complete a sweep to ensure no debris would affect the racing.</p>
<p><b>8. Police and Public Order incidents</b> – N/A.</p>
<p><b>9. Health &amp; Safety Incidents</b> – <span style="color: red;">s.40</span></p> <div style="background-color: black; height: 20px; width: 100%;"></div>
<p><b>10. Customer complaints</b> – None received to date.</p>
<p><b>11. Floodlighting</b> – N/A.</p>

**Subject:** Naming Rights Update  
**Meeting date:** 29.07.19  
**Agenda Item:** Naming Rights Update  
**Report to:** E20 Stadium LLP Board  
**Report of:** Alan Skewis, Director of E20 Stadium LLP

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**1. SUMMARY**

This report provides the E20 Stadium LLP Board with an update on naming rights.

**2. RECOMMENDATIONS**

2.1. The Board is invited to:

2.1.1. **NOTE** the report

2.1.2. **CONSIDER** the position of the term of the Contract

**3. CURRENT POSITION ON NAMING RIGHTS**

3.1.

**s.43**

**4. MAHINDRA**

Contract

4.1.

**s.43**

4.2.

Meeting with Mayor of London

4.3.

4.4.

**s.43**

5. TERM

5.1.

5.2.

5.3.

S.43

S.43

5.4.

S.43

Examples of Other Stadia

5.5.

s.43

s.43

5.6.

s.43

**6. FEES**

6.1.

s.43

6.2.

**7. FINANCIAL IMPLICATIONS**

s.43

**Item:** 6  
**Subject:** Stadium Transformation Update  
**Meeting date:** 29 June 2016  
**Report to:** E20 Stadium LLP Board  
**Report of:** Colin Naish, LLDC Executive Director of Stadium

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## 1. Summary

This report provides an update to the Board on the progress of the stadium transformation works, notes the ongoing seating transition works and provides an update on the procurement of the longer term stadium relocatable seating operation and maintenance contractor.

## 2. Recommendations

- 2.1 The Board members are invited to:
- 2.2 **NOTE** the update on transformation works progress.
- 2.3 **NOTE** the update on the summer seat transition.
- 2.4 **NOTE** the update on the Relocatable Seating Operation and Maintenance Contractor procurement process.

## 3. Transformation Works

- 3.1. Balfour Beatty achieved completion and handover of the stadium to the Operator on 13 July. In line with the Second Supplemental Agreement, there are a number of outstanding items on the Work Acceptance Certificates that Balfour Beatty are contractually obliged to complete before West Ham's first game on 4 August. These range from final testing of the Fire Alarms, Building Management and Security systems, as well as the training for these systems, to receiving final copies of the Priority Theme reports. The full list can be found in Appendix 2.
- 3.2. Outside of Balfour Beatty's scope, the fit-out of the hospitality areas was completed by Portview on 27 June. Sapa are yet to achieve completion of their works, see below.

## 4. Seat Transition

- 4.1. Sapa delivered all athletic mode components by 31 May in accordance with the **s.43** [REDACTED]. The installation of concert super-gangways was complete on 3<sup>rd</sup> June. Warranties and O&M manuals have been received and are under review, but will need further work. Close-out of athletic mode defects are on-going.
- 4.2. The outstanding components for pitch mode were all due to be delivered by 30 June; in the main these comprise the north and south bridges and walkways, dug-out components, row eight balustrades and crowd segregation barriers. The dug-out components and crowd segregation barrier remain outstanding but are expected in time for West Ham's first game. Close-out of pitch mode defects are on-going.
- 4.3. The East Stand was moved into pitch mode and the first seven rows were removed and the row eight balustrade installed to allow for the Anniversary Games to commence on the 22 July.

- 4.4. The challenging 11 day seat move began immediately after the closing of the Anniversary Games on the evening of the 23 July and is due to be complete in time for West Ham's first game on 4 August. The airskates system has been installed on North, South and West stands, and as of 26 July, the first module on the South and West had been successfully moved into position using the Airskates system.

## **5. Stadium Relocatable Seating Operation and Maintenance Contractor Procurement**

- 5.1. The objective of the procurement is to engage a longer term contractor for a period of 5 years from December this year, to maintain the system to ensure its continuing safe use, and to undertake seating transition works between athletics and pitch modes, including the potential for additional works involving bespoke seating arrangements. This contract will be let by E20, but will enable a subsequent novation to LS185.
- 5.2. The Prior Information Notice (PIN) was launched on the 18th July 2016 in order to help engage the market and to ensure that there is sufficient interest in this opportunity.
- 5.3. Once the airskates have been proved and the transition methodology is embedded into the O&M manuals, a Contract Notice and ITT are planned to be launched on 5th September 2016, with the procurement process completed and contract awarded by the 29th November 2016.

### **Appendices**

Appendix A – Monthly Transformation Dashboard to 30 June 2016

Appendix B – List of outstanding items on WACs

**Report originator(s):** Colin Naish

**Email:** colinnaish@londonlegacy.co.uk

# S.43

## List of Outstanding Items on WACs: 13/7/16

### UPDATE 22/7/16

#### WAC 1: Training

- Chlorine dioxide training – as requested by LS185
- 3 No Protec (fire alarm, PA/VA, emergency telephone)
- 1 no Honeywell (Intercom)
- Smoke extracts

Booked for Thursday 28<sup>th</sup> July to suit diaries around events

#### WAC 2: Keys

- ~~4 more required~~
- ~~Checks to remaining doors beside turnstiles~~
- ~~Detailed history of master keys required~~

Complete. 1 master key held by BB, to be returned W/C 25/7/16

#### WAC 3: Maintenance

- ~~Generator~~
- ~~Automatic Transfer Switch~~

Certs/check sheets in maintenance file

#### WAC 4: Testing and Commissioning

- SAT packs outstanding:
  - o BMS: 29 Complete by 3<sup>rd</sup> August 2016
  - o Fire Alarm: 4 Complete by 22<sup>nd</sup> July 2016 – 2 ready to upload
  - o Security: 5 Complete by 22<sup>nd</sup> July 2016 – 3 ready to upload
  - o Vent: 3 Complete by 3<sup>rd</sup> August 2016
  - o Environmental: 1 Complete by 22<sup>nd</sup> July 2016 – Run this weekend
  - o Integrated Systems

#### WAC 5: Quality

- Snags from BIM 360
- NDW schedule from Supervisor

Circa 70 agreed and ready to sign off

#### WAC 6: Asbuilts

- List from BIW

#### WAC 7: H&S Files

- All uploaded for comments, to be issued Final

#### WAC 8: Asset Schedule

- Issued for comment (13/7/16)

Comments to be incorporated

WAC 9: O&Ms

- As of BIW list

WAC 10: BELB (including EPC)

- Awaiting Populous update

Populous update outstanding and some M&E information

WAC 11: Planning:

- 3 outstanding:
  - o BREEAM - latest update issued 12/7/16
  - o PA – initial report sent to planner on 12/7/16, full report awaited
  - o Validation – final soil test taken 11/7/16

Park wide BREEAM credits received, updated report due W/C 25<sup>th</sup> July

WAC 12: Completion

WAC 13: JLAB Tracker

- Design Complete
- Build outstanding:
  - o Fire Alarm install, Fire Alarm test Complete by 22<sup>nd</sup> July 2016
  - o Fire exit signage, Fire stopping Ready to inspect
  - o ~~Refuge comms, Fire doors/shutters~~ Signed off
  - o Main vent Complete by 4<sup>th</sup> August 2016
  - o Vehicle barriers Awaiting UKPN diversion, payment made
  - o ~~Energy monitoring~~ Signed off
  - o Wayfinding Complete by 4<sup>th</sup> August 2016
  - o Ironmongery Ready to inspect
  - o ~~Electrical testing~~ Signed off
  - o ATS Sign off next week
  - o Security system, CCTV Complete by 22<sup>nd</sup> July 2016

WAC 14: Sporting Body Accreditation

- EPL outstanding:
  - o Glass balustrade in front of studios Instruction sent to Darketech
  - o Broadcast to dug outs Complete by 4<sup>th</sup> August 2016
  - o Broadcast to field of play Complete by 4<sup>th</sup> August 2016

WAC 15: Equality and Inclusion

- Report issued for comments (1/7/16) Comments addressed 22/7/16, on BIW 25/7/16

WAC 16: Environment and Sustainability

- Reissued with comments included (13/7/16) Complete by 30<sup>th</sup> September 2016

WAC 17: Inclusive design

- Closed

WAC 18: Voids

- Letter of comfort issued

WAC 19: N/A

WAC 20: SBD

- Halo gaps outstanding Commence on site week ending 31/7/16

WAC 21: Outstanding works

- Complete pre Diamond League:
  - ~~o Lvl 1 room~~ Completed, entrance door to touch up
  - ~~o Mesh panel to back of bowl extensions~~ Completed
  - o Seats to upper bowl Completed
  - o Verify legionella results
  - ~~o Cleaning not previously signed off~~ In progress, NW rooms now complete
- Complete post Diamond League:
  - o One line HVM at Gate 1
  - o LGF lift lobby floor remedial
  - o Circa 20 cycle hoops
  - o 10m towpath handrail extension
  - o Halo door gaps
  - o Schematics in Plantrooms
  - o Glycol into the chilled water system
  - ~~o Black pipes beside external rainwater to be removed~~ Completed
  - o Replacement filters in all mechanical plant; AHU,FCU and VRF
  - o 7 Disabled alarms to report to central system
  - o Event continuation power to remaining first aid rooms
  - o Power to infield sump pumps
  - o CCTV signage
  - ~~o Emergency lighting in East stand to be demonstrated where tunnels onto removable seating have been created.~~ Completed
  - o Cleaning not previously signed off

**Subject:** Look ahead to September Board

**Meeting date:** 29.07.16

**Agenda Item:** 7

**Report to:** E20 Stadium LLP Board

**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. The E20 Board has indicated that it wishes to undertake a detailed strategic review of the E20 business in September. This is timed to follow the permanent stadium opening and the first West Ham matches. In order to maximise the effectiveness of this session, this paper suggests the format and focus of the September Board.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to:
  - 2.1.1. **NOTE** the suggested format and focus of the September Board Meeting, and
  - 2.1.2. **PROPOSE** any necessary changes.

## 3. SEPTEMBER BOARD MEETING

- 3.1. The next E20 Board meeting (following 29 July) is scheduled for 30 September.<sup>1</sup> An extended 4 hour slot is held for the meeting in Newham Docks.
- 3.2. By that point in time:
  - 3.2.1. Transformation will be complete;
  - 3.2.2. The first major seating transition will have taken place;
  - 3.2.3. West Ham will have played at least 5 home matches;
  - 3.2.4. The Stadium should have a naming rights partner and therefore new name;
  - 3.2.5. LS185 will have been in place for 20 months, and operating the Stadium since handover for 3 months;
  - 3.2.6. There will be 287 days to go to London 2017.
- 3.3. A significant number of initial arrangements have been made with partners (e.g. Westfield, WHU, C2C rail operator) until the 1 October, when WHU play Middlesbrough. There then is a 3 week break before the next scheduled Premier League game, giving E20 the chance to take stock and then either firm up or revise operational plans.
- 3.4. The September Board meeting presents a good opportunity to review the E20 business and consider future strategic direction. The focus through summer 2016 has been the permanent opening of the stadium and operational matters.
- 3.5. The Board has signalled its intention to review a number of more strategic issues at the September Board. In order to maximise the effectiveness of this session, an indicative agenda is proposed as follows:

<sup>1</sup> Please note that the E20 Board secretary is reviewing possible dates for this meeting, in order to accommodate all Board Members.

- 3.5.1. Regular / routine agenda items (30 mins);
- 3.5.2. Retractable seating – how we got to where we are; report on July-August 2016 seat move; how to manage in future (15 mins);
- 3.5.3. Wider operational considerations – e.g. crowd flow, Westfield (10 mins);
- 3.5.4. Latest financial forecasts and measures to improve position (15 mins);
- 3.5.5. Break (15 mins);
- 3.5.6. Review of LS185 performance – detailed report on performance against KPIs, targets and contractual commitments. Linda Lennon to then join for Q&A session (60 mins);
- 3.5.7. Look ahead to the 2017 IAAF and IPC World Athletics Championships (10 mins);
- 3.5.8. Review of West Ham relationship (20 mins);
- 3.5.9. Break (15 mins);
- 3.5.10. Options Analysis – review of options in light of earlier agenda items (50 mins)
- 3.6. During the last “Options Analysis” session we intend to cover options for the way forward for E20 and its contracts.

3.7.

S.43

3.8.

S.43

- 3.9. Assessment will take into account that the current phase of the project (Transformation and Mobilisation) is coming to an end, and that this should take the stadium into a new operational stage where there are fewer stakeholders and more limited opportunity for disputes.
- 3.10. The paper will conclude with a summary of the pros and cons of different options and ask the Board to agree direction of travel and/or commission further analysis for consideration at the next meeting
- 3.11. Please note that this is an indicative agenda and it may of course be adjusted by the Chairman nearer the time to reflect any emerging issues or areas of focus.
- 3.12. Board Members are invited to make any suggestions in order to maximise the effectiveness of the session.

#### **4. LS185 PERFORMANCE**

- 4.1. As LS185 performance is central to the September Board meeting, a short overview of E20 monitoring is provided below.

- 4.2. LS185 performance is measured based on their financial performance (including commercial) and their operational performance (the focus for the KPIs)

*Financial*

- 4.3. LS185 are well below the figures in their financial bid, and based on current performance they would fail to meet their termination triggers.
- 4.4. LS185 would point to a number of external factors outside their control. It is true to state that they have not yet operated the stadium in its “normal” mode.
- 4.5. However, early events have shown significant deficiencies on commercial performance, including:
- 4.5.1. The s.43 on hospitality sales at the ACDC concert;
  - 4.5.2. Providing a cost 10 days prior to the event to LBN for the Great Newham London Run that was in excess of s.43 for 2 community days;
  - 4.5.3. A proposed charge to E20 of s.43 to hold the Board meeting at the stadium on the 29 July;
  - 4.5.4. Mistakes in information submitted to E20 on naming rights;
  - 4.5.5. The lack of preparation at the disputed cost mediation session with E20;
  - 4.5.6. A number of occasions when they have failed to grasp the commercial responsibility for opportunities (lack of bars on South Park lawn for games, not wanting to take on the Aquatics Centre bar, track sale, Champions Place with WHU)
- 4.6. It is therefore likely that changes to LS185 commercial acumen and incentives will feature prominently in the options presented in September.

*Operational*

- 4.7. This appears to be a much greater strength of the LS185 team, albeit with key individuals critical to that success. It is therefore likely that changes to operational arrangements will feature less prominently in the options presented in September.
- 4.8. The KPIs focus on operational performance. A detailed report will be provided at the September Board on LS185’s performance against KPIs, targets and contractual commitments. An early assessment of their performance against the KPIs is attached now in appendix 1.
- 4.9. The KPIs are quite narrow and binary – and are largely being met. It will be necessary to assess LS185 more broadly against its targets and commitments in order to provide a full critique of their performance.

## 5. APPENDICES

Appendix 1 – E20 review of LS185 performance against KPIs, July 2016

## APPENDIX 1: E20 REVIEW OF LS185 PERFORMANCE AGAINST KPIS, JULY 2016

Summary: Overall, LS185 are delivering against narrow KPIS, but it is very early days and most of the KPIS only become really relevant upon stadium handover. So LS185 are “green” against all KPIS except:

8. Event staffing – Amber. Staffing initially proposed for July 2016 Newham running events was excessive.
9. Catering / hospitality standards – Amber. Not directly related to standards, but s.43
17. Compliance – Amber. Not fully adhering to E20 policies (eg. priority themes – jobs and skills).
23. Reporting – Amber. Monthly reports are provided. But reporting generally is typically late and/or poor quality.
24. Payment – Amber. Some delay finalising net commercial revenues.

KPI Ref:	Key Performance Indicators	KPI Group	KPI Target	KPI Criticality	Definition of Failure	Measurement and Reporting	KPI Trigger	KPI Failure Type	E20 Review 20th July 2016 (RED / AMBER / GREEN)
1	Pitch	Event Readiness	The Pitch is in a Fit and Proper Condition, to the standard that is required by Comparable Clubs for Events shown in the Event	High	A KPI Failure will occur for each Event where the pitch is not ready to the standard required in the Event Plan, identified through either:- - The Pre Event Inspection if upheld by the Grantor (acting reasonably). -The Operator’s own self-monitoring and audit as set out in the Operations Manual; -The Operator’s own investigation following an incident; -The Grantor audit or investigation following an incident; or	Pre Event Inspection report	Each Event that is cancelled or postponed	Primary User Events – Type 2 Operator Events – Type 3	No problem so far, but early days. New desso pitch is growing well.

			Calendar.		-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).		Each Event that is not cancelled or postponed	All Events – Type 4	
2	Track / Field	Event Readiness	Track / Field fit for purpose as set out in the Services Specification for Events shown in the Event Calendar.	High	<p>A KPI Failure will occur for each Event where the Track/Field is not ready to the standard required in the Event Plan, identified through either:-</p> <ul style="list-style-type: none"> <li>- The Pre Event Inspection process if upheld by the Grantor (acting reasonably).</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Pre Event Inspection report	<p>Each Event that is cancelled or postponed</p> <p>Each Event that is not cancelled or postponed</p>	<p>Primary User Events – Type 2 Operator Events – Type 3</p> <p>All Events – Type 4</p>	No problems so far. Review again after 2016 Diamond League.

3	Retractable Seating	Event Readiness	Retractable Seating change completed (as set out in Retractable Seating Operations and Maintenance Manual) and in the correct mode for Events shown in the Event Calendar.	High	A KPI Failure will occur for each Event where the Retractable Seating is not provided in the correct mode, or is not ready for use as required in the Event Plan, identified through either:- - The Pre Event Inspection process if upheld by the Grantor (acting reasonably). -The Operator's own self-monitoring and audit as set out in the Operations Manual; -The Operator's own investigation following an incident; -The Grantor audit or investigation following an incident; or -The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).	Pre Event Inspection report	Each Event that is cancelled or postponed	Primary User Events – Type 2 Operator Events – Type 3	Not yet handed over to LS185 – so KPI is currently not applicable.
							Each Event that is not cancelled or postponed	All Events – Type 4	

4	Licenses / Planning	Event Readiness	Correct Operating Licenses and Planning Permission requirements in place.	High	<p>A KPI Failure will occur for each Event where the relevant Necessary Consent is not in place as required by legislation or the Event Plan, identified through either:-</p> <ul style="list-style-type: none"> <li>- The Pre Event Inspection if upheld by the Grantor (acting reasonably).</li> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Pre Event Inspection report	Each Event that is cancelled or postponed	Primary User Events – Type 2 Operator Events – Type 3	Licences and planning have all been in place. AC/DC licence was acquired quite late though, with little room for error.
							Each Event that is not cancelled or postponed	All Events – Type 4	

5	Event ICT	Event Readiness	Correct ICT infrastructure in place and functioning as set out in the Services Specification.	Medium	<p>A KPI Failure will occur for each Event where the necessary ICT infrastructure, connectivity or functionality is not in place as required by the Event Plan, identified through either:-</p> <ul style="list-style-type: none"> <li>- The Pre Event Inspection process if upheld by the Grantor (acting reasonably).</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Pre Event Inspection report	Each Event that is cancelled or postponed	Primary User Events – Type 3 Operator Events – Type 4	Ok so far. Wi-Fi provision is a bit delayed, but mainly due to E20 s.43 [REDACTED]
6	Clean Stadium	Event Readiness	Clean Stadium provided as set out in the Services Specification for Events shown in the Event Calendar.	Medium	<p>A KPI Failure will occur for each Event where the Stadium is not provided in accordance with the Clean Stadium standard when required in the Event Plan, identified through either:-</p> <ul style="list-style-type: none"> <li>- The Pre Event Inspection process if upheld by the Grantor (acting reasonably).</li> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the</li> </ul>	Pre Event Inspection report	Each Event that is cancelled or postponed	Primary User Events – Type 3 Operator Events – Type 4	Not relevant yet – first instance will be London 2017.

					Grantor (acting reasonably).		Each Event that is not cancelled or postponed	Primary User Events – Type 4	
7	Facilities	Event Readiness	All facilities required for the Event are clean and fit for purpose as defined in the area data sheets contained within the Operations Manual.	Medium	<p>A KPI Failure will occur for each Event where the Stadium is not provided in a clean condition in accordance with the cleaning standards, identified through either:-</p> <ul style="list-style-type: none"> <li>- The Pre Event Inspection process if upheld by the Grantor (acting reasonably).</li> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Pre Event Inspection report	Each Event that is cancelled or postponed	Primary User Events – Type 3 Operator Events – Type 4	First real test will be 2016 Diamond League.
							Each Event that is not cancelled or postponed	Primary User Events – Type 4	

8	Event Staffing	Event Day	Correct designations and levels of staff as set out in the Services Specification and Event Plan requirements	Medium	<p>A KPI Failure will occur for each Event where the staffing is not provided in accordance with the Service Specification or Event Plan, identified through either:-</p> <ul style="list-style-type: none"> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Post Event Report	Each Event Day	<p>Primary User Events – Type 3</p> <p>Operator Events – Type 4</p>	<p>LS185 are fulfilling this. However, staffing initially proposed for July 2016 Newham running events was excessive.</p>
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9	Catering / Hospitality Standards	Event Day	Standards of service, the range of food and beverages and ancillary services offered at Events (within the Hospitality Areas and in all other Concession Areas) are to the standard that is required by Comparable Clubs or as set out in the Event Plan.	Medium	<p>A KPI event Failure will occur for each Event Day where the Catering/Hospitality Service is not provided in accordance with the Event Plan, identified through either:-</p> <ul style="list-style-type: none"> <li>-The results of a Customer Satisfaction Survey;</li> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation, following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Post Event Report	Each Event Day	<p>Primary User Events – Type 3</p> <p>Operator Events – Type 4</p>	<p>Ok so far, but early days. To be reviewed after Diamond League and first few West Ham matches. Not directly related to standards, but s.43</p>
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10	Event Cleaning Standards	Event Day	All facilities required for the Event are clean and all waste is removed as defined in the area data sheets contained within the Operations Manual.	Medium /Low	<p>A KPI Failure will occur for each Event Day where the Stadium(or other location for which the Operator has responsibility pursuant to this Agreement) is not provided in a clean condition in accordance with the cleaning standards and undamaged, identified through either:-</p> <ul style="list-style-type: none"> <li>-The results of a Customer Satisfaction Survey;</li> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation, following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Post Event Report	Each Event Day	<p>Primary User Events – Type 3</p> <p>Operator Events – Type 4</p>	Ok so far, but review after first few events.
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11	Post Event Cleaning Standards	Post Event Day	All South Park areas are clean and all waste is removed as defined in the area data sheets contained within the Operations Manual.	Medium	<p>A KPI Failure will occur for each day where South Park is not provided in a clean condition in accordance with the cleaning standards, identified through either:-</p> <ul style="list-style-type: none"> <li>-The post Event inspection process.</li> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident; or</li> <li>-The Grantor audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Post Event Inspection Report	Each occurrence	Each occurrence will incur a Type 3 KPI Failure	Ok so far, but review after first few events.
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12	Police / Public Order Incidents	Event Day	Any incidents are investigated to determine if the Event Plan was followed and plans put in place to prevent re-occurrence where appropriate.	Medium	A KPI Failure will occur when a Police or Public Order Incident is recorded due the Operator not following the Event Plan, identified through either:- -The Operator's own self-monitoring and audit as set out in the Operations Manual; -The Operator's own investigation following an incident; -The Grantor audit or investigation following an incident; or -The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).	Post Event Report	Each Event Day	All Events Days – Type 3	Ok so far.
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13	Floodlighting	Event Day	When required for the Event, Floodlighting is providing the lux levels to be maintained in accordance with design and commissioning and as witnessed during handover.	Medium	A KPI Failure will occur for each Event Day where the floodlighting for the pitch and/or the track (if required) is not provided in accordance with the Stadium Specification, identified through either:- -A Lighting Level Test; -The Operator's own investigation following an incident; -The Grantor audit or investigation following an incident; or -The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).	Post Event Report	Each Event Day	Primary User Events – Type 3 Operator Events – Type 4	Ok. But was it necessary to incur cost of having floodlights on for Great Team relay (bathed in sunshine).
14	Health and Safety Management - Incidents and reportable RIDDOR incident	Facilities Management	The Services are delivered free from Incidents and reportable RIDDOR incident	High	A KPI Failure will occur for each instance where a reportable RIDDOR incident is recorded, identified through either:- -The Operator's own self-monitoring and audit as set out in the Operations Manual; -The Operator's own investigation following an incident; -The Grantor audit or investigation following an incident; or -The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably) <u>And the Operator has not put in place a rectification plan to prevent re-occurrence.</u>	Monthly Reports	Each reportable RIDDOR incident	Rectification plan must be implemented with 30 days Where the rectification plan has not been produced, or implemented a Type 3 KPI Failure will occur	Ok so far.

15	Health and Safety Management - Safe Working	Facilities Management	The Services are managed and delivered in a safe manner.	High	<p>A KPI Failure will occur for each and every deviance from a Necessary Consent or relevant Applicable Law, identified through either:</p> <ul style="list-style-type: none"> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably)</li> </ul> <p><u>And the Operator not putting in place a rectification plan to prevent re-occurrence.</u></p>	Monthly and Annual Trends	Each occurrence	Rectification plan must be implemented with 30 days Where the rectification plan has not been produced, or implemented a Type 3 KPI Failure will occur	Ok so far
16	Helpdesk Provision	Facilities Management	The Helpdesk is provided in compliance with the Operations Manual.	Medium	<p>A KPI Failure will occur for each instance where a Helpdesk is not provided in compliance with the Operations Manual, identified through either:-</p> <ul style="list-style-type: none"> <li>-The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Monthly and Annual Trends	Each occurrence	Each occurrence during an Event will incur a Type 3 KPI Failure	LS185 are required to "receive, pro-actively manage and provide customer feedback for service requests and other general Stadium or facilities related enquiries from customers". They were slow off the mark on this for 2015 events and LLDC bore the brunt of customer feedback. But they now appear to be fulfilling this.



17	Compliance	Facilities Management	The Operator shall be compliant with all Applicable Laws and the Grantor's policies as they relate to the management and delivery of the Services.	Medium	<p>A KPI Failure will occur for each instance where the Operator is found to have acted (or not acted) in a way that contravenes Applicable Laws and or the Grantor Policies(where these are not covered by other KPI), identified through either: -</p> <ul style="list-style-type: none"> <li>-The Operator's own self-monitoring and audit as set out in the Operator's Plans;</li> <li>-The Operator's own investigation following an incident;</li> <li>-The Grantor audit or investigation following an incident; or</li> <li>-The Event Owner's audit or investigation following an incident if upheld by the Grantor (acting reasonably).</li> </ul>	Monthly and Annual Trends	Each occurrence	Each occurrence will incur a Type 3 KPI Failure	LS185 are compliant with laws. In terms of policies, if this is read as the priority themes, LS185 are not yet fulfilling their employment & skills commitments (for instance).
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18	Operations Manual	Facilities Management	The Operator shall provide and maintain the Operations Manual in compliance with the requirements set out in the Services Specification .	High	A KPI Failure will occur for each instance where the Operations Manual is not provided in compliance with the Agreement, identified through either:- -The Operator's own self-monitoring and audit; -The Operator's own investigation following a request; or -The Grantor audit or investigation following a request.	Annual	Each occurrence	Each occurrence will incur a Type 2 KPI Failure	Operations manual is in place.
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19	Statutory Tests and Inspections	Facilities Management	The Operator shall ensure that all required planned activities for Statutory Tests and Inspections within the scope of the Services are undertaken on or before the planned date in the annual planned maintenance schedule shown in the Operations Manual.	Medium	<p>A KPI Failure will occur for each instance where:</p> <ul style="list-style-type: none"> <li>- The status for a planned activity is set to "Closed" on the Operator's CAFM system after the due date and time for the completion of planned activity;</li> <li>- A planned activity will remain shown as "Open" (i.e. has not been "Closed on the Operator's CAFM system on or before the due date and time for its completion) on the Operator's CAFM System past its due date and time Where: -</li> <li>- The Operator did not carry out the planned activity at the time stated on the CAFM System;</li> <li>- The required Statutory Test or Inspection is found to be missing from the Annual planned maintenance schedule and not carried out within 1 month of identification. Identified through either: -</li> <li>- The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following a complaint;</li> <li>the Grantor audit or investigation following a complaint; or</li> <li>-The Event Owner's audit or investigation following a complaint if upheld by the Grantor (acting reasonably).</li> </ul>	Monthly and Annual Trends	Each occurrence	Each occurrence will incur a Type 3 KPI Failure	Ok so far.
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20	Planned Maintenance	Facilities Management	The Operator shall carry out all maintenance planned activities on the annual planned maintenance schedule shown in the Operations Manual.	Low	<p>A KPI Failure will occur for each instance of where:</p> <ul style="list-style-type: none"> <li>- The Planned activity is "Closed" on the Operator's CAFM system after the due date and time for the planned activity;</li> <li>- A planned activity is "Open" on the Operator's CAFM System past the due date and time; or</li> </ul> <p>Where: -</p> <ul style="list-style-type: none"> <li>- The Operator did not carry out the planned activity at the time stated on the CAFM System;</li> <li>- The Operator did not carry out the planned activity in accordance with the Services Specification and any manufacturers requirements.</li> </ul> <p>Identified through either: -</p> <ul style="list-style-type: none"> <li>- The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following a complaint;</li> <li>-The Grantor audit or investigation following a complaint; or</li> <li>-The Event Owner's audit or investigation following a complaint if upheld by the Grantor (acting reasonably).</li> </ul>	Monthly and Annual Trends	Each occurrence	Each occurrence will incur a Type 4 KPI Failure	Not applicable to date. Now starts to become relevant.
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21	Reactive Maintenance	Facilities Management	The Operator shall ensure that all defects are attended and permanently rectified in accordance with the Operations Manual.	Medium/Low	<p>A KPI Failure will occur for each instance where:</p> <ul style="list-style-type: none"> <li>- The Operator did not rectify the defect or service request within the rectification time indicated in table 1 below;</li> <li>- A defect or service request is "Open" on the Operator's CAFM System and the permanent rectification time has been exceeded; or</li> </ul> <p>Where: -</p> <ul style="list-style-type: none"> <li>- The Operator did not rectify the defect or service request at the time stated on the CAFM System;</li> <li>- The Operator did not implement a temporary rectification where a permanent rectification could not be undertaken. Identified through either: -</li> <li>- The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following a complaint;</li> <li>-The Grantor audit or investigation following a complaint; or</li> <li>-The Event Owner's audit or investigation following a complaint if upheld by the Grantor (acting reasonably).</li> </ul>	Monthly and Annual Trends	Each Priority 1 occurrence	Each occurrence not rectified within the permanent rectification time (set out in Table 1 – Reactive Maintenance Rectification Times below) will incur a Type 3 KPI Failure	Not applicable to date. Now starts to become relevant.
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22	ICT Services	ICT	The Operator shall ensure that all ICT requests and failures are attended and permanently rectified in accordance with the Operations Manual.	Medium /Low	<p>A KPI Failure will occur for each instance where:</p> <ul style="list-style-type: none"> <li>- The Operator did not respond to and rectify the ICT service request within the rectification time indicated in table 2 below;</li> <li>- A defect or service request is "Open" on the Operator's CAFM System and the permanent rectification time has been exceeded; or</li> </ul> <p>Where: -</p> <ul style="list-style-type: none"> <li>- The Operator did not rectify the ICT service request at the time stated on the CAFM System;</li> <li>- The Operator did not implement a temporary rectification where a permanent rectification could not be undertaken.</li> </ul> <p>Identified through either: -</p> <ul style="list-style-type: none"> <li>- The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation following a complaint;</li> <li>-The Grantor audit or investigation following a complaint; or</li> <li>-The Event Owner's audit or investigation following a complaint if upheld by the Grantor (acting reasonably).</li> </ul>	Monthly and Annual Trends	Each Priority 1 occurrence	Each occurrence not rectified within the permanent rectification time (set out in Table 2 - ICT Response and Rectification Times below) will incur a Type 3 KPI Failure	Ok so far, but only just becoming relevant.
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								Each occurrence not rectified within the permanent rectification time (set out in Table 2 - ICT Response and Rectification Times below) will incur a Type 4 KPI Failure	
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Each  
priority  
2,3 or 4  
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23	Reporting	Management	The Operator shall ensure that all Monthly Reports are issued in accordance with the Agreement.	Low	<p>A KPI Failure will occur for each instance where:</p> <ul style="list-style-type: none"> <li>- The Operator did not issue a Monthly Report in accordance with the Agreement.</li> <li>Identified through either: -</li> <li>- The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation; or</li> <li>-The Grantor audit or investigation.</li> </ul>	Monthly and Annual Trends	Each occurrence	Each occurrence will incur a Type 4 KPI Failure	<p>Monthly reports have been provided – though it took several months for this to become established, and quality of information presented could still be better. Several other reports (business plan, annual report, community plan, employment &amp; skills plan, etc.) have either been late or poor quality.</p>
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24	Payment	Management	The Operator shall ensure that all payments due to the Grantor in accordance with Schedule 3 are paid in accordance with the Agreement.	Low	<p>A KPI Failure will occur for each instance where:</p> <ul style="list-style-type: none"> <li>- The Operator has not paid sums due to the Grantor in accordance with the Agreement.</li> <li>Identified through either: -</li> <li>- The Operator's own self-monitoring and audit as set out in the Operations Manual;</li> <li>-The Operator's own investigation; or</li> <li>-The Grantor audit or investigation.</li> </ul>	Monthly and Annual Trends	Each occurrence	Each occurrence will incur a Type 4 KPI Failure	<p>Payment of 2015 net commercial revenues was later than contract permits – due to LS185 presenting poor report, and subsequent wrangling over what the figure for net commercial revenues should be. Report (and payment of) Interim 2016 net commercial revenues is due 28 July.</p>
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**Item:** 7  
**Subject:** 2015/16 financial statements  
**Meeting date:** 29 July 2016  
**Report to:** E20 Stadium LLP Board  
**Report of:** Gerry Murphy, Executive Director of Finance and Corporate Services (LLDC)  
**For recommendation to the Board**

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## 1. SUMMARY

1.1. This report presents the financial statements for the financial year ended 31 March 2016.

## 2. RECOMMENDATIONS

2.1. The Board is asked to **ADOPT** the 2015/16 financial statements.

## 3. REGULATORY CONTEXT

3.1. The Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires members to prepare financial statements for each financial year. Members have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

3.2. In line with the Regulation, the Partnership must:

3.2.1. Have its annual accounts certified by an external auditors;

3.2.2. File its audited annual accounts no later than nine months after the end of the reporting period at Companies House (31 December for 2015/16 accounts).

3.3. E20 Stadium LLP commenced trading in 2013, and awarded the contract to provide External Audit services to Ernst & Young ("EY"). 2015/16 is the third year of that appointment.

## 4. BACKGROUND

4.1. The draft financial statements and supporting working papers were submitted to EY on 13 June, enabling them to begin their audit as planned.

4.2. The audit of the financial statements is now complete and EY intend to issue an unqualified audit opinion.

4.3. The audited draft financial statements were presented to the Partnership's Finance and Audit Committee on 11 July 2016. At that meeting the Committee agreed to recommend the financial statements to the Board for adoption subject to the following amendments:

- Inclusion of a Going Concern accounting policy (recommended by EY) – note that this has also been added to the letter of representation at Appendix 1
- Other minor wording amendments

4.4. These amendments are highlighted in yellow in the accounts attached at Appendix 2.

## **5. KEY AREAS OF JUDGMENT**

- 5.1. The Partnership's financial statements include various management judgements and estimates. The key area to bring to the Board's attention is the impairment methodology used for the Stadium.

The Stadium is held as property, plant and equipment under construction. Property, plant and equipment are stated at fair value.

As the Stadium could be used for different purposes, management believes that the Stadium has a fair value at any point in time during the transformation work. However it is not cost effective to obtain a valuation considering alternative uses during the construction phase, and therefore the impairment has been based on the expected transformation costs or budget in excess of the expected post-transformation fair value.

### 5.1.1. Expected post-transformation fair value

The fair value of property, plant and equipment under construction is determined by external, independent property valuers (GL Hearn), who hold appropriate recognised professional qualifications. The independent valuers determine the fair value of the partnership's property, plant and equipment portfolio annually.

The fair value of the Stadium after the transformation work is determined by considering what market value a hypothetical purchaser would be willing to pay. This assessment considers the level of income that the Stadium can generate in excess of operating expenditure, as well as market data of the performance of other European stadium developments.

The future profit that the Stadium can generate is based on the business plan approved by the E20 Board on 30 March 2016. As the Stadium has no history of trading, the business plan is based on assumptions that require significant judgements to be made by management.

The fair value of the Stadium post-transformation as per 31 March 2016 is £22.5m. Any change in the assumptions used in the business plan would have a direct impact on the valuation of the Stadium post-transformation.

### 5.1.2. Expected transformation costs

The estimated cost to complete the Stadium transformation scope as defined by the Members' agreement is £297.8 million. The anticipated final cost used in the impairment includes transformation works and other enhancements, which together underpin the assumptions in the business plan. Note the carrying value of the Stadium in the accounts is £19.8 million based on the percentage of transformation and other enhancements work completed as at 31 March 2016.

Any change in the transformation budget would have a direct impact on the percentage of fair value recognised as at 31 March 2016.

## **6. ALLOCATION OF IMPAIRMENT LOSS**

- 6.1. According to the Members' Agreement, the allocation of profits to the members of the partnership during the financial year is at the discretion of the Board. Additionally, under the Members' Agreement (clause 3.6.1), any impairment of the assets of the partnership is to be funded by a reduction in the London Legacy Development Corporation's ("LLDC") Capital account in the first instance, and then by the Newham Legacy Investment's ("NLI") Capital account.

- 6.2. E20 members agreed, at the Board meeting on 28 July 2015, which the members will allocate the impairment loss on completion of the transformation work in 2016/17.
- 6.3. As such, no allocation of the loss for the year ended 31 March 2016 has been made in the financial statements as at 31 March 2016.

## 7. AMENDMENTS TO DRAFT STATEMENT OF ACCOUNTS

- 7.1. A number of numerical and disclosure changes were identified during the course of the audit. The key change to the draft Statement of Accounts submitted for audit is:
- Recognition of the London Marathon Charitable Trust grant towards the community track. The grant of £1.6m was initially recognised in revenue for the year; however the grant is now being recognised as deferred income on the balance sheet and will be recognised over the life of the asset as stipulated by International Accounting Standard (IAS) 20.
- 7.2. The External Auditor's Audit Results Report (Appendix 3 attached) provides further details on the financial statements presented for audit and subsequent amendments.
- 7.3. The impact of the audit amendments, insofar as they impact the business plan outturn for 2015/16, are summarised below:

	Budget £m	Actuals £m	Variance	Comment
<b>Pre-audit net profit/(loss)</b>	<b>(2.93)</b>	<b>(2.61)</b>	<b>0.32</b>	Draft outturn pre-audit of statutory accounts
Adjustment 1	-	(0.08)	(0.08)	Reduction in net commercial revenues from LS185 (based on actuals confirmed by LS185 post year-end)
Adjustment 2	-	(0.16)	(0.16)	Reclassification of England Rugby contribution towards retractable seating costs from revenue to customer contributions to PPE
Adjustment 3	-	(0.42)	(0.42)	Abortive digital wrap design fees reclassified from capital expenditure.  Note that this is funded from the discretionary spend budget.
<b>Post-audit net profit/(loss)</b>	<b>(2.93)</b>	<b>(3.27)</b>	<b>(0.34)</b>	
<i>Change</i>	-	<i>(0.66)</i>	<i>(0.66)</i>	

- 7.4. Note that an additional accounting policy (1.9 Members' Contributions) was added to the accounts to clarify how capital contributions from members of the partnership are recognised in the accounts.

## 8. AUDIT RESULTS REPORT

- 8.1. The External Auditor's Audit Results Report is attached at Appendix 3.

## 9. LIST OF ANNEXES TO THIS REPORT

- Appendix 1 – Letter of representation
- Appendix 2 – Audited financial statements 2015/16
- Appendix 3 – EY Audit Results Report

## 10. AUDIT RESULT

- 10.1. The External Auditors' Audit Results Report returned an unqualified opinion on the financial statements.

**Report originator(s):** Richard Irish

**Telephone:** 020 3288 **s.40**

**Email:** [richardirish@londonlegacy.co.uk](mailto:richardirish@londonlegacy.co.uk)

Karl Havers  
Ernst & Young LLP  
One More London Place  
London  
SE1 2AF

*[X] July 2016*

 = Changes since Finance and Audit Committee meeting on 11 July 2016

Dear Karl,

This representation letter is provided in connection with your audit of the financial statements of E20 Stadium Company LLP (“the Company”) for the year ended 31 March 2016. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of E20 Stadium Company LLP as of 31 March 2016 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 24 July 2014, for the preparation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.
2. We acknowledge, as members of management of the LLP, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of (or ‘present fairly, in all material respects’) the financial position, financial performance (or results of operations) and cash flows of the LLP in accordance with International Financial Reporting Standards as adopted by the European Union and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the LLP, we believe that the LLP has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

#### **B. Fraud**

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the LLP's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the LLP.

#### **C. Compliance with Laws and Regulations**

1. We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

#### **D. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that you have requested from us for the purpose of the audit and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of members, directors and committees of directors (or summaries of actions of recent

meetings for which minutes have not yet been prepared) held through the period.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the LLP's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We have disclosed to you, and the LLP has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

#### **E. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 11 to the financial statements all guarantees and/or commitments that we have given to third parties.

#### **F. Subsequent Events**

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Accounting Estimates**

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
  - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
  - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework(s).

- The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

## H. Going Concern

1. The partnership is currently dependent for its working capital on funds provided by the members. The members have provided the partnership with undertakings that, for at least twelve months from the date of approval of these financial statements, they will make available such funds and will continue to do so until the point that the partnership generates a surplus and no longer requires this support. After the initial mobilisation phase, the partnership is forecast to generate an annual surplus, which will be returned to the taxpayer via distribution to its members. Having considered the forecast cashflows and risks faced by the partnership, the Board believe that this should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The Board also notes that should that support be withdrawn then adjustments would be needed to these financial statements.

## I. Specific representations

### Classification of Property

1. We confirm that the classification of property assets across property, plant & equipment, as assets under construction, is based on the best information we hold at this point in time.

### Environmental Liabilities

1. We have disclosed to you all liabilities or contingencies arising from environmental matters. These liabilities or contingencies have been recognised, measured and disclosed, as appropriate, in the financial statements. Any environmental liability included in the balance sheet represents our best estimate of the potential losses using assumptions that we believe represent the expected outcomes of the uncertainties. With respect to the valuation of related assets, we have considered the effect of environmental matters, and the carrying value of the relevant assets is recognised, measured and disclosed, as appropriate, in the financial statements. Any commitments related to environmental matters have been measured and disclosed, as appropriate, in the financial statements.

### Income and Indirect Taxes

1. We acknowledge our responsibility for the tax accounting methods, including VAT, adopted by the LLP which have been consistently applied in the current period.

### **Use of the Work of an Expert**

1. We agree with the findings of the experts engaged to evaluate the valuation of property, plant and equipment and have adequately considered the qualifications of the experts in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

### **Stadium Transformation Costs and Impairment**

1. We believe that the assumptions used in estimating the cost of transformation of the stadium and in estimating the value of the stadium following transformation to be appropriate. We also confirm our view that the adopted accounting treatment for the estimated impairment arising from stadium transformation (spreading the total estimated impairment over the transformation period in proportion to expenditure incurred) is appropriate.
2. We confirm that the valuation of the Olympic Stadium at £22.5m, based on the E20 Stadium LLP business plan, is the result of a number of factors considered in the valuation process. We confirm that the valuation process has not been manipulated by management to achieve a desired valuation.
3. We have disclosed to you all current and future liabilities or contingencies arising from the transformation of the stadium. These liabilities or contingencies have been considered when calculating the estimated impairment that will arise on stadium transformation and the recognition of the estimated impairment over the transformation period.

*Yours Faithfully,*

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Alan Skewis  
Director

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David Edmonds  
Chairman

**Item:** 10  
**Subject:** Bank mandate update  
**Meeting date:** 29 July 2016  
**Report to:** E20 Stadium LLP Board  
**Report of:** Richard Irish, Financial Controller (LLDC)

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## 1. SUMMARY

- 1.1. This paper requests approval to amend the current bank mandate for the E20 Stadium LLP (“E20”) bank accounts.

## 2. RECOMMENDATIONS

- 2.1. The Board members are invited to **approve** amendments to the bank mandate of E20, including the setting up of a new account (“Capital Account”) with immediate effect.

## 3. BACKGROUND

- 3.1. All E20 expenditure is authorised in accordance with the approved Scheme of Delegation.
- 3.2. Payments of approved expenditure are made from E20’s bank accounts that are administered on its behalf by London Legacy Development Corporation (LLDC) as part of the member services it delivers to E20. E20 currently has two bank accounts:
- Current Account
  - Naming Rights Account (approved by the Board on 23 June 2016)
- 3.3. Payments from these accounts are operated as follows:
- Each payment requires one inputter and two or more authorisers (depending on value) as shown in the following table.



- 3.4. In addition all A and B signatories are cheque signatories

#### 4. PROPOSED AMENDMENTS

4.1. E20 makes a number of payments from its Current Account for both capital and, increasingly, revenue (operational) expenditure. Recognising the need to keep a clear demarcation between the two for budgetary purposes, it is proposed that a new account ("Capital Account") be set up for transactions relating solely to capital works (transformational, discretionary and other). The existing Current Account will be re-purposed and use only for revenue (operational) related transactions. This will help for a more clear and efficient administration of the accounts.

4.2. Following their recent appointment, it is also proposed that the person named below be added as an authorised signatory of the E20 bank accounts with immediate effect:

- Paul Middlemas (LLDC Director of Finance)

4.3. The above change is reflected in a revised table of approvals below:



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

#### 5. OTHER POTENTIAL FUTURE AMENDMENTS

5.1. The above does not incorporate the request made previously for representatives from Newham Legacy Investments Limited to be added to the mandate as authorised signatories on the Naming Rights Account. The practicalities of this are currently being reviewed with Barclays and an update will be provided to the Board before any further action is taken.

5.2. There is also potentially the requirement under the West Ham concession agreement to establish a separate bank account for the catering services. This is currently being reviewed by E20 management and an update will be provided to the Board before any further action is taken.

**Report originator(s):** Richard Irish

**Telephone:** 020 3288 **s.40**

**Email:** [richardirish@londonlegacy.co.uk](mailto:richardirish@londonlegacy.co.uk)

**Meeting:** E20 Stadium LLP  
**Date:** 06.10.16  
**Time:** 13:30 – 16:00  
**Meeting Venue:** LLDC Marketing Suite

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**Member Representatives Expected:** David Edmonds (LLDC and Chair), David Gregson (LLDC), Nicky Dunn (LLDC), Lester Hudson (NLI), Katharine Deas (NLI)  
**Ex-Officio Members:** David Goldstone (LLDC), Kim Bromley-Derry (NLI)

**Also Expected:** Alan Skewis, s.40, Martin Gaunt (All E20); s.40 (NLI); Colin Naish (LLDC) – Seating Item only; Gerry Murphy (LLDC); Linda Lennon and s.40 (LS185) – Review of LS185 Performance Item only.

**Agenda** (Paper 1)

Normal Business (30 mins)

1. Welcome and Apologies
2. Minutes of the meeting held on 29 July 2016 (Paper 2)
3. E20 Director Update (Paper 3)
4. Naming Rights (Paper 4)
5. Bobby Moore Academy (Paper 5)

E20 Contracts Review Session

6. E20 Financial Overview
    - a. Paper 6: End of Q2 Financial Update
    - b. Key Decision 1: Finance Slides
    - c. Key Decision 2: WHU Concession Agreement Slides
  7. Relocatable Seating:
    - a. Paper 7: Relocatable Seats and associated Annexes
    - b. Key Decision 3: Relocatable Seat Slides
  8. Review of LS185 performance (60 mins):
    - a. Paper 8: LS185 Performance
    - b. Key Decision 4: LS185 Performance slides
    - c. Linda Lennon (LS185 CEO) and s.40 (LS185 Board Member) Presentation and Q&A session (30 mins)
  9. The Way Forward - Options Session
    - a. Stadium Management (Key Decision 5: Stadium Management Slides)
    - b. E20 Ownership (Key Decision 6: E20 Ownership Slides)
  10. Confirmation of Decisions
  11. Next Steps
  12. AOB
-

**Subject:** E20 Director Update

**Meeting date:** 06.10.16

**Agenda Item:** 3

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis, Director of E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This report provides the E20 Stadium LLP Board (“the Board” or E20) with an update from the Director and E20 team on various work streams.
- 1.2. The report focuses on the main achievements, key risks and upcoming opportunities facing E20.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the report.

## 3. DIRECTOR OVERVIEW

- 3.1. Three issues have dominated in recent weeks
  - 3.1.1. Delivery of WHU matches, during which a number of relationship and safety issues have occurred and been addressed;
  - 3.1.2. Further frustration over securing a naming rights deal with Mahindra;
  - 3.1.3. A review of E20 ownership, contractual and financial arrangements. This forms the agenda for the second part of the Board meeting.
- 3.2. The risk register has been updated, with changes shown below in bold:
  - 3.2.1. Non-delivery of naming rights (Red)
  - 3.2.2. Financial position required further Member contributions (Red)
  - 3.2.3. E20 Liability arising for relocatable seating (**Red**, was Amber)
  - 3.2.4. WHU relationship (Amber, was **Red**)
  - 3.2.5. Increasing Stadium Capacity (Amber)
  - 3.2.6. Operator Performance and Disputed Costs (Amber)
  - 3.2.7. School Construction (Amber)
  - 3.2.8. Digital Screen / **s.43** (Amber)
  - 3.2.9. State aid challenge (Green, was Amber)

## 4. NAMING RIGHTS (RED)

- 4.1. A separate paper deals with naming rights.

## 5. E20 FINANCIAL POSITION (RED)

5.1. The second part of the agenda deals with the financial position in detail, so is not repeated in this report.

**6. E20 LIABILITY ARISING FOR RELOCATABLE SEATING (RED)**

6.1. The second part of the agenda deals with the financial position in detail, so is not repeated in this report.

**7. WEST HAM UNITED RELATIONSHIP (AMBER)**

7.1. The relationship with WHU remains challenging, with the club's attitude and approach to partnership having an impact on their relations with all parties.

7.2. E20 and WHU are:

7.2.1. entering expert determination on who pays for additional capacity above 53,500 seats;

7.2.2. agreeing a short term agreement where WHU cash flow the current increase to a 57,000 capacity;

7.2.3. close to agreeing additional capacity and community ticket clauses in the Concession Agreement (led by LBN);

7.2.4. "Fanstallation" agreement is agreed and being signed

7.3. The WHU disputes are costing E20 significant legal fees. We have spent £130k already in 2016/17, and are anticipating spending over £320k over the whole year.

**8. STADIUM CAPACITY (AMBER)**

8.1. As set out in the September 2016 update, there is a shared aspiration to get to a capacity of at least 60,000 for ball sport events in the stadium. WHU are particularly keen to get to this position as soon as possible as they have sold 54,000 season tickets.

8.2. The expert determination process is starting, and has an estimated legal cost for E20 of £70,000 - £92,000. The chance of success is deemed enough to justify expert determination, and the financial consequences are very significant over the concession period.

8.3. If E20 loses it would cost an additional s.43 per season to provide the concession areas, an eye watering s.43 over 99 years

8.4. If E20 wins, it could negotiate a commercial deal. For example, a commercial agreement based on s.43 a seat could generate a c s.43 surplus each season, or s.43 over 99 years.

8.5. As the issues are not clear cut, the expert may conclude a position between these two extremes.

8.6. s.43 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

s.43

8.7. s.43

## **9. OPERATOR / DISPUTED COSTS (AMBER)**

9.1. The second part of the agenda deals with the financial position in detail, so is not repeated in this report. Disputed costs will be finalised following the review of the LS185 contract.

## **10. BOBBY MOORE ACADEMY SCHOOL CONSTRUCTION (AMBER)**

10.1. A separate paper deals with the school lease and construction.

## **11. DIGITAL SCREEN / s.43 (AMBER)**

11.1. The digital screen is being constructed in September and October period. The project remains on track financially. Five bays will be installed before the 22<sup>nd</sup> October match and 11 bays by the 5 November match.

11.2. The main matter of contention remains the breadth of use of screen time on WHU match days.

11.3. The fabric wrap and void treatment have worked well and are in place for the season.

## **12. STATE AID CHALLENGE (AMBER)**

12.1. There are no further developments since the September Director's update, which reported that LLDC have received and robustly defended a state aid challenge on the West Ham United deal. It is likely that further questions will arise from the defence.

## **13. USE OF E20 TICKETS**

13.1. The 26 hospitality tickets have been used effectively in the opening games of the football season. Three issues relevant for members to note:

13.1.1. Sustaining effective uses of the 26 tickets over the season appears to be sustainable through the LLDC, LBN and E20/LS185 stakeholders.

13.1.2. s.43

13.1.3. The Londoner Claret is a suitable venue for a significant number of stakeholders and guests. Newham have chosen to upgrade 10 spaces to the Royal East to reflect the partners they are inviting

**Subject:** Naming Rights Update  
**Meeting date:** 06.10.16  
**Agenda Item:** 4  
**Report to:** E20 Stadium LLP Board  
**Report of:** Alan Skewis, Director of E20 Stadium LLP

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**1. SUMMARY**

1.1. This report provides the E20 Stadium LLP Board with an update on naming rights.

**2. RECOMMENDATIONS**

2.1. The Board is invited to:



S.43

**3. MAHINDRA**

3.1.



S.43

Warm regards

S.40

3.2.

3.3.

S.43

#### 4. ALTERNATIVE NAMING RIGHTS PARTNER

S.43

#### 5. TAKING NAMING RIGHTS FORWARD

S.43

S.43

S.43

**Subject:** Bobby Moore Academy  
**Meeting date:** 06.10.16  
**Agenda Item:** 5  
**Report to:** E20 Stadium LLP Board  
**Report of:** Alan Skewis, Director of E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This report provides the E20 Stadium LLP Board with an update on the Bobby Moore Academy, being built on the stadium island site.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to:
- 2.1.1. **CONSIDER** the final terms of the agreement with LLDC and LBN relating to location of the school on the site, with **s.43** being paid to E20 by 2030
  - 2.1.2. **AGREE** the ring fencing of the £5m funds to meet future stadium lifecycle costs
  - 2.1.3. **NOTE** that the lease is being entered into with the David Ross Educational Trust (DRET), in line with the approvals given by previous meetings of the E20 Board

## 3. LEASE

- 3.1. The lease for the Secondary School is ready to be signed, with work commencing imminently.
- 3.2. The lease is in line with the heads of terms agreed by the E20 board.

## 4. LOGISTICAL CHALLENGES DURING CONSTRUCTION

- 4.1. Construction will take place between October 2016 and August 2018. Balfour Beatty is DRETs contractor.
- 4.2. The secondary school is located on the site adjacent to the community track and south east access vomitory to the stadium.
- 4.3. The construction site is tight, and involves works on the current route between the main south east access (Gate 2) of the stadium and the south park loop road. To aid access to the stadium via this route, LLDC have granted permission to use the south park loop road as a drop off point for the school.
- 4.4. This is reflected in an agreed plan for access for events and seat moves during the construction period (see annex 1).
- 4.5. While this aids stadium operation and the school build, it remains challenging for the stadium and QEOP events. In particular:
- 4.5.1. Relocatable seat move period (May and August)
  - 4.5.2. Shell event (end May)
  - 4.5.3. Concerts (June)
  - 4.5.4. London 2017 events (July and August)

- 4.6. London 2017 has raised particular concerns about event reputation; athlete experience and their logistical planning. They believe no building should happen for 6 weeks from 26 June to 14 August)) access, which are being addressed. They have been informed this is not possible, but that a balance will be achieved between the school build and the event.

## **5. E20 INCOME FROM SCHOOL**

- 5.1. E20 receive compensation from LLDC and LBN for agreeing to locate the school on the site. The location assists LLDC and LBN with development of the Rick Roberts Way site, as set out to the Board in June 2016 and for reasons of brevity not repeated in this report.
- 5.2. The original agreement was that the £5m payment would be made in 2032. However, a June 2016 E20 board report stated that there was a potential for £5m to be paid earlier. The report stated that there was a possibility of “£5m paid in equal instalments between 2020 and 2024”. These terms were welcomed by E20.
- 5.3. A recent draft letter from LLDC and LBN identifies that they are reverting to a proposal closer to the original deal:

*“LLDC and LB Newham have agreed in principle to make a contribution to E20 LLP of £5m payable in 2030 for locating the Bobby Moore Academy on the Stadium Island site....*

*“The payment will be made to E20 directly no later than 2030. Earlier payment would be possible on the basis of a discounted NPV (6%) at the date the payment is required, which in 2022 would equate to £3.1m.”*

- 5.4. E20 members may wish to agree the latest payment schedule, but it does represent a worse offer than the June 2016 proposals. It is incumbent on the E20 Director to identify this. but it must be clear the changes do not serve the best interests of E20.
- 5.5. E20 should consider whether it is in its best interests to agree the revised terms, given:
- 5.5.1. E20 would then have to fund lifecycle from the business plan until payment is made in 2030. The business plan currently shows £2.4m lifecycle costs up to 2025-26 alone (and even this figure is not a robust estimate – E20 has agreed to postpone commissioning an “as built” lifecycle analysis, in order to minimise consultant costs).
  - 5.5.2. E20 has less flexibility to schedule lifecycle requirements in the period to 2030. The 6% discount rate makes a big dent in the £5m to E20, if it needs the funds sooner (much more so than, say, a 3.5% rate in line with Treasury Green Book guidance).
  - 5.5.3. E20 has to deal with the issues of school construction in 2017 and 2018, all of which impact on its business plan risks and partner relations. For instance, school construction has been identified as a potential obstacle to hosting the Shell Eco-Marathon – E20’s most valuable event **s.43**
  - 5.5.4. E20 is more exposed to changes in governance, politics, etc., pressuring E20 into adjusting or waiving payments in 2030.
- 5.6. E20 Members are asked to consider its position, with a recommendation that it should agree the final terms of the agreement with LLDC and LBN relating to location of the school on the site, with £5m being paid to E20 by 2030.

## **6. USE OF THE FUNDS**

- 6.1. The agreement with LLDC and LBN does not condition how the funds are used. However, as E20 members it has been clear that the funds should be reserved to meet future stadium lifecycle costs, rather than treated as a distributable surplus. The recommendation in this report is that this is confirmed.

**Subject:** End of Q2 Financial Update  
**Meeting date:** 6 October 2016  
**Agenda Item:** 6  
**Report to:** E20 Stadium LLP Board  
**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This paper, and the annexes attached, provide a comprehensive update on E20's financial position and projections as at the end of Q2 2016-17 (30 September 2016). It presents:
- 1.1.1. Updated forecasts against the business plan for the 10 year period from 2016-17 to 2025-26. This should be regarded as the baseline position for E20's strategic review.
  - 1.1.2. Monthly cashflow projections for the same period, and the additional working capital that may be required.
  - 1.1.3. Context – summarising how E20 forecasts have changed over time, and a status update on the opportunities and risks previously presented in E20's business plan.
  - 1.1.4. An overview of spend to date against E20's £14.286m provision for additional stadium works.
  - 1.1.5. Financial models indicating the potential impact different strategic options would have, compared to E20's baseline position.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the financial projections and accompanying analysis.

## 3. LATEST FORECAST AGAINST BUSINESS PLAN

- 3.1. The E20 Board agreed a ten year business plan for E20 on 30 March 2016. E20 provides quarterly updates on its forecast position against the business plan. An updated forecast, for 2016-17, 2017-18 and 2018-19 into steady state has been prepared as at 30 September 2016 (i.e. end of Q2). In a modification to how this information has been presented previously, E20 is now reporting effectively two different "bottom lines" – one under a scenario where known major risks are not realised, and a worse position where these major risks are realised in full. This is shown in detail in Annex 1, and the headlines summarised below:

Financial Year	Business Plan baseline (£m)	Latest (end Q2) forecast (£m) before major risks	Latest (end Q2) forecast (£m) after major risks
2016-17	(3.732)	(7.483)	(9.077)
2017-18	0.689	(3.012)	(13.621)
2018-19 and steady state	1.063	(1.962)	(13.102)

3.2. The forecast indicates that E20 to is set to be very significantly down against its business plan in 2016-17, 2017-18 and on into steady state. For the first time, E20 is now forecast to be loss-making over the long-term. The main movements in the forecasts, since E20 agreed its business plan in March 2016, are set out below:

Approximate annual steady state forecast	March 2016 Business Plan (£m)	End Q1 Update (end July 2016) (£m)	End Q2 Update (end Sept 2016) before major risks (£m)	Commentary
Net payment to/from LS185	0.5	0.5	-1.1	West Ham matchday costs have increased (£800k adverse variance). Secondary sponsorship has decreased from £1.1m to £300k (£800k adverse variance). Overall £1.6m adverse variance.
Gross Naming Rights income				
Seating moves	0.3	0.3	0.3	Unchanged, but additional cost risk outlined below table.
Business rates	1.8	1.6	1.8	Latest advice indicates E20 are unlikely to secure business rates reduction from Valuation Office Agency. E20 still seeking contribution from West Ham (currently assumed West Ham will contribute £200k of £2m rates bill). Additional cost risk outlined below table.
<b>Overall E20 position</b>	<b>1.0</b>	<b>0.6</b>	<b>-2.0</b>	<b>Adverse variance of £3m since business plan was agreed, before outstanding major risks</b>

3.3. There are five major risks to E20 that, if realised, would make the forecast of a c£2m annual steady state deficit considerably worse. These are:

- 3.3.1. Additional seating movement costs of up to £6.7m (£7m in total, including existing £300k allocation). This is based on the pre-tender estimate to move all four stands, in once, and out once, per annum. See seating Board paper for more information.
  - 3.3.2. No naming rights deal (net impact of s.43 ).
  - 3.3.3. Expert determination may find that E20 should bear the costs associated with an increased (60,000) capacity for West Ham matches. s.43
  - 3.3.4. Ongoing asset survey concludes that the fixed costs paid to LS185 for stadium maintenance must be revised upwards. Speculatively forecast at s.43 .
  - 3.3.5. National revaluation of business rates increases the rateable value of the stadium, and therefore rates payable, with effect from April 2017. A 25% increase in rates would add £500k to E20's costs. The Valuation Office Agency is expected to inform E20 of the draft revised valuation w/c 3 October. A verbal update will be given to the Board. E20 has the option to appeal, but may not be successful.
- 3.4. If realised in full, these risks would make E20's annual position around c£10.5m worse, plus inflation. This would result in a steady state deficit of £13-14m per annum.

#### 4. CONTEXT

- 4.1. These latest forecasts – which are highly concerning – indicate that a number of significant risks that E20 and its members have recognised for some time, are now beginning to crystallise. A sobering review of E20's March 2016 business plan, in particular the section on “opportunities and risks” – indicates that, with some limited exceptions, risks are crystallising whereas opportunities have yet to be realised:

##### 4.2. Opportunities (as set out in business plan), with status update

- 4.2.1. LS185 exceed their business plan projections – LS185 are currently forecasting to fall short of projections.
- 4.2.2. Increased capacity (60,000) for West Ham matches, generating increased revenue for LS185/E20 – capacity has been increased, but financial impact (positive or negative) for E20 unclear and subject to expert determination.
- 4.2.3. Increased capacity (beyond 80,000) for concerts, generating increased revenue for LS185/E20 – not yet pursued. Seating issues must be solved first.
- 4.2.4. Groundshare with another football club – no imminent prospect of securing this additional income stream.
- 4.2.5. Savings on E20 overheads, notably business rates and insurance – insurance savings secured, business rates costs held steady but with major risk outstanding on national revaluation.
- 4.2.6. Additional hospitality revenue from installing additional hospitality facilities in the East stand – not yet pursued.
- 4.2.7. E20 share of any potential sale of West Ham by current owners – outside E20's control and not yet realised.

#### 4.3. Risks (as set out in business plan), with status update

- 4.3.1. LS185 fall short of their business plan projections – currently being realised.
- 4.3.2. Reduced, delayed or no naming rights income – currently being realised.
- 4.3.3. Retractable seating more costly to operate than forecast, and/or 7 day turnaround time cannot be achieved – crystallising as a major risk to E20.
- 4.3.4. Disputed costs with LS185 are resolved in LS185's favour – not finally resolved, but highly likely to result in significant E20 contribution.
- 4.3.5. West Ham are relegated from the Premier League (triggering reduction in usage fee) – not yet realised. West Ham are currently in the relegation zone, but the bookmakers think there is only a c.20% chance they will be relegated this season.
- 4.3.6. West Ham's first match at the stadium is earlier than expected – realised (4 August Europa League match), but successfully managed.
- 4.3.7. Poor stakeholder relations inhibit the full commercial exploitation of the stadium – E20/WHU/LS185 relations remain very challenging.
- 4.3.8. Stadium lifecycle costs exceed business plan provision – not yet realised, but LS185 asset survey to assess future maintenance costs is underway and could result in increased fixed costs paid to LS185.
- 4.3.9. Nationwide revaluation of business rates increases the rates payable by E20 from April 2017 (page 30 of business plan) – As set out above, draft revised rateable value expected w/c 3 October. Press rumours suggest general trend of large increases. Verbal update to be provided at Board meeting.

- 4.4. The chart overleaf shows how E20's expectations in relation to a number of key items of income and expenditure have changed over time.

**S.43**

- 4.5. The chart reflects how E20 has historically adopted ambitious business plans, acknowledging them as such at the time. Allowances were not made for known risks, and E20 has perhaps been guilty of overplaying opportunities. The current contract review requires a frank and realistic assessment of E20's financial position, in order to make informed decisions. The forecasts provided in this paper, particularly those "after major risks", are designed to provide that.

## **5. CASHFLOW PROJECTIONS**

- 5.1. The latest forecasts described above naturally have implications for E20's cashflow, and its working capital requirement. Cashflow projections under two baseline scenarios – before and after major risks – have been presented to members and are reproduced at annex 2. The key lines indicating the level of contributions required from members (per month, and cumulatively) are highlighted. These will be firmed up following the conclusions of the 6 October Board meeting, and updated working capital requirements will be provided to members.

## **6. DISCRETIONARY FUNDING (£14.286M)**

- 6.1. E20's members have agreed a provision of £14.286m for additional stadium works. This is discretionary funding on largely capital projects, the costs of which are outside of E20's business plan.
- 6.2. Of this sum, to date E20 has spent or allocated approximately £12.8m, including up to £5m for the fabric wrap and screen, and up to £500k under the Director's delegation for "spend to save" projects. Therefore, approximately £1.5m of the £14.286m remains unallocated. However, there is approaching £1m of unresolved costs between LLDC Transformation and E20. There is currently no allocation for these costs within the £14.286m, although they are recognised as a potential liability against the remaining funds. E20 has shared a paper with LLDC and LBN officers setting out its position on these costs; LLDC has requested that final resolution is reached as part of the financial close-out of transformation works.

## **7. OPTIONS ANALYSIS – FINANCIAL MODELS**

- 7.1. Later board papers consider the strategic options potentially open to E20, in order to deliver improvements against these latest financial projections. As set out above, without interventions, E20 can expect to generate a steady state loss of £2m on average per annum, rising to over £14m on average per annum if major risks are realised. This should be considered the baseline position.
- 7.2. E20 has modelled the likely financial impact of the various strategic options, in order to assess the impact they could have on the baseline position, if they were implemented. These models, and the assumptions contained within them, are included at annex 3. Please note that this constitutes outline financial analysis, applying assumptions that are as yet largely untested. Therefore, the models provide an indication of potential outcomes, but more robust analysis will be necessary once the Board has provided a steer on its preferred option(s).
- 7.3. Some of the options presented would require the termination of the current Operator Agreement with LS185. The rationale and costs associated with doing this are set out in annex 4.

## **Annexes**

**Annex 1 – End Q2 forecast against business plan**

**Annex 2 – Monthly cashflow projections**

**Annex 3 – Options analysis – Financial models**

**Annex 4 – Potential termination of Operator Agreement: Rationale and cost**

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Annex 1 - Latest projections as at 30 September 2016

£000s	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
<b>Operator (LS185)</b>											
Fixed costs	-5449	-6233	-6420	-6612	-6811	-7015	-7226	-7442	-7666	-7896	-68768
Net Commercial Revenues	873	4164	5366	5527	5693	5864	6040	6221	6408	6600	52756
<b>Total LS185</b>	<b>-4576</b>	<b>-2069</b>	<b>-1053</b>	<b>-1085</b>	<b>-1118</b>	<b>-1151</b>	<b>-1186</b>	<b>-1221</b>	<b>-1258</b>	<b>-1296</b>	<b>-16013</b>

**s.43**

<b>Other operating income and costs</b>											
Fanstallation	20	20	20	20	20	20	20	20	20	20	200
Asset disposal	100	0	0	0	0	0	0	0	0	0	100
Net income from the wrap	0	0	0	0	0	0	0	0	0	0	0
UKA contribution to track	35	36	37	38	39	41	42	43	44	46	401
West Ham performance payments	0	191	0	202	0	214	0	228	0	241	1076
West Ham share of catering revenues	s.43										
Retractable seating movement	-300	-309	-318	-328	-338	-348	-358	-369	-380	-391	-3439
South Park events (managed by LLDC)	100	0	0	0	0	0	0	0	0	0	100
Matchday costs (non LS185 - e.g. Westfield)	-150	0	0	0	0	0	0	0	0	0	-150
<b>Total Other operating income and costs</b>	<b>s.43</b>										

<b>Staffing</b>											
Director	-132	-136	-140	-144	-149	-153	-158	-162	-167	-172	-1513
Business Manager	-82	-84	-87	-89	-92	-95	-97	-100	-103	-106	-935
Assistant Business Manager	-49	0	0	0	0	0	0	0	0	0	-49
PA & Team Administrator	-36	-37	-38	-39	-41	-42	-43	-44	-46	-47	-413
Transformation Interface Manager	-15	0	0	0	0	0	0	0	0	0	-15
Contingency	0	0	0	0	0	0	0	0	0	0	0
Staff expenses	-5	-5	-5	-5	-6	-6	-6	-6	-6	-7	-57
<b>Total Staffing</b>	<b>-319</b>	<b>-262</b>	<b>-270</b>	<b>-278</b>	<b>-287</b>	<b>-295</b>	<b>-304</b>	<b>-313</b>	<b>-322</b>	<b>-332</b>	<b>-2983</b>

<b>Overheads</b>											
LLDC Member Services	-124	-127	-131	-135	-139	-143	-148	-152	-157	-161	-1417
Estate charge payable to LLDC	-252	-303	-305	-308	-311	-314	-317	-319	-322	-325	-3076
Estate charge payable by school to E20	0	61	101	121	131	141	143	144	145	146	1133
Business rates	-1517	-1854	-1910	-1967	-2026	-2087	-2149	-2214	-2280	-2349	-20352
Insurance	s.43										
Brand and marketing	-40	0	0	0	0	0	0	0	0	0	-40
Legal advice	-392	-52	-53	-55	-56	-58	-60	-61	-63	-65	-915
Accounting advice	-50	-30	-31	-32	-33	-34	-35	-36	-37	-38	-355
External audit fees	-26	-20	-21	-21	-22	-23	-23	-24	-25	-25	-229
Transport advice	-99	-74	-76	0	0	0	0	0	0	0	-250
Technical advice	-30	0	0	0	0	0	0	0	0	0	-30
Lifecycle review	s.43										
Event tickets	-70	-72	-74	-76	-79	-81	-84	-86	-89	-91	-802
<b>Total Overheads</b>	<b>s.43</b>										

<b>E20 net position before lifecycle</b>	<b>s.43</b>
Depreciation (lifecycle investment)	
<b>E20 net position after lifecycle</b>	

<b>Outstanding major opportunities</b>	
E20 share of potential sale of West Ham	Not modelled as highly uncertain, and E20 has no control.
Groundshare with another football club	Not modelled as highly uncertain, and E20 has limited control (depends on demand, with Chelsea the only vaguely realistic prospect in 10 year period). If achieved, estimated to be worth s.43

<b>Outstanding major risks</b>	
Additional retractable seating movement costs	
No naming rights	
Capacity increase results in net cost to E20	
Asset survey results in increased LS185 fixed costs	
Business rates nationwide revaluation	
<b>E20 net position after lifecycle and risks, and assuming opportunities are not realised</b>	<b>s.43</b>

S.43

S.43

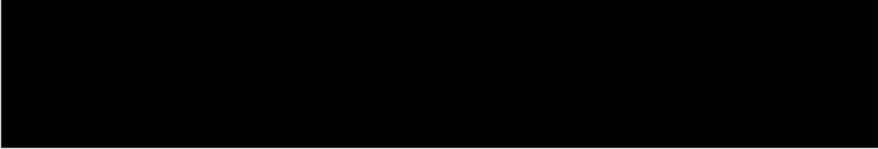
**Annex 3 - Stadium Management Options Summary**

<b>Baseline E20 position (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-2196
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-14578

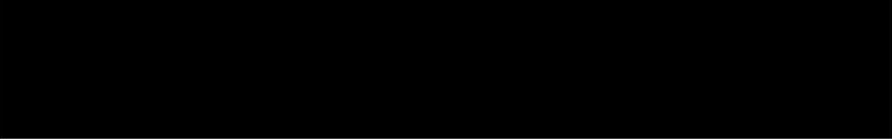
<b>Tweak contracts scenario (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-2196
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-14578

<b>LS185 improvement scenario (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-1031
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-13591

<b>Operate in house scenario (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-220
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-12780

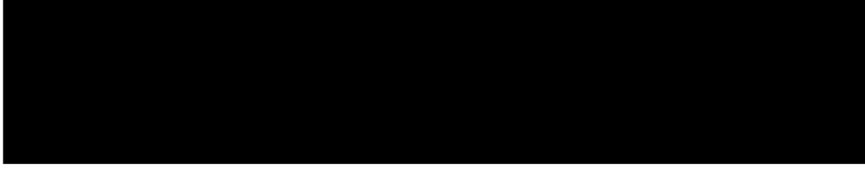


<b>Renegotiate UKA Agreement scenario (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-2196
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9301

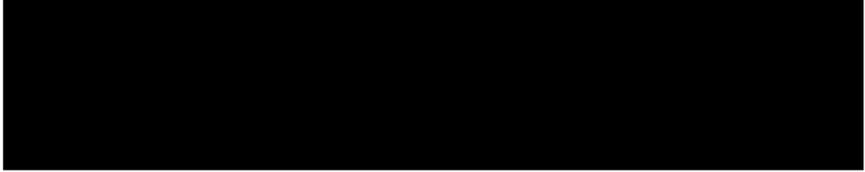


**Blended Options**

<b>LS185 improvement and renegotiate UKA Agreement (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-1038
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-8143



<b>Operate in house and renegotiate UKA Agreement (£000s)</b>	<b>Typical steady state</b>
E20 net position after lifecycle	-239
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-7344



Impact of "Tweak contracts" scenario

<b>Baseline E20 position (£000s)</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>10 year total</b>
E20 net position after lifecycle	-7483	-3012	-1962	-1766	-2012	-2043	-2363	-2342	-2629	-2449	-28062
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9077	-13621	-13102	-13240	-13831	-14216	-14901	-15256	-15931	-16150	-139325

<b>Tweak contracts</b>											
Changes are organisational, or impact capital funding, so no impact on business plan	0	0	0	0	0	0	0	0	0	0	0
Provision for legal fees to deliver change (nil - all within existing legal costs provision)	0	0	0	0	0	0	0	0	0	0	0
<b>Net impact of change</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Adjusted E20 position (£000s)</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>10 year total</b>
E20 net position after lifecycle	-7483	-3012	-1962	-1766	-2012	-2043	-2363	-2342	-2629	-2449	-28062
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9077	-13621	-13102	-13240	-13831	-14216	-14901	-15256	-15931	-16150	-139325

Impact of "LS185 improvement" scenario

Baseline E20 position (£000s)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
E20 net position after lifecycle	-7483	-3012	-1962	-1766	-2012	-2043	-2363	-2342	-2629	-2449	-28062
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9077	-13621	-13102	-13240	-13831	-14216	-14901	-15256	-15931	-16150	-139325

LS185 improvement (to be firmed up once LS185 submit requested info)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
Impose staffing changes to drive improvement. Assume cost of intervention by E20 can be gradually tapered off	0	-250	-200	-100	0	0	0	0	0	0	-550
Reduce egress costs for West Ham games by £25k per match from Jan 2017	300	644	663	683	703	725	746	769	792	815	6840
Boost secondary sponsorship income to £700k per annum from 2017-18 (in line with prior PwC estimate and LS185 revised s.40 expectations)	0	400	412	424	437	450	464	478	492	507	4064
Provision for legal fees to deliver change	-50	-50	0	0	0	0	0	0	0	0	-100
<b>Net impact of change</b>	<b>250</b>	<b>744</b>	<b>875</b>	<b>1007</b>	<b>1141</b>	<b>1175</b>	<b>1210</b>	<b>1246</b>	<b>1284</b>	<b>1322</b>	<b>10254</b>

Adjusted E20 position (£000s)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
E20 net position after lifecycle	-7233	-2268	-1087	-759	-872	-869	-1153	-1096	-1346	-1127	-17809
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-8827	-12877	-12227	-12233	-12690	-13042	-13691	-14010	-14647	-14827	-129072

Impact of "Operate in house" scenario

Baseline E20 position (£000s)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
E20 net position after lifecycle	-7483	-3012	-1962	-1766	-2012	-2043	-2363	-2342	-2629	-2449	-28062
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9077	-13621	-13102	-13240	-13831	-14216	-14901	-15256	-15931	-16150	-139325

Operate in house (assume from 1 April 2017)											
Add extra staff LS185 assess as being required, but remove duplication between E20/LS185 staff. Adopt LS185's "realistic situation" staffing budget (pg. 13 of LS185 Deep Dive submission), with the exception of £100k for Stadium Building Services Director = c.23 staff at cost of £1.64m (inc on costs), £270k more than baseline fixed costs paid to LS185. Then remove existing E20 staff budget (£270k). Therefore, cost impact is neutral, but with staff more focused on operational delivery and revenue generation.	0	0	0	0	0	0	0	0	0	0	0
Remove LS185's 5% profit margin on net commercial revenues	0	219	282	291	300	309	318	327	337	347	2731
Remove Operator Management Fee and "Non Event Day Other Costs" (which includes legal advice, HR, etc all of which are already funded for E20)	0	524	540	556	573	590	608	626	645	664	5326
Increase payment for LLDC Member Services, to reflect requirement for increased resources (e.g. HR, IT) - or bring in house (e.g. if E20 based in the stadium)	0	-100	-103	-106	-109	-113	-116	-119	-123	-127	-1016
Assume other existing LS185 fixed cost obligations, notably Facility Management, can be delivered within existing fixed costs provision. Retain Vinci Facilities to provide Facility Management, including existing 5% profit margin. E20 will have far better confidence of Facility Management cost once asset survey is completed end 2016.	0	0	0	0	0	0	0	0	0	0	0
Assume E20 delivers same commercial outcomes as under "LS185 improvement" scenario.	250	744	875	1007	1141	1175	1210	1246	1284	1322	10254
Compensation to LS185 for terminating Operator Agreement	-2800	0	0	0	0	0	0	0	0	0	-2800
Provision for legal fees to deliver change (beyond terminating Operator Agreement, which is already included in compensation line above). Would include issues such as contract novation, HR/employment, establishing key supplier contracts, and defending against any West Ham claims.	-100	-100	0	0	0	0	0	0	0	0	-200
<b>Net impact of change</b>	<b>-2650</b>	<b>1287</b>	<b>1594</b>	<b>1748</b>	<b>1904</b>	<b>1961</b>	<b>2020</b>	<b>2080</b>	<b>2143</b>	<b>2207</b>	<b>14294</b>

Adjusted E20 position (£000s)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
E20 net position after lifecycle	-10133	-1725	-367	-18	-108	-82	-343	-262	-486	-242	-13768
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-11727	-12334	-11507	-11492	-11927	-12255	-12881	-13176	-13788	-13943	-125031

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Impact of "Renegotiate UKA Access Agreement" scenario

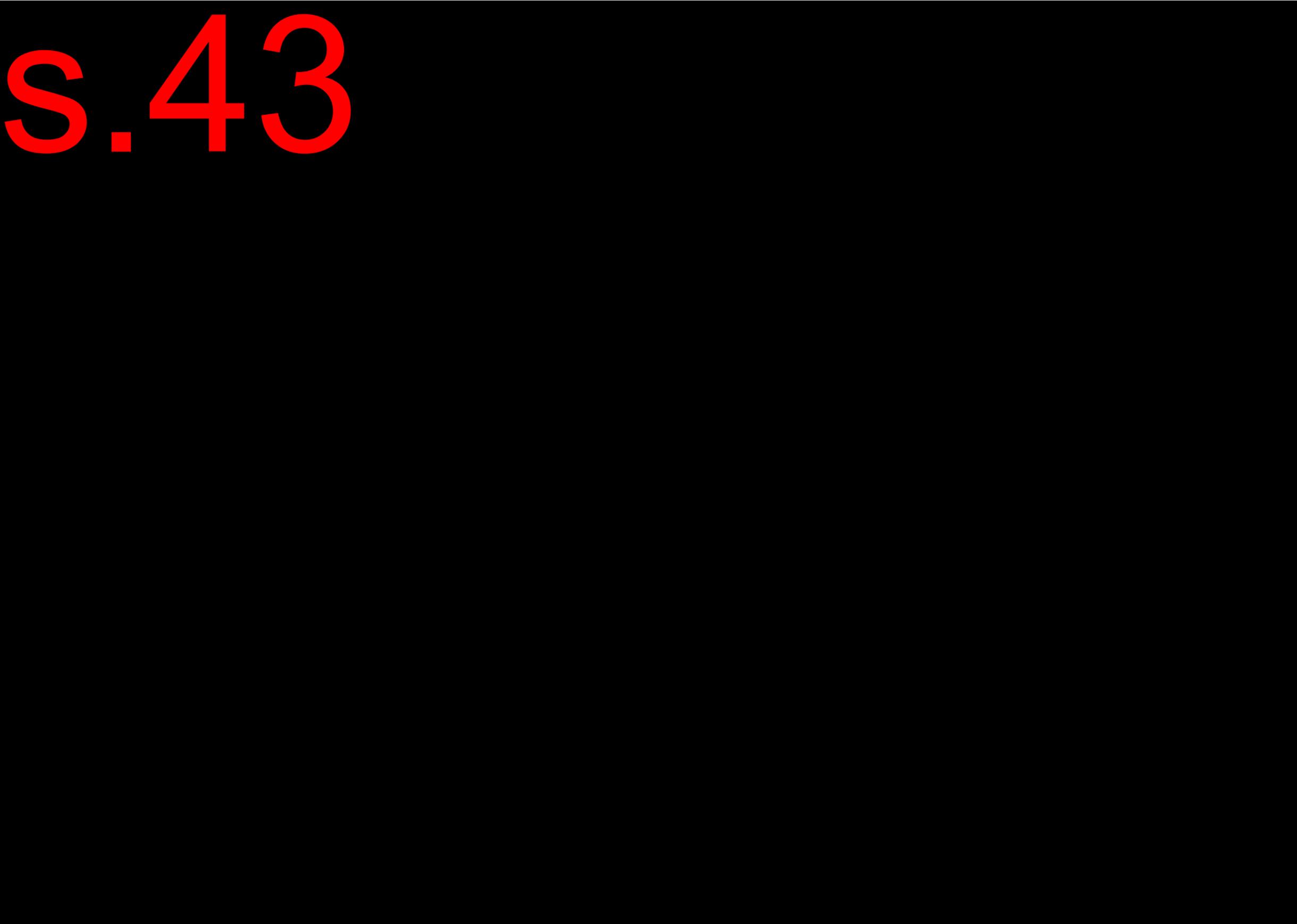
Baseline E20 position (£000s)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
E20 net position after lifecycle	-7483	-3012	-1962	-1766	-2012	-2043	-2363	-2342	-2629	-2449	-28062
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9077	-13621	-13102	-13240	-13831	-14216	-14901	-15256	-15931	-16150	-139325

Renegotiate UKA Access Agreement											
Renegotiate Access Agreement so that E20 is obliged to host athletics only one year in every four (with option to host more frequently if other events justify seat moves). Therefore, no seat move costs three years in every four. Assume no compensation is paid to UKA - political pressure brought to bear to enable change. Assume lost income on athletics events (catering) is at least matched by additional income from other events.	0	0	7426	7649	7879	0	8358	8609	8867	0	48789
Assume reduction in concert/MLB net revenues in years when seats are not moved (LS185 to provide estimate, £1m reduction assumed in the meantime)	0	0	-1000	-1030	-1061	0	-1126	-1159	-1194	0	-6570
Provision for legal fees to deliver change	-150	0	0	0	0	0	0	0	0	0	-150
<b>Net impact of change (benefits only felt against "after risks" baseline scenario)</b>	<b>-150</b>	<b>0</b>	<b>6426</b>	<b>6619</b>	<b>6818</b>	<b>0</b>	<b>7233</b>	<b>7450</b>	<b>7673</b>	<b>0</b>	<b>42069</b>

Adjusted E20 position (£000s)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 year total
E20 net position after lifecycle	-7633	-3012	-1962	-1766	-2012	-2043	-2363	-2342	-2629	-2449	-28212
E20 net position after lifecycle and risks, and assuming opportunities are not realised	-9227	-13621	-6675	-6621	-7013	-14216	-7668	-7807	-8258	-16150	-97256

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**Subject:** Item 6 Annex 4 - Potential Termination of Operator Agreement: Rationale and Cost

**Report to:** E20 Stadium LLP Board

**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. One of the strategic options being considered by E20 as part of the autumn 2016 contract review is the potential termination of the Operator Agreement with LS185. This note considers the rationale for termination, and the likely costs for E20. Please note that this document does not consider E20's strategy for any negotiation with LS185 relating to termination. The costs set out in this paper are a prudent estimate of what a final settlement could look like; almost certainly not an opening proposal to LS185.
- 1.2. It concludes that termination would require the will of both E20 and LS185 to proceed down this route, and E20 would need to make this option commercially more advantageous to LS185 than the status quo. **The one-off cost of termination to E20, compared to the baseline scenario where LS185 continue to operate the stadium, is estimated at £2.8m.** This does not include any costs associated with establishing an alternative operating model.

## 2. BASELINE

- 2.1. The baseline position, against which termination should be compared, is as follows:
  - 2.1.1. LS185 are operating the Stadium.
  - 2.1.2. LS185 are projecting net commercial revenues payable to E20 that are significantly lower than bid and business plan estimates, and lower than the fixed costs paid by E20 to LS185. In steady state, fixed costs are forecast to exceed net commercial revenues by at least £1m per annum.
  - 2.1.3. E20 and LS185 have reached in principle agreement over disputed costs. Once finalised, this will see E20 fund £2.859m towards the settlement. E20 also indirectly funds a further c£500k towards 2015 catering costs via reduced catering revenues over the next 2 years.
  - 2.1.4. The stadium will have wifi ("connected stadium"), funded by LS185.
  - 2.1.5. LS185 are reporting minimal profit from their contract with E20: £150k in 2015, and £72k projected in 2016. It is assumed that profitability for LS185 will remain low, at a maximum of £200k per annum.

## 3. RATIONALE

- 3.1. The Operator Agreement permits E20 or LS185 to terminate under certain circumstances. These are listed under clause 32 of the Operator Agreement. The circumstances that permit termination, either by E20 or by LS185, have not occurred. However, it should be noted:

## COMMERCIALLY SENSITIVE

- 3.1.1. E20 may terminate LS185 if it does not achieve its net commercial revenue targets. If LS185 fails to deliver net commercial revenues that exceed fixed costs, in any one year up to and including 2020, E20 may terminate. LS185 are currently projecting to fall short of these targets, but they have also tabled excusing events and requested that the revenue targets are reduced as a result. Under this scenario, the earliest E20 could trigger termination is 2021.
  - 3.1.2. E20 may terminate LS185 with immediate effect if there a “Type 1 KPI failure”. This constitutes a catastrophic failure “which results in the site being completely unavailable for provision of the Services by the Operator not fulfilling its obligations under the Agreement, including loss of any of the Operating Licences and any serious health and safety incident which brings the name of the Grantor into disrepute”. A combination of slightly lesser “Type 2” failures (but still very serious), accompanied by E20 warning notices, could also trigger termination.
  - 3.1.3. E20 could seek legal advice on whether disputed costs could constitute a justifiable reason for termination.
- 3.2. The Operator Agreement is silent on the prospect of a voluntary termination agreed between E20 and LS185. It is therefore anticipated that such an outcome would be a commercial negotiation, with LS185 only likely to agree if the option is commercially preferable to them than remaining as Operator. The termination costs set out in the following section are therefore based on this premise.

## 4. COST OF TERMINATION

- 4.1. There would likely be four components to the cost to E20 to terminate the Operator Agreement:
  - 4.1.1. Settlement of disputed costs with LS185.
  - 4.1.2. Compensation to LS185 for the investment it has made to date.
  - 4.1.3. Compensation to LS185 for lost profits over the remainder of the contract.
  - 4.1.4. Legal fees to enact the change.
- 4.2. These are each considered in turn.
- 4.3. Settlement of disputed costs with LS185
- 4.4. The current in-principle agreement with LS185 on disputed costs is as follows:

£000s	Funded by E20	Funded by LS185	Status
2015 Catering	0	549 (95% later recouped from E20)	Agreed
2015 Electrics	309	500	Agreed
2016 Electrics	1034	0	Agreed
ICT Costs	166	0	Agreed

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Grow Lights (estimate)	0	1000	Agreed
Other Grounds Maintenance	0	220	Agreed

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Portable Equipment	0	0	Agreed
E20 Contribution to LS185 Fixed Staff Costs	0	0	Agreed

**s.43**

<b>TOTAL</b>	<b>2859</b>	<b>3219</b>	<b>Agreed</b>
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4.5. LS185 did not approach the negotiations on disputed costs with much willingness (from its parent, VINCI) to invest in the stadium in order to reap longer term benefits. Under a termination scenario, LS185 would have even less obligation or incentive to share costs. It is therefore prudent to assume E20 would be required to fund the bulk of the settlement, unless it could prove via the courts that elements of disputed costs are LS185's responsibility. To date E20 has sought to avoid this route, as it would be lengthy and the legal costs involved were estimated at £500k. A revised agreement with LS185 on disputed costs, under a termination scenario, could look as follows:

£000s	Funded by E20	Funded by LS185	Notes
2015 Catering	549	0	E20 funding is not really very different to present position
2015 Electrics	809	0	Assume LS185 would withdraw their contribution
2016 Electrics	1034	0	As previous
ICT Costs	166	0	As previous
Grow Lights (estimate)	1000	0	Assume LS185 would refuse to fund
Other Grounds Maintenance	220	0	Assume LS185 would refuse to fund

**s.43**

**COMMERCIALLY SENSITIVE**

Portable Equipment	0	0	As previous
E20 Contribution to LS185 Fixed Staff Costs	0	0	As previous
s.43			
<b>TOTAL</b>	<b>3778</b>	<b>200</b>	

4.6. As things currently stand, E20 would fund £3.381m to settle disputed costs (£2.859m + 95% of £549k). Under the termination scenario, the above assessment shows that E20 would fund £3.778m. Therefore, in summary, **it would cost E20 an estimated additional c£400k to settle disputed costs.** In addition, LS185 would of course no longer deliver the connected stadium (“wifi”) project. If E20 still proceeded with this project, it would be an additional cost to be funded by E20. However, this paper assumes that under a termination scenario, E20 would not proceed with the connected stadium.

4.7. Compensation to LS185 for the investment it has made to date

4.8. LS185 has itself made very limited investment in the stadium. E20 has already funded LS185’s mobilisation costs, and continues to fund its fixed costs. The one area where where LS185 is/was due to make a substantial capital investment (£2m) relates to the Connected Stadium. Strictly speaking, the Operator Agreement appears to set this level of compensation at or close to £2m (Schedule 27). This seems to assume that the Operator will have proceeded with the Connected Stadium investment by this point in time.<sup>1</sup> However, this project has not yet been given the go-ahead, and LS185 have invested little or no funds at present. Therefore, whilst legally it appears LS185 may be due close to £2m in compensation, it would be highly opportunistic for them to claim this.

4.9. **s.43**



4.10. Therefore, it would seem that very little compensation would be due to LS185 for its investment to date. **A provision of £200k is therefore assumed (and even that may not be justified).**

4.11. Compensation to LS185 for lost profits over the remainder of the contract

4.12. Given that LS185 has not breached its contract with E20, it is prudent to assume they will seek to claim compensation for lost profits in the event that E20 pushes for termination.

4.13. This paper assumes under the baseline scenario that LS185 would generate a profit of £200k per annum for the remainder of the 25 year contract. Discounting this income back to a lump sum payment in 2016-17, it would equate to a **payment of c£2m.** This assumes a discount factor of 3.5% (as per Treasury Green book guidance) and that projected income beyond about 2030 is of negligible value in the present day. The stadium may also be causing VINCI considerable management headaches, perhaps

<sup>1</sup> The clauses in schedule 27 set the level of compensation at the lower of £2m, or (if termination after 30 June 2016) the figure provided at the date of termination in the table (£2m gradually reducing to zero). It does not appear to say that compensation is only payable if LS185 make the connected stadium investment, though that is surely the intention.

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disproportionate to the profits it is generating for them. This may make them more willing to write-off future profits and abandon the contract.

4.14. It should be noted that under some circumstances, the Operator Agreement limits the compensation payable on lost profits at termination to just two years' worth. Legal advice is required to assess if this limitation would apply – for the time being, it is assumed not (i.e. worse case is assumed).

### 4.15. Legal fees to enact the change

4.16. There would be significant legal fees in order to terminate the Operator Agreement, and agree a settlement with LS185. However, the process would be simpler, and the fees lower, if there was willingness on both sides to proceed towards termination, and E20 was relatively “generous” in the settlement terms. The settlement costs presented in this document are regarded as relatively generous, with a reasonable expectation that they would be accepted by LS185 (provided agreement was reached on the principle that termination was in the interests of both parties). An estimate of legal fees has not yet been sought, and is speculatively assumed in this paper at £200k.

### 4.17. Total costs

4.18. In summary, this paper concludes that the one-off cost of termination to E20, compared to the baseline scenario where LS185 continue to operate the stadium, is estimated at £2.8m. This breaks down as follows:

<b>Cost component</b>	<b>£m</b>
Settlement of disputed costs with LS185	0.4
Compensation to LS185 for the investment it has made to date	0.2
Compensation to LS185 for lost profits over the remainder of the contract	2
Legal fees to enact the change	0.2
<b>Total</b>	<b>2.8</b>

4.19. These costs are a prudent estimate of what a final settlement could look like; almost certainly not an opening proposal to LS185. It does not include any costs associated with establishing an alternative operating model.

**Report originator(s):** Martin Gaunt  
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**Subject:** East Stand seat move in 2017  
**Date:** 6 October 2016  
**Agenda Item:** 7 (additional late paper)  
**Report to:** E20 Stadium LLP Board  
**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. E20/LLDC are already committed to moving the north, south and west stands into athletics mode in summer 2017, in order to accommodate the London 2017 World ParaAthletics Championships and IAAF World Championships. E20/LLDC must now decide whether to move the East Stand as well, based on an assessment of the cost and benefits of doing so / not doing so. A decision is required imminently in order to secure concerts, and provide clarity to London 2017.
- 1.2. The decision boils down to:
  - 1.2.1. **“Are the reputational and strategic benefits of moving the East Stand worth £1.7m, plus the added risk that the seats won’t be back in football mode for West Ham’s first match?”**
- 1.3. Please note that this paper refers to “E20/LLDC” as having responsibility for the seat moves. LLDC is currently maintaining the seat move system. Whilst there is an intention for this responsibility to be passed to E20 (and then its operator), E20 has yet to accept liability. The broader issue of responsibility for seat moves is not addressed in this paper – it is concerned only with the imminent decision required in respect to the seat moves in 2017. It is anticipated that the balance of costs and benefits will be similar regardless of whether E20 or LLDC is responsible.

## 2. RECOMMENDATION

- 2.1. The Board is invited to **NOTE** the considerations set out in this paper and **ADVISE** on the relative value it places on cost, reputation, and risk.
- 2.2. The Board is invited to **NOTE** the further information E20 is seeking, and **DELEGATE AUTHORITY** to representatives of LLDC and NLI to approve E20’s recommendation. The representatives should not be the LLDC CEO and the LBN CEO, who are both conflicted by their presence on the London 2017 Board.

## 3. COST

- 3.1. The pre-tender estimate (September 2016) for the seating move contractor procurement forecast a total seating move cost of £7m per annum (all stands: once in, once out). The cost of moving just the north, south and west stands was estimated at £4m. The cost of moving the east stand, which is the most complex due to the mid-tier infill, was estimated at £3m.
- 3.2. Therefore, the **additional cost to move the east stand is estimated at £3m.**
- 3.3. Beyond the immediate financial cost, moving the East Stand also makes it more challenging – and risky – to get the seats back into football mode in time for West Ham’s

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first game of the 2017-18 season. The World Athletics Championships finishes on 13 August, and the Concession Agreement requires the stadium to be in football mode by 25 August (potentially for a match that weekend).<sup>1</sup> The 11 days available are fewer than the 15 days currently specified by LLDC as likely to be required to move the East Stand.<sup>2</sup>

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- 3.4. There may be a compromise solution that would see the East Stand transitioned back to football mode by 25 August, but without the mid-tier infill for that first game. The time taken to enact this move would be broadly in line with the other stands – so far more achievable. However, it would still result in c4000 displaced West Ham fans for their opening match, so would still be likely to result in reputational and financial damage.
4. **BENEFIT – LONDON 2017**
  - 4.1. E20 have written to the Chair of London 2017, to consult them on the prospect of not moving the East Stand in 2017. Their response, together with E20's initial commentary, is set out below.

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<b>Issue</b>	<b>London 2017 Position</b>	<b>E20 Commentary</b>
<b>Sport competition</b>	<ul style="list-style-type: none"> <li>○ The configuration would necessitate stop/starts to competition to accommodate Victory Ceremonies which would cause difficult delay and could affect athletes' experience and performance.</li> <li>○ The jumps would have to be moved to the other side of the track, resulting in Field of Play logistical problems, and disappointing people who have booked tickets specifically to be close to the jumps.</li> </ul>	<ul style="list-style-type: none"> <li>○ Cost of East Stand seat move is £3m.</li> <li>○ Accept more difficult timetable.</li> <li>○ Could adjust the timetable to address or come up with an alternative location for Medal Ceremonies (e.g. mid-tier).</li> </ul>
<b>Ticketing</b>	<ul style="list-style-type: none"> <li>○ We have sold 500,000 tickets, based on the athletics seating bowl configuration, and a huge change like this would create enormous problems for customer service, re-seating, re-funding etc.</li> </ul>	<ul style="list-style-type: none"> <li>○ Cost of £3m.</li> <li>○ Accept London 2017 would need to adjust some tickets.</li> <li>○ However, E20 informed L2017 before the ticket sale – London 2017 decided to go ahead anyway.</li> <li>○ Tickets sold in category areas, not seats, so have time to adjust.</li> </ul>
<b>Broadcast</b>	<ul style="list-style-type: none"> <li>○ Camera positions would be adversely affected significantly.</li> <li>○ London 2017 could not meet its agreed contractual obligations to the Host Broadcaster.</li> <li>○ Potentially poorer broadcast experience/greater seat kills.</li> </ul>	<ul style="list-style-type: none"> <li>○ Cost of £3m.</li> <li>○ Impact on cameras to be assessed.</li> <li>○ Need evidence of why cannot meet host broadcaster requirements, as not seen evidence of what cannot be delivered with East Stand forward.</li> <li>○ Agree more seat kills than at Diamond League, but we retain our commitment to over 50,000 seats, and create better seat locations on East Stand mid-tier.</li> </ul>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>○ Enormous damage to London 2017 in the eyes of key groups including broadcasters, officials, athletes, spectators and television viewers.</li> <li>○ Unusable empty seats in clear camera view.</li> </ul>	<ul style="list-style-type: none"> <li>○ Cost of £3m.</li> <li>○ Do not agree there is a damage to reputation.</li> <li>○ Agree some unusable seats will be in view of cameras.</li> </ul>

4.2. London 2017 have raised concerns in four main areas. The issues raised should not be underestimated, but they do appear to be surmountable. **They certainly do not appear to be issues that would cost anywhere near £3m to solve** (which is the alternative cost of moving the East Stand).

4.3. The reputational concern is perhaps the most significant. E20 has invested considerable sums in the Stadium Transformation, with one of the principal aims being to provide a flexible seating system able to provide a world class venue for athletics, football and other events. To then not move the East Stand seating into the right position, for an event of the magnitude of the World Athletics Championships, could cause significant reputational damage for all concerned. The Championships are a far bigger event than the Diamond League. The fact that E20 managed to host the 2016 Diamond League with the East Stand forward, with relatively little fuss or fallout as a result, does not necessarily mean this would also be the case in 2017.

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- 4.4. E20's legal obligation to UKA is to provide 50,000 seats (which it would do under any configuration). **E20 does not appear to be legally obliged to provide the East Stand back (although legal advice to confirm this is being sought).** Therefore, the cost of overcoming the issues identified by London 2017 should theoretically largely be borne by London 2017, although E20/LLDC may feel it has at least a moral obligation to help.

## 5. BENEFIT – CONCERTS

- 5.1. LS185 have 6 nights of concerts provisionally booked in June 2017, with the potential for a further 4 nights (subject to ticket sales). The net revenue forecasts from LS185 indicate that the concerts will generate between **s.43**  
[REDACTED]
- 5.2. LS185 have been very resistant to any suggestion of not moving the East Stand in 2017. They believe that the vast field of play on offer in full athletics mode is the stadium's USP for concert promoters. They have suggested that promoters may no longer hold concerts in the stadium in 2017 if full athletics mode is not provided, though this has yet to be tested. LS185 understandably do not want to indicate any uncertainty to the promoters by raising this prospect with them unnecessarily.
- 5.3. In steady state (not 2017), LS185 estimate that a failure to move the East Stand would reduce concert net revenue by half. They estimate that in full athletics mode, net revenue averaging **s.43** would be generated, compared to **s.43** with the East Stand forward and the other stands back. 2017 is a different story, as LS185 have already approached the market with a very clear commitment to full athletics mode. To row back from that will undermine confidence amongst promoters. If the provisional bookings fell away as a result, it will be late in the day for LS185 to take a new offer to the market.
- 5.4. It is therefore a judgement call what level of additional concert revenue will be generated in 2017 by moving the East stand. It seems likely based on LS185's advice that more than **s.43** net revenue would be lost. **This paper concludes that net concert revenue to E20 would be **s.43** lower in 2017 if the East Stand was not moved – i.e. **s.43**** E20 has now asked LS185 for its view on this figure. Their advice will need to be viewed critically – LS185 are emotionally wedded to full athletics mode, not least because they have invested considerable effort in taking that offer to market, and they do not feel the pain of the seat move costs in the same way that E20/LLDC do.
- 5.5. There may also be a strategic longer-term benefit for providing full athletics mode in 2017. It will enable the concert to host a number of major acts in the ideal stadium configuration. This could establish the stadium as an outstanding concert venue, increasing demand in future years. The fact that the stadium may not be provided in that full athletics mode ever again, may moderate that reputation slightly, but in all likelihood that reputation, once established, would endure.

## 6. DECISION POINT

- 6.1. This paper demonstrates that the net impact of moving the East Stand into athletics mode, would cost E20/LLDC **s.43**. It would also add a major risk to the seating transition ahead of West Ham's first match.

<sup>4</sup> The lower end of the range **s.43** assumes 6 nights of concerts with 70% of tickets sold. The upper end of the range **s.43** assumes 10 nights of concerts with 100% of tickets sold.

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- 6.2. It therefore comes down to:
- 6.2.1. **“Are the reputational and strategic benefits of moving the East Stand worth £1.7m, plus the added risk that the seats won’t be back in football mode for West Ham’s first match?”**
- 6.3. If E20/LLDC did accept it is worth it, it could seek to extract maximum value out of conceding this to UKA / London 2017. E20 could link a proposal to provide the stadium in full athletics mode in 2017, to the following:
- 6.3.1. Seek agreement that E20 is not obliged to move the East Stand ever again after 2017 (with the exception of another World Athletics Championships or Olympics).
  - 6.3.2. Use this as a catalyst to renegotiate the UKA Access Agreement, for instance with the aim that the Stadium is obliged to host athletics only once every four years.
  - 6.3.3. Gain concessions from London 2017 on other more minor matters, such as clean stadium requirements (in relation to stadium wrap), and construction of the school.
- 6.4. If E20 were able to secure one or both of the first of these requests, it would very significantly reduce E20/LLDC’s costs from 2018 onwards. Therefore, it could be seen as a justification for an “investment” in full athletics mode in 2017.

## 7. NEXT STEPS

- 7.1. To inform a final decision, E20 are in the process of obtaining the following additional information:
- 7.1.1. Legal advice to be sure of E20’s obligations to London 2017;
  - 7.1.2. LS185’s realistic assessment of concert net revenues in 2017 with the East stand forward;
  - 7.1.3. Review and cost assessment of the practical measures London 2017 or E20/LLDC would need to make to address the issues raised by London 2017 in having the East stand forward.
- 7.2. With this extra information, E20/LLDC can then make an informed decision. But the decision will still be a judgement call between cost, reputation and risk appetite.

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**Subject:** Review of LS185 Performance  
**Item:** 8  
**Meeting date:** 6 October 2016  
**Report to:** E20 Stadium LLP Board  
**Report of:** Martin Gaunt, Alan Skewis and s.40, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This report provides an assessment of LS185's performance as stadium operator, for consideration as part of E20's strategic review.
- 1.2. Annex 1 provides a "score card" of LS185's performance across a number of areas (from E20's perspective, and the inferred assessments of other stakeholders). The main paper evaluates performance in more detail, across three key areas: Financial/commercial, operations, and community.
- 1.3. This paper is an updated version of the information provided to Nicky Dunn and Katharine Deas ahead of a deep dive session with LS185 on 22 September. LS185 made a detailed (60+ pages) submission to inform that session, and key financial points are drawn out in this paper. LS185's original submission is available to Board members on request. LS185 have since submitted (30 September) some additional information requested by E20 from that session. Whilst there has not been chance for this and other Board papers to be fully updated to reflect this latest information, it is included in full in Annex 2. It contains some encouraging developments in relation to concerts, commercial opportunities, and operational efficiencies.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the report, using it to inform the Q&A session with Linda Lennon (LS185 CEO) and Alexandra Boutelier (LS185 Board Member).

## 3. OVERALL CONTEXT

- 3.1. LS185 have been in post as Stadium Operator for 20 months', and largely took handover of the Stadium in July 2016. E20's strategic review comes at a challenging time for LS185 and the Stadium:
  - 3.1.1. There were significant crowd disturbances at the West Ham vs Watford match, with urgent modifications made to match day operations as a result. West Ham formally raised major concerns with E20 over LS185's ability to safely operate the stadium, but all parties have acknowledged a big improvement in the operations for the two matches (Accrington Stanley and Southampton) since.
  - 3.1.2. LS185 have still not been able to take full handover of some stadium systems from Balfour Beatty, and they remain frustrated by the condition of some assets.
  - 3.1.3. There remains no naming rights agreement in place.

- 3.1.4. Disputed costs with LS185 was agreed in principle, but linked to the Mahindra naming rights deal. Now that Mahindra has fallen away, E20 and LS185 no longer have agreement on disputed costs.
  - 3.1.5. The uncertainty over Mahindra has meant that that the Connected Stadium (wifi) plans have been on hold.
  - 3.1.6. [REDACTED]
  - 3.1.7. The costs associated with retractable seating moves are likely to be at a level that makes it difficult to justify implementing the “full athletics seating mode” (except perhaps in 2017). This may have implications for the concert programme LS185 can secure.
  - 3.1.8. This combination of factors has contributed to LS185 projecting to fall far below its bid (and March 2016 business plan) figures for net commercial revenues. In turn (and exacerbated by naming rights and retractable seating – both of which are E20 responsibilities), E20 is projecting to return considerable losses over the long-term, unless major improvements are made.
- 3.2. That said, LS185 have not maximised use of the asset, or demonstrated they will do in future.
  - 3.3. London Stadium remains a fantastic asset, with enormous opportunities. It is now established as a Premier League, IAAF, international rugby, and major concert venue; it is delivering considerable community benefits; the largest digital screen in Europe will be unveiled shortly; and next summer the stadium will host the World Athletics Championships and a series of world class concerts.
  - 3.4. Undoubtedly, E20 has been far from faultless since LS185 were appointed, and should recognise the part it has played, and is playing, in the challenges that face the stadium. For instance, delays and complications relating to stadium handover, major issues relating to the retractable seating, and the imposition of ever more resource intensive egress requirements, must all be viewed as mitigating factors when assessing LS185’s performance.

#### **4. FINANCIAL AND COMMERCIAL**

- 4.1. LS185’s financial performance – both to date and the projections into the future – is perhaps E20’s greatest Operator concern. LS185’s recent contract review submission forecasts net commercial revenues payable to E20 which are considerably lower than those previously forecast, as summarised below:

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\*Note that the additional information supplied by LS185 on 30 September – and included at annex 2 – indicates a route towards an improvement on these projections.

- 4.2. E20 makes a fixed cost payment to LS185 to cover all costs not directly related to events, such as staffing, facilities management and utilities. This is in the region of £6m per annum, index linked. LS185's net commercial revenues are no longer forecast to exceed the fixed cost payment – therefore, their projections indicate E20 will continue to make a net payment to LS185 each year. Under such circumstances, it will be extremely tough (perhaps impossible, short of a blockbuster naming rights deal) for E20 to return an annual surplus to its members. If LS185's financial projections are realised, and there have been no excusing events, E20 could trigger termination of LS185, but not until 2021 (see Board paper covering Operator termination, for more details).
- 4.3. It should also be noted that LS185 report they are incurring costs that exceed the fixed cost payment to them by E20 by some £300k-£400k per annum, and expect to continue to do so if they are to adequately deliver their responsibilities. As a result, LS185's profit from the stadium contract is reportedly minimal. This calls into question LS185's commitment to continue bearing these costs, and delivering the contract. It also has implications for an alternative operating model, where E20 runs the stadium in house. Under this scenario, E20 would bear the risk of higher costs, unless it can achieve greater efficiencies than LS185.
- 4.4. Finally, it should be noted the fixed costs payment is not in fact entirely "fixed". LS185 are just commencing an asset survey, due to conclude at the end of 2016. If this indicates – as it is expected to – that some stadium assets are different to the specification or condition specified in the Operator Agreement, the fixed costs may be adjusted (most likely upwards). E20 has speculatively valued this risk at £300k per annum. If realised, this would further widen the gap between the fixed costs payment, and the net commercial revenue income.
- 4.5. The main reasons driving the reduction in net commercial revenues are as follows:
  - 4.5.1. Operational costs for West Ham matchdays – The operational costs incurred by LS185 for the first West Ham Premier League match (vs Bournemouth) were £182k. Some minor efficiencies are identified by LS185 may bring this cost down to £160k in steady state (though this estimate was made before the recent Watford crowd disturbances, that may cause other cost pressures). In any case, the operational costs far exceed the fee paid by West Ham (£2.5m

annual usage fee, divided by estimated 24 matches = £104k). Escalating egress costs are a major factor in this cost differential.

4.5.2.



4.5.3. Challenge in securing MLB in addition to concerts – LS185's March 2016 business plan set out a preferred scenario, where the stadium hosts MLB as well as concerts each summer. This has not proved possible for 2017, in part due to challenges around the retractable seating moves. s.43



4.5.4. Under-developed commercial strategy – LS185 has yet to prove itself as a commercially astute organisation capable of identifying and exploiting income generating opportunities. They have not delivered any additional income streams to date, beyond their core opportunities. Early indicators on conferencing and banqueting are also disappointing, nor have LS185 proven as successful in letting the South Park as LLDC have previously. LS185 have also turned down opportunities offered to them by E20, such as an Olympic Champions Place (profitability unknown as not pursued), track sale (proven by E20 to be profitable), and Aquatics Upper Welcome Zone Bar (assessed by both E20 and LS185 as unlikely to be profitable in short-term). They are only just beginning to grasp the opportunity presented by the digital screen, which is unveiled next month. LS185 also incurred a considerable (and avoidable) loss on AC/DC hospitality, eroding confidence that they can maximise event-related revenues. LS185's contract review submission reflected the fact that their commercial plans are in their infancy. E20's confidence in LS185 has nevertheless improved following the recent appointment of s.40 [redacted] filling a gaping and longstanding void. He appears to be a strong addition to the team, but it is too early to see any impact on the bottom line, and overall commercial capacity remains a major concern.

4.6. There are nevertheless two encouraging developments:

4.6.1. General Admission Catering revenues – The average spend per head at West Ham matches, and the athletics, is exceeding LS185's business plan forecasts. This may be partially the result of "new stadium euphoria" and good weather, though is nevertheless encouraging. Unfortunately, this is offset by

lower than anticipated hospitality catering revenues (an issue recently identified by LS185 that E20 are now reviewing).

- 4.6.2. 2017 Concert programme – LS185 report apparently strong interest amongst concert promoters, and are forecasting between 6 and 10 nights in 2017. LS185 have been insistent that they require the stadium in “full athletics mode” (all stands back) to secure these acts. E20 have challenged LS185 to assess the revenue uplift achieved from this seating mode, as opposed to other (less costly) configurations. LS185 continue to insist the impact is binary: the vast field of play is the Stadium’s USP – without it, the acts will fall away and the stadium will be left with little or no concert programme. E20 has yet to commit to “full athletics mode” in 2017, a guarantee that LS185 are now seeking – see annex 3.

## **5. OPERATIONS**

- 5.1. Prior to football matches, E20 has been content that LS185 run the stadium in a safe and secure manner. However, as has been well documented, there have been a number of operational issues and crowd disturbances at the early West Ham games, in particular the match with Watford on 10 September.
- 5.2. The cause of these issues certainly do not rest solely with LS185, and indeed all parties (E20, LS185, West Ham, LLDC, LBN and others) must pull together to deliver improvements. The recent incidents did result in West Ham declaring their lack of confidence in LS185, and West Ham have threatened legal action against E20 as a result. E20 has responded robustly, and has largely defended LS185.
- 5.3. Nevertheless, these incidents mean that the jury remains out in respect to LS185’s performance on stadium operations. It should be noted that significant operational improvements were successfully delivered by LS185 and others for the Accrington Stanley and Southampton matches, a point acknowledged and appreciated by West Ham.
- 5.4. LS185’s reporting to E20 remains patchy, imprecise, and often much delayed. Formal event reports on West Ham matches have not been provided as agreed. LS185 still seem like they are in “fire-fighting” mode, and lacking capacity – as it has been for much of the past 20 months’. As such, E20 continue to need to make compromises on what it requires from LS185 and when, in order to ensure the most important priorities are met. In the absence of event reports from LS185, E20 has summarised its own feedback on 2016 events in the table below.

	ACDC	Newham running events	Diamond League	Football
<b>Public Perception of Event</b>	Success	Success	Success	Poor, but improving
<b>Spectator Experience</b>	Very Good	Very Good	Very Good	Range from Excellent to Poor. Consistency improving
<b>Enhanced Reputation as a World Class Venue</b>	Successful in building reputation	Successful in building reputation	Successful, but catering and egress issues could start to damage reputation	No, widely critical media reports have damaged operational reputation
<b>Stadium Readiness</b>	Good performance by operator given stadium not handed over	Good performance by operator given stadium just handed over	Good performance by operator.	Good performance by operator
<b>Security</b>	Good at stadium	Good at stadium	Good at stadium	Poor but improving. Higher security requirement has challenged staff. One incident of home fans being let into away concourse due to ticketing errors is the worst breach
<b>Safety</b>	Good, except Stratford station issues	Good	Good	Poor. Robustness of away supporter segregation line compromised during Watford match. Subsequently rectified
<b>Promoter View</b>	Success	Venue great, but not happy with LS185 costs charged	Happy, with some detailed issues to be addressed	WH not happy up to Accrington game but positive feedback from Accrington and Southampton matches
<b>Catering Sales</b>	On target to LS185 business plan	Limited	Encouraging, but impacted by lower than expected attendance	Broadly as expected (GA better than expected, hospitality worse)
<b>Egress (Stadium and Park)</b>	Major issues at Town Centre Link bridge	No major issues, given lower numbers and egress dispersed over longer period	No major issues. Overuse of Bridge 1 compared to Bridge 5.	Incidents amongst fans following Bournemouth and Watford matches but otherwise egress good. Note that on pitch results have smoothed the egress peak, as has opening of North Stand bar post match opening.
<b>Financial Success for E20</b>	Below target	N/A	Just shy of business plan projection	Significantly higher LS185 operating costs than previously forecast, due to safety, security and egress requirements. Significant loss for E20 on each match (operating costs compared to Concession Agreement usage fee).

<b>Catering Experience</b>	Slow service	Limited feedback, less queues as numbers lower.	Speed of service issues, inconsistency of message, ran out of some food and drink	Moderate and improving, Queues too long initially and some issues repeating. Use of Fencebox has assisted this issue
<b>Hospitality Sales</b>	Poor, lost £200k	Very limited	Used under 50% of spaces, but income just above expectations in business plan	Hospitality catering income is below LS185's business plan forecasts
<b>Stewards</b>	Poor in areas outside field of play	Poor attendance by stewards but massively overbooked	Better performance, but still some with lack of information and briefing	Variable, with initial Poor steward performance being improved through higher number, improved teams and familiarisation .
<b>Egress (station)</b>	Poor at Westfield transport hub due to steward performance	No issues with compliant, smaller and dispersed crowd egress	Improved, but still not fully working at pinch point at Stratford station	No significant issues of station overcrowding Weather, so far, has been kind to waiting crowd

- 5.5. The assessment points to some poor LS185 initial performance in dealing with football crowds. This performance has improved. LS185 have addressed problems as they have arisen, but not anticipated them well enough.
- 5.6. The table also identifies some recurring negative themes that still need to be improved. Outsourced stewarding is subject to significant staff turnover and this churn has not helped towards consistent performance. The specific pressures football events place upon stewarding requires LS185 to climb a steep learning curve.
- 5.7. The summary above is to some extent subjective. E20 plan to introduce a more quantitative, measurable reporting system with LS185, to enable trends to be more effectively assessed.

## 6. COMMUNITY

- 6.1. The Operator Agreement requires LS185 to deliver community benefits, in addition to providing a financial return to E20. In particular, LS185 have a duty to fulfil employment & skills obligations (notably around employment of local people), and to develop and deliver a community engagement plan.
- 6.2. LS185's Job and Apprenticeship Plan is attached at Annex 4. LS185 are currently falling a long way below their contractual targets in relation to local employment, although it is early days and there are some mitigating factors. LLDC and LBN have recently formally written to LS185 requesting an action plan setting out how this gap will be closed. Of particular concern is the lack of a named representative (other than the CEO) in LS185 with responsibility for driving improvements.
- 6.3. LS185's Community Engagement Plan is attached at Annex 5. It is vague, a pretty dull read, and does not give confidence that LS185 are, as yet, seizing opportunities to engage successfully with the local community. However, the subsequent appointment of **s.40**, but also with responsibility for community programmes) has seen a much-needed injection of enthusiasm and ideas. E20 have set up a working group with LS185, LBN and LLDC (and, in time, to

include West Ham and UK Athletics) to drive progress. However, with LS185 also behind the curve on its commercial plans, their capacity to also deliver community programmes – which inevitably will take secondary priority – remains a concern.

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**Annexes:**

- Annex 1 – LS185 scorecard**
- Annex 2 – Additional information submitted by LS185 (30 September)**
- Annex 3 – Letter from LS185 in relation to seating position for 2017 concerts**
- Annex 4 – LS185 Job and Apprenticeship Plan**
- Annex 5 – LS185 Community Engagement Plan**

Annex 1

# LS185 Score Card

	E20	WHU	Partners (Guestimate of Police / SAG, Promoters Perceptions etc)
Financial Performance	3	N/A	N/A
Commercial Delivery	3	4	5
Financial Resilience	3	N/A	5
Technical Delivery	8	6	7
Operational Confidence	6	3	5
Relationship Management	6	3	5
Community and Employment Benefits	4	N/A	4
Accountability and Taking on Responsibility	5	4	6
Dedication and Commitment	9	6	8

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COMMERCIALLY SENSITIVE

## 1) ADDITIONAL INFORMATION

- LS185 to provide an estimate of the operational cost for West Ham matches in steady state, and a recovery plan to get there (i.e. what you think you can get the c.£180k/match down to, and how). You should be clear what assumptions this makes and provide a breakdown as previously. Please could you provide this by 29 Sept (a week today) so this figure can be incorporated into our E20 Board papers (which will be issued on 30 Sept).

### Objective - Operational Steady State Costs

The current operational costs are as set out in the Deep Dive documentation on page 12, slightly amended. The bottom line is similar (£ -3k) but:

- The safety/stewarding costs have been amended to reflect the latest costs.

• 

- We have considered that the “Stewarding Mitigation Plan” related to persistent standing and the “Additional stewarding for WH Revenue Protection and Customer services” will be covered by West Ham on top of the annual usage fee.

The following information sets out the cost reductions that we believe can be delivered in "steady state" operations based on current knowledge and experience that has been gained over the first 7 matches played at London Stadium.



<b>REVENUES*</b>
Fixed Fee
Catering Revenues
Costs recharged to WH
<b><u>Total Revenues</u></b>
<b>COSTS</b>
<b><u>Safety-Security</u></b>
Safety command management (safety officers,...)
Stadium stewarding
Egress stewarding
Park Barriers/signage (egress)
Traffic management (egress)
Westfield (egress)
Medical Services
H&S support
WH crowd Mitigation Plan
Stewarding information printing
Police costs (average)
<b><u>Soft &amp; Hard services</u></b>
Cleaning
Waste Management
Hard services costs (engineering)
Specialist standby engineers (jumbo screens, lift,...)
Helpdesk and condition survey
Others (Consumables,...)
<b><u>System Operations</u></b>
Turnstiles (Fortress)
Event radios
Additional IT support
IPTV management
Pitch-side LED
<b><u>Additional costs</u></b>
Food including control room
Pitch casual staff
Additional event staff
Licensing: PRS, PPL
Cushion: FF&E hire,...
<b><u>Total costs without segregation barriers move</u></b>
<b><u>Segregation barriers move</u></b>
<b><u>Total with segregation barriers move</u></b>
<b><u>TOTAL NET RESULT without segregation barriers move</u></b>
<b><u>TOTAL NET RESULT with segregation barriers move</u></b>

S.43

Safety-Security

S.43

s.43

**Soft and hard services, system operations and other costs**

The total other costs are in line with our bid.

Nevertheless, on steady-state, we have deleted the IPTV content management which will be dealt internally (for instance, by the person in charge of the content management for the screen on the wrap). And for the other costs, we have considered 10% of decrease on steady-state as an average. All the costs can be provided on a transparent basis (as detailed in the Appendix A) and will be challenged with our subcontractors.

- **LS185 and E20 to pick up issue relating to hospitality on WH matchdays – whether catering should have been separated out from hospitality packages. As a first step I’m keen to get to bottom of what contractual position is, who advised what, and who (if anyone) gave permission to WH. Once that is established we can decide how to resolve. Please send me any background you have.**

See last exchanges between Martin Gaunt and Linda Lennon. Martin is currently requesting internal information internally to understand if E20 had been aware about the hospitalities sales process of West Ham which started before the Operator Agreement was signed and was not compliant with the WH Agreement (catering package not included in the hospitalities sales process). Furthermore, please note that the hospitalities catering package requested by WHUFC had been provided by WHUFC to the candidates during the tender stage (through E20) and also, WHUFC could have anticipated the associated catering package costs in their pricing of the VIP tickets.

- **LS185 to provide an analysis of steady state concert revenues in scenarios without any seat moves, and without East Stand move.**
  - **June 2017**

Since MLB has been postponed to 2018, we have progressed the alternative option as presented in the previous Business Plan (i.e. with a series of concerts throughout June 2017 with a view to achieve the financial target of **s.43**).

We have now 4 weekends booked with terms and conditions agreed with promoters and for the following acts:

- British band – 2<sup>nd</sup> June 2017 (confidential, announcement will be made on 11<sup>th</sup> October and ticket sales shall start on the 14<sup>th</sup> October).
- [act confidential] - 7<sup>th</sup> & 8<sup>th</sup> June 2017 + potentially 2 other dates (subject to ticket sales);

- American Band– 16<sup>th</sup> & 17<sup>th</sup> June 2017 (confidential, announcement will be made by the end of October and ticket sales start is expected early November);
- British single artist– 23<sup>rd</sup> June + potentially 24<sup>th</sup> & 25<sup>th</sup> June (subject to ticket sales);

Contracts have been sent for all the shows above and revenue perspectives are on line with the figures announced previously.

Note that we will have the option to host one additional major act (confidential) for which the decision is not expected before December 2016.

Obviously, we can't currently mention to the event promoters the potential scenario of not having the full athletics mode considering that all our discussions over the last months have been based on the full athletics mode and we will enter into contract with some of the event promoters by mid-October.

o **Moving forward**

The available surface of 21,000 sq./meters on the Field of Play as well as the venue **s.43** on full Athletics Mode are key selling point for concerts promoters. The seats not being delivered in 'full athletics' mode within the contractual time line of 7 days would have a major impact on our projected revenues on a long term basis. This includes:

- logistical impact for the promoters operations;
- detriment to the venue **s.43** which is a key factor for the artists;
- Operational impact for LS185 to manage crowd flows;
- Impact on the Stadium 'free flow' capacity which concert promoters value as a unique asset on the London market (which none of our competitors are able to compete with). E20 has instructed Momentum to deliver some calculation in order to assess the impact, our estimate is that this would decrease the free flow capacity by at least 30%)

Taking the above in account, we have worked different scenarios to assess the potential impact of the seats not being delivered on full Athletics Mode every year after the end of the football season. The impact of the time line to deliver the move (if above 7 days) shall be assessed separately depending on the options which haven't been communicated to us at present.

Seat move scenario	Concert net revenues Steady State
1. Seats fully retracted on Athletics Mode at the end of the Football season	<b>s.43</b>
2. North, South & West lower tier retracted on Athletics Mode, East lower tier staying on Pitch Mode at the end of the football season.	
3. Full lower tier staying on Pitch Mode at the end of the Football season	

Note: the figures above are based on the assumption that the seats will move in less than 7 days whatever the options are. For scenario 2 & 3 we would seek to compensate part of the

loss of revenues through developing other contents but the options are limited and realistically options 2 & 3 would have a substantial impact on our global revenue perspectives (see revised P&L below). The contractual position of LS185 in these scenarios is clear and will have to be discussed accordingly.

- **LS185 to provide “steady state” net commercial revenues P&L, adjusted in light of today’s discussion. You should provide two scenarios – realistic case (what you are aiming to deliver) and worse case (for instance with fewer concerts). Again, we would need this by 29 Sept.**

Both scenarios below include a retractable seating under full athletics mode in 7 days (including the East Stand). We draw to your attention that a change of these assumptions will have an impact not only on the event revenues but on the 2<sup>nd</sup> tier partnership/other commercial as well since a part of these revenues are based on the multi-functionality of the stadium for the potential partners.

- **Events**

	Net Revenues	
Events	Best case	Worst case
1. American Sports (MLB)	<b>S.43</b>	
2. South Park Events		
3. Concerts		
4. Rugby		
6. Other Sports		
<b>TOTAL</b>		

- **2nd tier partnership and other commercials**



S.43

**Budget Proposals**

Commercial Partnerships

- Expenditure:

S.43

- Income forecast:

S.43

S.43

- o Net Commercial Partnership:

S.43

Filming and special events

Consistent enquiries and revenues to date are indicative of the potential to secure incremental commercial income. There is also an opportunity to provide photography up-sell services at all events and to sell owned editorial photography through the Getty Images platform.

- o Expenditure

S.43

- Income forecast

S.43

Ticketing + Hospitality

S.43

Marketing & Communications

S.43

West Ham United

\$ .43

Total Commercial Revenues

Commercial Budget Summary	Additional Annual Fixed Costs	Income	Net profit:
Commercial Partnerships	\$ .43		
Partnership servicing (15% of income)			
Filming & Brand Events			
Marketing & Comms			

Net Commercial Revenues

Please note these revenues are based on the following assumptions: a compliant retractable seating system and favorable rulings in the ongoing quest for clarification of rights.

	E20 Financial Year
Period Start date	Steady-state
Period End date	
<b>Analytical LS185 P&amp;L</b>	
Concerts South Park Rugby Other sports International Sports events Marketing rights, filming,... Athletics catering, C&B, stadium tours, South Park kiosks Other revenues Primary Users - WHUFC including catering Primary Users - UKA Primary Users - Major Sporting Events Other revenues/costs	S.43
<b>Gross margin before Net Commercial Revenue</b>	
Recouped Out-of-Scope Catering works (2)	
<b>Grantor Net Commercial Revenue</b>	
Annual Grantor Contribution	
<b>Net Grantor Contribution</b>	

For the WH events revenues/costs, we have included an average loss of £ **S.43** and 23 games/season (see page 2 of these additional information) and a positive resolution of the issue related to catering package sales process (positive impact of +150k, see page 33 of the contract review document).

**Appendix A (to be discussed)**

S.43

## LETTER OF AGREEMENT

29 September 2016

**From:** London Olympic Stadium 185 (“LS185”)

**To:** (1) **E20 Stadium LLP (“E20”)**

Level 10  
1 Stratford Place  
Montfichet Road  
London  
E20 1EJ

(2) **London Legacy Development Corporation (“LLDC”)**

Level 10  
1 Stratford Place  
Montfichet Road  
London  
E20 1EJ

*E20 and the LLDC together being referred to as the “Grantor”*

**Copy:** **Newham Legacy Investment Limited (“Newham”)**

Newham Dockside  
1000 Dockside Road  
London E16 2QU

*LS185, E20 and the LLDC shall be referred to individually as a “Party” and together as the “Parties”.*

**Re: Letter of Agreement relating to the Retractable Seating at the Stadium at the Queen Elizabeth Olympic Park (“Letter”)**

Dear Sirs,

1. We write to you following previous communications between LS185 and E20 regarding the programme of concerts to be held at the Stadium in 2017. In particular, LS185 has finalised some of its commercial discussions with event management companies (the “**Event Companies**”) to hold concerts at the Stadium in June 2017, with the first one on 3 June 2017 (the “**Event**”). Following these discussions, LS185 has sent agreements to the Event Companies for the hire of the Stadium (the “**Hire Agreements**”).

2. LS185 has regularly informed the Grantor regarding the progress of the discussions with the Event Companies.
3. We refer to the contract dated 30 January 2015, entered into by and between the Parties relating to the operation, management and maintenance of the Stadium and certain areas in the South Park at the Queen Elizabeth Olympic Park ("**Operator Agreement**"). Unless otherwise provided, all capitalised terms that we use in this letter will have the same definitions as given to them in Appendix 1 of the Operator Agreement.
4. The Parties have agreed to sign the present Letter to confirm and guarantee that, by 27 May 2017, E20 shall make the Retractable Seating available to LS185 under pure Athletics Mode with all the stands retracted (North, South, East and West).
5. The Grantor acknowledges that the liability shall fall back-to-back on the Grantor, who shall indemnify and hold LS185 harmless from and against all costs and expenses, actions, proceedings, claims, demands and damages ("**Costs**") arising from a breach of its warranty to provide the Stadium by 27 May 2017 in compliance with the conditions stated in paragraph 4. The Costs shall include those claimed by the Event Company to LS185 and in addition, subject to fully supported evidence, LS185's other reasonable costs.
6. The Parties agree not to disclose and to prevent their directors, officers, employees or other representatives from disclosing or using in any way information relating to the Event ("**Confidential Information**"), save to the extent required by law, regulation or administrative requirement, or before obtaining prior written approval of the Event Company.
7. The terms of this Letter shall be governed by and construed in accordance with the laws of England and Wales. Any claim, dispute or difference between the Parties arising under or in connection with this Letter shall be submitted to the exclusive jurisdiction of the courts of England and Wales.

Please sign, date and return the duplicate of this Letter to signify your agreement to its terms.

Yours sincerely,

.....  
**Linda Lennon CBE**, Chief Executive Officer  
London Stadium 185 Limited

WE ACKNOWLEDGE THAT WE UNDERSTAND AND ACCEPT THE TERMS AND CONDITIONS SET OUT ABOVE.

..... Dated: .....

\_\_\_\_\_

For and on behalf of E20 Stadium LLP

..... Dated: .....

\_\_\_\_\_

For and on behalf of Newham Legacy Investment Limited

..... Dated: .....

\_\_\_\_\_

For and on behalf of London Legacy Development Corporation

\_\_\_\_\_

For and on behalf of London Legacy Development Corporation

# JOB AND APPRENTICESHIP PLAN

## 2016

V1



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# CONTENTS

- 1. Introduction
- 2. Contractual Commitments
- 3. Governance
- 4. Approach to Delivery
- 5. Resources
- 6. Delivery
  - 6.1 Recruitment Strategy
  - 6.2 Sub-Contractor Commitments
  - 6.3 Apprenticeships
  - 6.4 London Living Wage
- 7. Supply Chain Commitments
- 8. Review
- 9. Action Plan

**Annexes:**

- A – Sample form for data capturing
- B – Sample report for E20
- C – Delaware North recruitment strategy
- D – Delaware North rate card



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# 1. INTRODUCTION

This draft “*Job and Apprenticeship Plan*” has been prepared by London Stadium 185 (LS185), and will be a joint initiative with Delaware North, VINCI Facilities and OCS. We will also link with E20, London Legacy Development Corporation (LLDC), London Borough of Newham (LBN) and Workplace to build relationships and ensure targets are being met. LS185 particularly appreciates the support from LLDC in developing this plan and acknowledges the extensive work the Employment and Skills Manager has provided in sharing knowledge and driving actions.

This plan seeks to set out our aims of being a good employer and how we plan to recruit from the local communities, offer opportunities and promote working at the London Stadium.

LS185 commits to working with the LLDC and LBN to contribute in aiming to reduce worklessness, increase skill levels and raise median earnings by creating job and apprenticeship opportunities for Newham residents, particularly for those who face significant barriers to entering or returning to the labour market. In particular, LS185 will target having seventy five percent (75%) of the workforce employed within the stadium from Newham residents. LS185 are committed to making important contributions to delivering regeneration and convergence in the areas of Newham and East London more generally.

## London Stadium 185

VINCI Stadium’s subsidiary, London Stadium 185, will operate and maintain the stadium at Queen Elizabeth Olympic Park for a period of 25 years. The stadium is being transformed into a year round multi-use venue that will deliver a lasting sporting, cultural and community legacy in east London.

The operating company was named London Stadium 185, in honour of the 185 Olympic and Paralympic medals won at 2012 games by British Athletes. London Stadium 185 will draw on the expertise and local anchor of VINCI Facilities UK for maintenance tasks and on the expertise of Delaware North to handle catering. OCS were appointed to provide security to the stadium.

## E20 Stadium LLP

The Stadium is owned by the E20 Stadium LLP, a joint venture between the London Legacy Development Corporation and Newham Legacy Investments (a company wholly owned by Newham Council) specifically set up to transform and manage the Stadium. The partnership has been given a 102 year lease on the stadium island site by the Legacy Corporation (three years to develop and refurbish and 99 year operation).

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## 2. CONTRACTUAL OBLIGATIONS

LS185 have developed this Jobs and Apprenticeship Plan to outline the approach to the delivery of the aims outlined above.

LS185 will promote jobs and apprenticeship opportunities to local people, using reasonable endeavours to recruit seventy five percent (75%) of its personnel from the London Borough of Newham utilising the Workplace scheme, or where this is not possible from the Boroughs of Hackney, Waltham Forest and Tower Hamlets (the growth Boroughs).

LS185 have developed this plan to detail the number and range of job and apprenticeship (including level and framework) opportunities required for the provision of services to the stadium.

### QUARTERLY REPORTS

LS185 will provide a quarterly report to E20 which will include the following information for all staff (existing workforce and new recruits, but with the exception of part-time stewards required for WHUFC home matches):

- (a) full postcode of home addresses;
- (b) gender;
- (c) age group (16-24, 25-54 and over 55);
- (d) length of residency in the home Borough;
- (e) ethnicity (using census categories);
- (f) details of any disability;
- (g) previous employment status (including timescale and reasons);
- (h) level of skills gained by each employee including the completion of an apprenticeship skills course or vocational qualification (if applicable).

LS185 will also report on the number of contractors being used on site and details of those based in Newham and neighbouring Boroughs of Hackney, Tower Hamlets and Waltham Forest. This will also include the name and postcode of contractor/supplier with brief details and value of contract. See Diagram 1 below for the boundary of the London Boroughs in relation to the stadium.

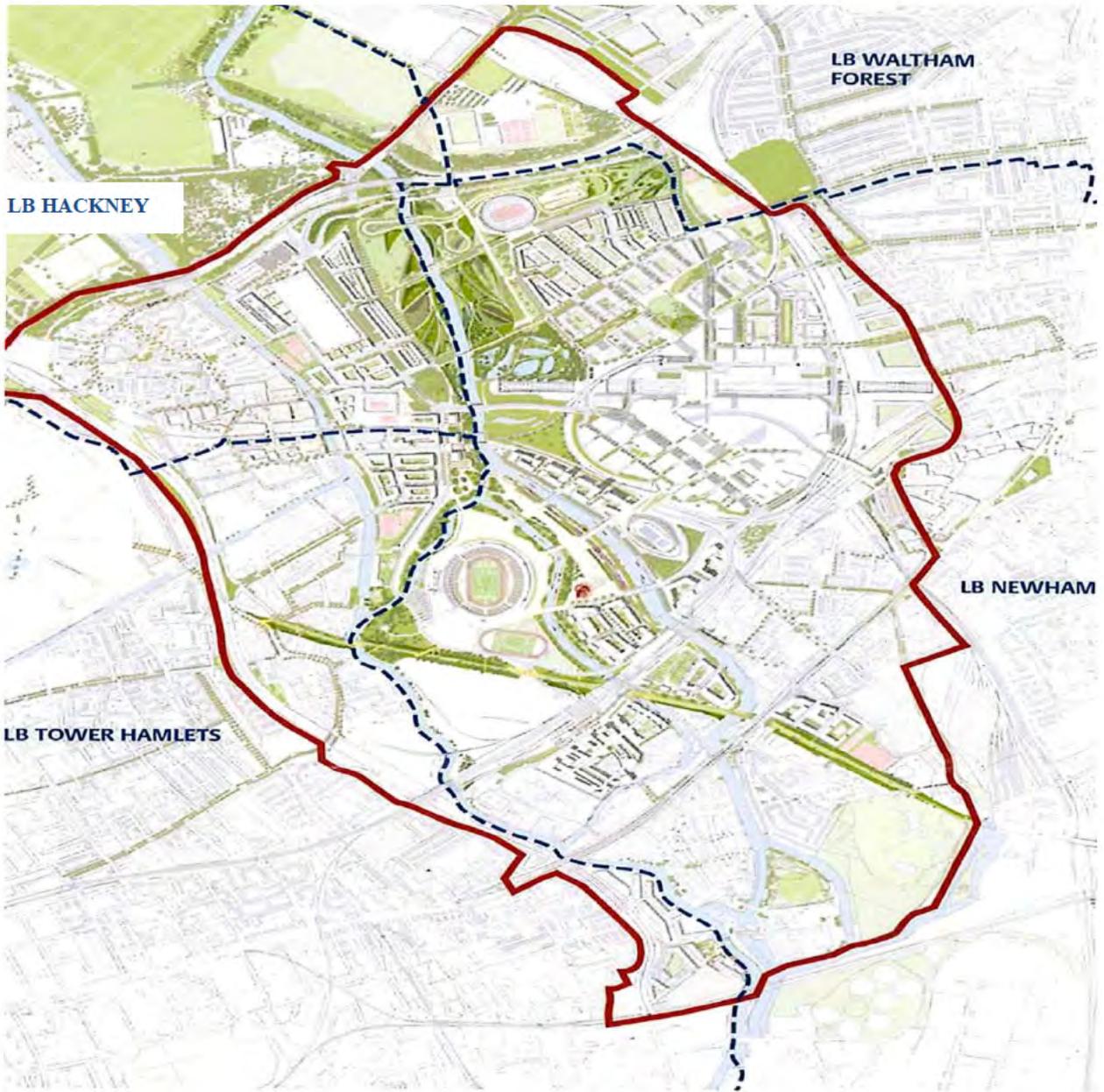


Diagram 1 – London Borough Boundaries to London Stadium

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### **3. GOVERNANCE**

LS185 meets with its sub-contractors on a weekly basis. The meetings are chaired by the Chief Operating Officer, with support from the Head of Operations, and the team leader from each sub-contractor is invited to discuss current actions, risks and issues. This includes recruitment and procurement as well as the day to day operational requirements. Each month, each subcontractor will be required to submit their monthly report (see Annex A) which will be discussed at the following weekly meeting. Every month, the Senior Executive Team (comprising of the Chief Executive Officer, Chief Operating Officer and Finance & Business Development Director) discusses recruitment and procurement as part of a standing agenda item. The monthly report from the Operations meeting (above) will be discussed in detail to identify any gaps, request further information and analyse data for trends. From this information, LS185 and LLDC will work together to identify any potential areas of work, for example if the uptake of females is low or if there is a certain demographic group that can be targeted. In turn, this will then be reported on a quarterly basis at scheduled KPI meetings with E20, beginning in September 2016 (see Annex B for a sample template of this report).

The quarterly reports will be submitted to E20 in advance of the identified quarterly KPI meeting.

In the short term, LS185 will continue to meet with each sub-contractor with support provided from LLDC to ensure actions are being delivered. This will then transfer to the weekly operations meeting as it becomes embedded in.

### **4. APPROACH TO DELIVERY**

The contractual obligations detailed in section 2 are reproduced in each sub-contractor contract agreement, with the same commitments and targets to work towards.

The snapshot of workforce, as at 31<sup>st</sup> July 2016, across all contractors is shown in diagram 2 below.

Data as of July 2016	LS185	Delaware North	VINCI Facilities, plus sub-contractor (CE)	OCS
Number of employees*	13	3500 casual staff, plus 20 are permanent employees	75 (of which 55 are casual staff)	1176 (of which 15 are permanent employees)
Number/percentage of employees from LBN	0/0%	167/5%	60/80%	400/34%
Recruitment vacancies	Approx. 2	Ongoing	2 (1 x engineering and 1 x PT cleaner for VF)	Ongoing

Diagram 2 – Snapshot

\*full time staff with over 16 hours of work per week, but sometimes spread over other sub-contractor venues

As can be seen, LS185 and its sub-contractors are working towards targets set, and further detail about the delivery plan is outlined in section 6.

For the purpose of this plan, we have considered the post code information falls into the following categories.

Borough	Primary Post Codes	Secondary Post Codes	Extended Post Codes
Newham	E6, E7, E11, E12, E13, E15, E16, E20		
Waltham Forest		E4, E7, E10, E11, E17, IG8	
Hackney		E1, E2, E5, E8, E9, E10, E15, N1, N4, N16	
Tower Hamlets		E1, E2, E3, E14, E15, E1W	
Other			All others

## 5. RESOURCES

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The Chief Executive Officer from London Stadium 185 is the SRO (Senior Responsible Owner) for the Jobs and Apprenticeship Plan, and is supported by the Senior Executive Team, Head of Commercial and other Heads of Departments as necessary.

Lead roles from the sub-contractors are:

- Executive Operations Director and General Manager, Delaware North
- Senior Project Manager, VINCI Facilities
- Senior Operations Manager and General Manager (to be recruited), OCS

In addition, each sub-contractor has a central HR team who provide support and knowledge to the lead roles. LS185 have met, or will meet, with recruitment managers from each of the sub-contractor, but in our experience the delivery teams at the stadium lead the recruitment by identifying resources needed and working with Workplace directly.

Budgets held to support delivery are to be confirmed.

## **6. DELIVERY**

### **6.1 Recruitment Strategy**

LS185 will place all job and apprenticeship vacancies with Workplace at both the project initiation stage and on an ongoing basis thereafter.

LS185 shall provide a named Operator Representative (tbc) to liaise with the LLDC and Workplace on all employment and training initiatives, for both LS185 and its sub-contractors.

LS185 will work with the LLDC and Workplace to develop appropriate training to prepare residents for job opportunities.

LS185 will pass on these commitments to any sub-contractors who have a regular presence at the stadium (including but not limited to: caterers, security providers, facilities management organisations etc.) and support Workplace and LLDC engage with sub-contractors in the delivery of these commitments.

### **Newham Workplace**

In order to ensure that local business are alerted to new opportunities, LS185 will provide LLDC and Workplace with an outline and detailed notice of the number and range of supply chain opportunities.

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Workplace is the London Borough of Newham's employment programmes including those that develop appropriate training to prepare residents for job opportunities, as described in further detail at [www.newhamworkplace.co.uk](http://www.newhamworkplace.co.uk)

LS185 will work in partnership with Workplace, the London Borough of Newham's Job Brokerage team to maximise employment, skills and apprenticeship opportunities arising from the operation of London Stadium.

LS185 recognise that Workplace is uniquely placed to enable them to access local candidates to meet their agreed commitment of employing 75% Newham residents within their workforce.

Workplace is a one-stop job shop for Newham residents who can receive advice about local vacancies, support with applying for work and gaining additional skills training for specific job roles. For employers, Workplace provides a free recruitment service where they match and screen suitable local candidate for their vacancies.

Workplace has agreed to provide a lead Account Manager for LS185 and their sub-contactors who will provide a tailored service to meet their recruitment requirements. Workplace will make host recruitment screenings for LS185 and their sub-contactors in their offices on the Broadway in Stratford and at Westfield as required.

## **6.2 LS185 Sub-Contractor Commitments**

LS185s sub-contactors also share these aspirations and LS185 are committed to working with them to encourage and support them in recruitment principles. It is worth noting that for all sub-contactors, recruitment is a constant process due to the pattern of work and so there is always potential to identify opportunities.

### **Delaware North (DN)**

As of July 2016, DN had 3500 people employed, on a casual basis who regularly work at the London Stadium as well as other London venues, of which 167 people are from the London Borough of Newham, equating to 4%. The full breakdown is shown below, and once the surrounding Boroughs are also included, this rises to 24%. This data relates to staff currently on the books and includes those that may also work at other London venues including Wembley, Emirates, Craven Cottage and The Valley. Casual staff includes people who may be doing less than 16 hours per week. The average event workforce numbers required for stadium are estimated at 1,300 (depending on the type of event), and the full time team at the London Stadium is 20 full time roles. Once we have received the first monthly report, we will be able to report more accurately on the exact number of staff from the database who have worked in that monthly period at the stadium.

Delaware North have a number of vacancies available at chef, kitchen porter & assistant, restaurant/bar staff, concession assistant, and stadium tour assistant levels and job role information and pay rates have been provided to Workplace. There are four stages of the

recruitment process; online application, telephone screening, assessment day and online induction/training. Delaware North are committed to increasing the number of people employed from the London Borough of Newham and within the next twelve months will be holding assessment days at London Stadium to further drive employment from local areas. Seven assessment dates are already planned between August and October 2016 at London Stadium and DN are working closely with Workplace to recruit Newham residents for these roles. In addition, Delaware North will keep full time vacancies at the stadium updated on their website - <http://careers.delawarenorth.co.uk/vacancies/vacancy-details.aspx?VacancyID=680>

Table showing postcodes of employees for DN:

### The Stadium in Queen Elizabeth Park – Focus Areas

<p><b>London Borough of Newham = 167</b>  <b>E6 , E7 , E11 , E12 , E13 , E15 , E16, E20</b></p>	<p><b>Key</b>  <b>Primary Postcodes = GREEN</b>  <b>Secondary Postcodes = AMBER</b>  <b>Extended Postcodes = RED</b></p>
<p><b>London Borough of Waltham Forest = 171</b>  <b>E4 , E7 , E10 , E11 , E17 , IG8</b></p>	<p>*Some boroughs have a split of postcodes</p>
<p><b>London Borough of Hackney = 333</b>  <b>E1 , E2 , E5 , E8 , E9 , E10 , E16 , N1 , N4 , N16</b></p>	
<p><b>London Borough of Tower Hamlets = 91</b>  <b>E1 , E2 , E3 , E14 , E15 , E1W</b></p>	<p><b>Current Live Workers By Postcode</b>  <b>Primary Postcodes = 167</b>  <b>Secondary Postcodes = 595</b>  <b>Extended Postcodes = 76</b></p>
<p><b>Other = 76</b></p>	

**TOTAL  
838 WORKERS**



See Annex C for the full breakdown of Delaware North workforce snapshot.

**OCS**

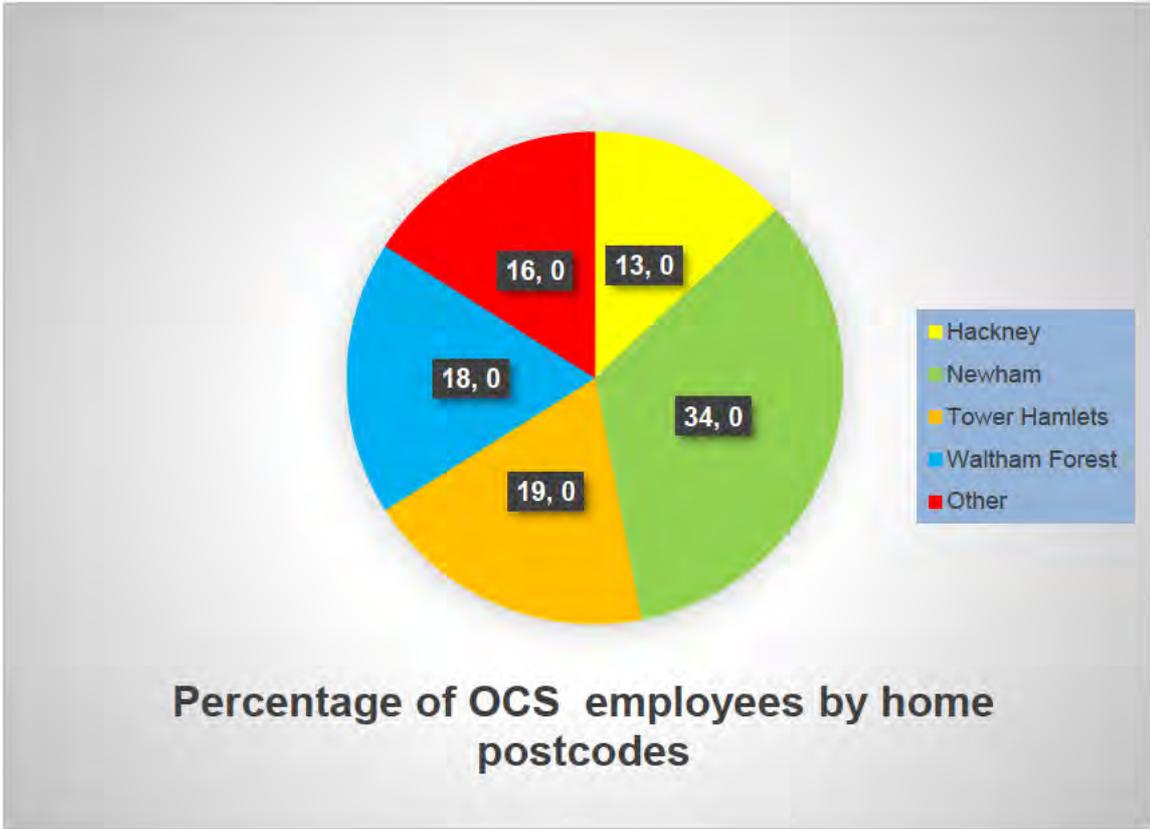
As of July 2016, OCS had 1176 casual staff, security and supervisors, of which 34% had postal addresses in the London Borough of Newham. This is shown in the chart below. LS185 attended a meeting lead by LLDC and Newham, with OCS invited to discuss opportunities for 2016. Discussions centered on anticipated job roles, rates and likely shift volumes at London Stadium and other OCS London venues. OCS is committed to providing job start evidence to Workplace

and follow up confirmation at 13 and 26 weeks of referrals being sustained in work. OCS will track shifts worked by Newham candidates, by using a manual system currently with a new data management system 'Timegate' scheduled to be fully operational by end of 2016. Options for training additional cohorts of Newham candidate's with the required NVQ Spectator Safety and SIA badge accreditation is under discussion to increase the supply of Newham candidates for work at Stadium.

OCS currently has up to 100 vacancies which is a variable requirement subject to shift requirements. They anticipate an average of 100 vacancies per month across all the London venues (O2, The Oval and Wembley).

OCS aim to increase the Newham based staff from 34% to 50%+ based through the use of the initiatives outlined in the apprenticeship section below.

LS185 will arrange regular review meetings between OCS, LLDC and Workplace to review the action plan and to ensure the actions are followed up.



**VINCI Facilities (VF)**

As at July 2016, VF have 20 members of permanent staff employed, plus 55 casual staff from Clean Events, of which 60 from the total are Newham residents, equating to 80%. The full breakdown is shown below. There are two people to employ in an engineering role and a part time cleaning role, and VF is committed to continue liaising to Workplace Newham and other local community partners working with Newham residents for example Groundwork East London to target these.

VF, in conjunction with their partner Clean Events, recently recruited event cleaning staff via Newham Workplace, with the open day seeing 55 cleaners recruited and additional open days planned.

<b>Table showing snapshot of VINCI Facilities employees home postcodes (including sub-contractor Clean Events) as at the end of July 2016</b>	
<b>Postcode Borough</b>	<b>Percentage of workers</b>
Newham	80%
Hackney	0%
Waltham Forest	4%
Tower Hamlets	3%
Other	13%

Other tenants and sub-contractors

LS185 have no direct contractual relationship with West Ham United, but will support E20 and LLDC with any joint initiatives and communications. Other tenants including London 2017 staff (who are based at the stadium in preparation for the World Athletics Championships in August 2017), London Borough of Newham who are responsible for the Learning Zone and users of the Stadium and Community Track fall outside of the scope of LS185.

**6.3 Apprenticeships and work based training**

LS185 are aspiring to offer apprenticeships in the grounds team and are reviewing options for delivery. The Deputy Head Groundsman has had initial discussions with the Senior Regeneration Manager at LLDC where proposals and ideas were shared. Once the stadium is fully mobilized, LS185 will take this forward and look to establish this for the 2017/18 intake. The focus for the 2016/17 season is to ensure the pitch quality is as expected, but we will begin the work required to set up an apprenticeship for the following season.

Our sub-contractors also share our aspirations and LS185 are committed to working with them to encourage and support this desire to offer a wide range of apprenticeships.

Delaware North have new apprenticeship programme led by training partner Umbrella training, employed via an ATA, The Apprentice Company. The first roles will be for Commis chefs, with

one apprentice to be recruited for September 2016 to work at Emirates/Wembley, and four apprentices being targeted for September 2017. The first apprentice opportunity has been shared with Workplace and on the National Apprenticeship website. Whilst none of these center at the stadium, we are hopeful that the trials will lead to DN arranging opportunities at the stadium.

OCS has specific requirements for spectator safety and thus apprenticeships are generally not offered at a stewarding level. However, OCS do offer other training opportunities such as NVQ level 1 and 2, and SIA qualifications. Details of this will be captured in the monthly reports, and initial initiatives have been discussed

VINCI Facilities are looking to explore Engineering apprenticeships and have had early discussions with Barking and Dagenham College. VINCI Facilities have committed to having at least two full time apprentices in the engineering team through the lifespan of the contract term, which is 25 years. LS185 will encourage VF to increase this quota as initial discussion get underway.

The following shows the summary of apprenticeship opportunities:

<b>Stakeholder</b>	<b>Number of Potential Apprentices</b>	<b>Apprenticeship frameworks under consideration</b>	<b>Timescale</b>	<b>Notes</b>
LS185	One per year	Grounds Maintenance level 2 or 3	In place for August 2017	
DN	None at the stadium at present	Food preparation level 2 or 3	1 proposed for Sept 2017	Potential to link up with other venues in future
VF	Two	Engineering, level 2 or 3	Through lifespan of contract, starting in 2017	To be discussed further to increase
OCS	To be confirmed		To be confirmed	To be updated in the monthly report

**6.4 London Living Wage**

Payment of the London Living Wage is a Mayoral priority and LS185 and, where possible, the sub-contractors will comply at all times with the London Living Wage and to remunerate each member of their respective workforces who is working for all or most of his or her time in London, by payment of the London Living Wage.

The Living Wage applies to all staff over the age of 18 that work regularly at the stadium, including directly employed staff, contracted staff and subcontracted staff. Regularly is defined in guidance (<http://www.livingwage.org.uk/sites/default/files/Living%20Wage%20Implementation%20Guid>

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[e%202016.pdf](#)) as two or more hours in any given day for eight or more consecutive weeks of the year. As discussed above, many event staff are not employed consecutively for an eight week period. Instead, they many work alternate weeks/weekends and not always for the same employer. Others may do a two to six week stint on an event and then have a break.

In addition employers such as OCS may employ staff ostensibly in the same grade on different rates of pay but quite often in the small print the hours will be different i.e. at The Oval they require staff from 5 am and not 6am and they will take into account their contracts, location, ease of access, complexity of responsibilities and so on.

LS185 pay all their directly employed staff with salaries higher than the LLW, equating to 100% of the overall workforce. The lowest salary in our team is c.£21,000 for a job contract of 40 hours/week. Some of the event staff such as the stewards, the cleaners and catering staff are not paid the LLW, as outlined below. The percentage of project's overall permanent workforce paid at least the LLW is 92%.

*Delaware North:*

Delaware North pay all of their permanent team salaries that are competitively benchmarked against the market sector and factoring in London salaries. They use market data, which is reviewed annually, to ensure that this is the case.

In relation to their temporary and contracted out teams, they pay on a rate card (see Annex D), depending on the role. They pay above the National Minimum Wage in all circumstances and ensure that they adhere to the National Living Wage Regulations. Again, they ensure that the pay rates are benchmarked against others in the sector of the market.

It is pertinent to comment that they also take a somewhat more holistic approach to the compensation of their teams. Delaware North believe that base pay is only one dimension and they ensure that other initiatives are adopted in conjunction, which are designed to promote engagement, motivation and retention.

*OCS:*

The current percentage of OCS staff paid LLW is 100% (out of 15 permanent staff). Calculation/analysis concerning the impact of the LLW on the stewarding costs has been supplied previously and an amended version will be submitted to E20 in September 2016 (see below section). The potential updated cost take account an increase of the Level Managers and Supervisors to have better quality in terms of stewarding management following our debrief of the last year events. It also sets out the LLW implications.

*VINCI Facilities:*

The current percentage of VINCI Facilities staff paid LLW is 76% (all their staff except 7 cleaners). In respect of London Living Wage, it is a business wide ambition to be a national living wage employer. However, any legislative change would require a change variation to the current agreement. VF will have cleaning supervisors directly employed in receipt of LLW as a minimum. A point of note remains in respect of the quality of staff VF are able to recruit on lower pay rates

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as competition from other venues and the local marketplace results in a challenge in recruiting good staff.

### Cost Analysis

Following the exchanges with LLDC and E20, we have reviewed with OCS their mark-up in the LLW scenario for their event staff. Another costs analysis of the event costs in a LLW scenario will be circulated accordingly by early September to reflect:

- these updated hourly rates
- the actual stewarding deployment plan on the first WH games which would make more sense in order to reflect the actual deployment and also to calculate more precisely the costs impact

## **7. SUPPLY CHAIN COMMITMENTS**

LS185 recognise their responsibilities to supporting the local economy, diverse suppliers and ensuring employment benefits are shared in the local community. Details on aspirations are outlined below.

### Identification of suitable opportunities for local supply chains

LS185 are committed to streamlining their selection and vetting processes to grow their base of local supply base. LS185 will work proactively with their sub-contractors to review their procurement pipeline and where possible, make available procurement opportunities to local suppliers via the Building Legacies project and the London Borough of Newham.

### Building a local supply chain

LS185 and their sub-contractors have existing supply chain networks which over time they will review with a view to early identification of any opportunities suitable for local suppliers.

LS185 and their sub-contractors will use local supply chain partners East London Business Place and the Building Legacies to identify potential local suppliers of goods and services for Stadium.

### Monitoring Local spend

LS185 will monitor local supplier spend in Newham and the three growth boroughs which will be reviewed on a quarterly basis. This will be flagged up by pulling of data for local supplier postcodes on the finance system once it is fully launched in September 2016. The report will include:

- Early identification of local supply chain opportunities via procurement pipeline and opportunities to become preferred supplier
- Process for sharing information with LLDC/local suppliers via Newham

- 
- Monitoring of local spend outcomes

The first report will be provided in December 2016 (four months after the commencement date) and then filed quarterly.

LS185 is exploring with its sub-contractors how local supplier spend can be recorded. The following actions are being taken forward and LS185 will provide an update at the next monthly KPI meeting:

- Delaware North's Head of Procurement to meet with LS185 and LLDC to take forward discussion and introductions to Building Legacies partners to engage with local suppliers.
- VINCI Facilities already work with a number of local suppliers for example Bywaters based in Newham who provide recycling services to LS185. VINCI Facilities will provide details on their national framework specifications and number and volume of spend with local suppliers.
- OCS have agreed to explore opportunities to work with local suppliers using the Building Legacies project.

## **7. REVIEW AND EVALUATION**

LS185 will review the Jobs and Apprenticeship Plan on a quarterly basis thereafter in consultation with LLDC and London Borough of Newham.

Quarterly reviews between the Chief Executive and Senior Managers of each sub-contractor will take place to ensure progress towards targets is being met.

A review of this plan will take place in twelve months and a revised plan to take into account any learnings and new targets will be issued to E20 by August 2017.

## **8. ACTION PLAN**

Actions from this plan are being taken forward by the Chief Executive with support from the Finance and Business Development Director, Chief Operating Officer and Head of Operations.

Recruitment in this sector is ongoing rather than a fixed piece of work and LS185 will primarily be building a relationship with Workplace, Newham and LLDC to ensure that recruitment is focused to the local Borough with the aim of getting 75% of the workforce from Newham.

The following action table shows the identified actions from this plan, and LS185 will report on these at the scheduled KPI meetings as part of the quarterly reports.

Action number	Action	Owner	Timeline	Update
1	Governance – LS185 to schedule regular meetings between each sub-contractor, LLDC representative and itself to update on progress of these actions	LS185	Monthly	
2	Governance – LS185 to receive reports from each sub-contractor by 1 <sup>st</sup> September, and monthly from then on	LS185	1 <sup>st</sup> September, then 1 <sup>st</sup> working day of each month	
3	Governance – LS185 to provide the first report to E20 at the KPI meeting on 14 <sup>th</sup> September	LS185	14 <sup>th</sup> September, and quarterly KPI meeting from then	
4	Governance – LS185 to discuss reports at monthly Senior Team Meeting	LS185	From September 2016, and monthly thereafter	
5	Governance – LS185 to discuss reports at operations meetings with each sub-contractor	LS185/sub-contractor	From September 2016, then at every 4 <sup>th</sup> weekly meeting	
6	Roles for kitchen assistants and catering staff for Delaware North to be passed to Workplace	DN	August 2016	
7	Recruitment planning days to be scheduled by Delaware North and details to be shared with Workplace	DN	As per section 6.4	
8	DN Apprenticeship opportunity for other London sites to be shared with Workplace and be in place by September 2016	DN	September 2016	

9	OCS to send recruitment links, Job descriptions and any other updated information required to start advertising vacancies at Workplace	OCS	August 2016	
10	OCS Recruitment Manager to identify a key OCS contact to ensure a system is in place to track any candidates referred, starting and working shifts with OCS	OCS	August 2016	
11	VINCI Facilities to provide details of two vacancies to Workplace	VF	August 2016	
12	Cost analysis of LLW to be provided to E20	LS185	September 2016	
13	LS185 Apprenticeship to be in place one year after operations on the pitch	LS185	August 2017	
14	VF Apprenticeship opportunities to be discussed and be in place by Spring 2017	VF	Discussions to take place in August 2016. Apprentice to be in place for Spring 2017	
15	DN second round of apprenticeships completed	DN	September 2017	
16	Supply chain commitment report to be submitted by LS185 to E20	LS185	December 2016 and quarterly thereafter	
17	Meeting between DN Head of Procurement, LLDC and LS185 to explore opportunities for local spend	DN/LS185	September 2017	
18	OCS to discuss opportunities for local procurement with LLDC and LS185	OCS		
19	VF to provide details on national framework and volume of spend with local suppliers	VF	October 2017	
19	Review plan	LS185	August 2017	



# COMMUNITY ENGAGEMENT PLAN 2016



## BACKGROUND

### London Stadium 185

VINCI Stadium's subsidiary, London Stadium 185, will operate and maintain the Stadium at Queen Elizabeth Olympic Park for a period of 25 years. The Stadium is being transformed into a year round multi-use venue that will deliver a lasting sporting, cultural and community legacy in east London.

The operating company was named London Stadium 185, in honour of the 185 Olympic and Paralympic medals won at 2012 games by British Athletes. London Stadium 185 will draw on the expertise and local anchor of VINCI Facilities UK for maintenance tasks and on the expertise of Delaware North to handle catering.

### E20 Stadium LLP

The Stadium is owned by the E20 Stadium LLP, a joint venture between the London Legacy Development Corporation and Newham Legacy Investments (a company wholly owned by Newham Council) specifically set up to transform and manage the Stadium. The partnership has been given a 102 year lease on the stadium island site by the Legacy Corporation (three years to develop and refurbish and 99 year operation).

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## EXECUTIVE SUMMARY

Community engagement refers to the process by which community organisations and individuals build ongoing, permanent relationships for the purpose of applying a collective vision for the benefit of a community. Community refers to a group of people that share a common place; a common interest; or a common identity – in this case, local residents and businesses near to The Stadium at Queen Elizabeth Olympic Park. Engagement refers to a range of interactions which are suitable for all parties involved, from simple information giving through to supporting community activity. Throughout the document, LS185 has outlined how it is going to engage with the community.

Community engagement underpins the modernisation of services. It is a key element of policy and service development and for enabling and empowering communities. The degree to which LS185 and its partners are able to engage with the many different communities in East London, will influence the rebuilding of this area of London with strong and vibrant communities.

In order to be successful, community engagement has to be built on a clear understanding of its aims, the outcomes that it wishes to achieve, the methodologies that are used to engage with communities and how the success of community engagement will be measured and evaluated. This plan outlines those components, which should continue to be developed and refined in the light of experience and as community engagement becomes embedded within the culture of LS185.

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## INTRODUCTION

This draft “*Community Engagement Plan*” has been prepared by London Stadium 185 Ltd, and will be a joint initiative with E20, London Legacy Development Corporation, Newham Council and West Ham United.

It seeks to set out LS185’s aims of being a good neighbour and how LS185 plan to engage with local communities, both existing and those for the future. The plan covers activity from the permanent opening of the Stadium in summer 2016 for an initial one year period, given we are a start-up company and have not yet had the stadium handed over to us to operate.

LS185 acknowledges that LLDC, LBN and WHU have existing community channels and plans which focuses on individual priorities. LS185 will work with these organisations and its own partners to build upon this work and link together how the Stadium can contribute to the wider aims and objectives.

The Stadium is within the London Borough of Newham, although it also has boundaries with three other Boroughs – Tower Hamlets, Waltham Forest and Hackney. See diagram 1, below. London Stadium 185 have therefore considered the community engagement aims and objectives for all four borough residents throughout this plan. The majority of the work undertaken will focus on the communities that boarder the Stadium. This is important as to distinguish what is referred to as ‘local’ in this plan.

### Planning Conditions

This document has been prepared to discharge planning condition OST.121 of planning permission 12/00066/FUM, for the transformation of the Olympic Stadium. This states that:

*“The Development shall not be Operated until a convergence strategy has been submitted to and approved by the Local Planning Authority. The scope of the strategy shall be agreed in advance with the Local Planning Authority and shall include as a minimum:*

- *measures to encourage community access to the Stadium and facilities*
- *annual reporting of progress against employment targets;*
- *annual reporting of community use targets;*
- *activity of the community liaison group”.*

This document sets out the emerging strategy for how the Stadium facilities can be made available for the wider community. As this Strategy develops, LS185 will be able to set clearer quantitative and qualitative targets, and report back on these in future reviews.

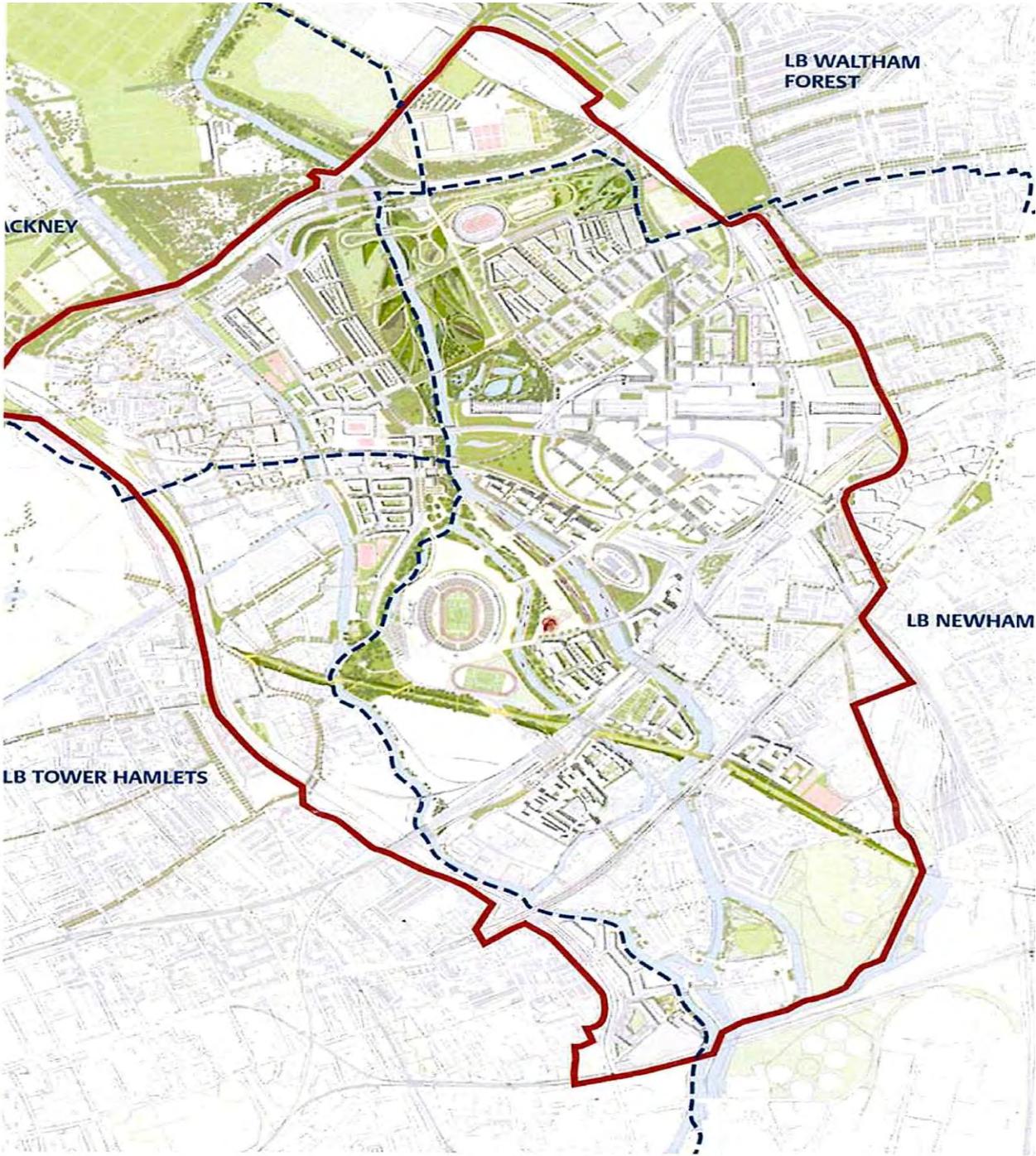


Diagram 1 – London Boroughs surrounding the Stadium

## VISION, AIMS and OBJECTIVES

London Stadium 185 aim to bring extensive benefits by encouraging the involvement of local residents, groups, businesses, developers and other agencies. LS185 are looking to build trust; give the local community the opportunity to influence decisions affecting them; enable the local community to reach a better understanding of any issues and needs; remove barriers (physical, language and social) to getting access to information or voicing opinions; increase the satisfaction and ability to shape the future environment; and support and encourage community spirit and ownership.

Community Engagement has a key role in helping LS185 to realise its vision and mission.

### *Our Vision*

To be a world class Stadium of choice attracting the best in sporting and entertainment events that the national and international markets have to offer.

### *Our Mission*

Operate safely and efficiently, and to provide innovative stadium entertainment for local communities, national and international visitors, customers and stakeholders, and handback in 25 years.

To successfully engage with communities, there must be clarity about the aims and purpose of engagement. Community engagement serves a range of purposes, and the aims and objectives of LS185 are to:

- bring the Stadium and its partners closer to and more accessible to individual communities;
- improve the knowledge of and understanding of local communities, their strengths and needs;
- enable local communities to influence and shape services to meet their needs and aspirations;
- improve communities knowledge and understanding of services in order that they can participate in their planning and the determination of choices and priorities;
- promote, support and empower community activity and the development of local solutions to issues faced by the community;
- increase understanding across communities and to build community cohesion;
- and to empower communities and have pride in their achievements.

The aim of this document is to improve the way in which LS185 engages and consults its residents and partners on important issues by:

- informing, consulting and involving;
- being inclusive and engaging with its residents and partners; and
- ensuring views are listened to and used to develop, enhance and improve services, the environment and the quality of life for residents.

We have outlined how we are:

- improving, planning and shaping the future of the stadium according to local needs and priorities;
- improving the quality and delivery of services;
- using engagement to inform decision making, ensuring decisions are fit for purpose and meet the needs of the residents;
- enhancing the well-being of the community; and
- being a stronger, more active and cohesive community.

Whilst informing and consulting is an important focus of community engagement, this is outlined separately in the LS185 Communication Plan.

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## STADIUM TIMELINE

This section outlines work done to date, how LS185 will develop community engagement in the first year of operation and what community engagement will look like as we move into a steady state.

LS185 does not take over responsibility for the Stadium site until the completion of the transformation works in summer 2016. As a result, some areas of the plan are still very much work in progress. However, this provides opportunities for local communities to work with us on some of these developments, and we have recently sought views at Park Panel meetings in March and May 2016.

The full plan will be developed as we draw on the experience of the full operation. Community engagement will be considered every step of the way, as the community track opens, the new school and academy is open, West Ham move in, events are confirmed and the World Athletics are underway. We will also build on last year's experiences when we operated the Stadium on a temporary basis. These experiences are detailed below.

### Mobilisation and Summer 2015

2015 saw The Stadium at Queen Elizabeth Olympic Park hold 14 events, attracting 480,000 visitors. This was made up of 5 games for the Rugby World Cup, test events, two Rugby League games, the Great Newham Run and two days of Race of Champions.

2015 gave us the chance to begin to engage with local residents. Representatives from LS185 attended residents meetings, set up and led by LLDC, in late summer/early autumn to update local residents on the future events programme for the remainder of 2015. Information given out included format and size of the event, potential road closures and facilities for blue badge parking. LS185 also liaised with the community engagement team at LLDC about the need to provide advanced information on the events which could be posted on the Queen Elizabeth Olympic Park website and passed on for use on the hotline.

LS185 was responsible for the operations of the 2015 events, but only contracted directly with two: Race of Champions (ROC) and RFL (England v New Zealand). For the ROC event, LS185 had 150 tickets which were given to LLDC and Newham for use in local community. This allowance was distributed to local residents, students, or local charities for instance. We worked with Newham Council and LLDC for a fair distribution of these tickets.

### First year of mobilisation – 2016

LS185 are expecting the stadium to be handed over in summer 2016. This plan outlines the initial work that will be done to engage with the local community. The biggest priority will be building relationships with local residents and compiling a database of contact details.

### 2017 and world athletics

As the first year of mobilisation is completed, LS185 will look ahead to the IAAF World Athletic Championships and the second season of football.

### 2018 onwards

By 2018 we hope to have a more developed plan of community engagement as we understand the local needs and expectations, as well as what can realistically be delivered.

### Working with our partners

We will work with LLDC, E20, Newham, West Ham, Delaware North and other surrounding boroughs to support their community engagement work where possible. In the coming year we will look at all approaches and develop this plan further once we have taken full responsibility of the Stadium. We are already in contact with West Ham about programmes they are running, Newham about how we can best support programmes, other Boroughs to explore what existing programmes are running and VINCI Facilities about how we join up any ideas.

VINCI Facilities have already undertaken some work with Newham Council and Barking and Dagenham College, the net result of which is a refurbished community centre but a bi-product being some social value collateral for VINCI. On the back of this, other events are in the pipeline.

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## COMMUNICATION: ACTIVITY AND SITE RELATIONS

This section outlines LS185's approach to communicating with residents, local business and our key partners. Further details on wider communication plans is outlined in the Communication Strategy. This explores our use of our website and social media channels, different communications for specific events and how to communicate with the wider public, businesses and the media.

### Communications

Each month LS185 receives a hotline information report from LLDC, which breaks down the number of enquiries and their purpose. This information is being collated in order to help us provide supporting information on our website, which is to be launched in May 2016. Once this has been established, LS185 will also link into social media to issue key messages and promote events. LS185 will continue to provide information to LLDC for staff use on their 24 hour hotline and for the Park News which is distributed four times a year. The ultimate aim is for LS185 to develop its own channel to share information and this will be developed in the coming months as the "Communications, Commercial and Marketing" team is recruited and more events are secured. In the meantime, we continue to share an LLDC Press Officer resource which enables joined up communication.

An Events Calendar is being created and it is anticipated that this will be shared and updated as necessary on our website, and by using other stakeholder channels such as LLDC, Newham, other councils and West Ham. A good example of this is the recent announcement of the AC/DC concert, which was channeled through both the LLDC and West Ham United sites in terms of ticket sales. As plans develop we will look to keep the LLDC communications team up to date with pertinent information.

### Residents meetings

The day to day relationship between LS185 and residents is key in considering local needs, knowledge and understanding. We value the local community and want to support the wider aims of our key partners.

LS185 will continue to attend residents meetings set up by LLDC, as necessary, to provide updates on the future events, information on format and size of events, potential road closures and facilities for blue badge parking. We will also consider setting up our own meetings to ensure that the Stadium is being seen as a separate entity and so that we can develop close relationships with our neighbours. This was proposed during our sessions at the Park Panel meetings on 14<sup>th</sup> March and 9<sup>th</sup> May. Feedback is currently being assessed but its clear the Park

Panel members would appreciate a future meeting at the Stadium and the opportunity of 1:1's with the Chief Executive.

Where appropriate, LS185 will consider offering advance pre-event tours of the site or holding separate residents meetings to explain what processes are put in place to minimise impact for specific events.

LS185 are also working with Westfield to minimise impact on businesses and discussing egress plans; and are looking at channels to provide advance information. This includes regular meetings with the General Manager; establishing links between Westfield and West Ham and other event organisers, and dialogue between the Head of Safety and Security and the Westfield team. If this proves successful, LS185 will consider rolling this out to the wider area and business communities.

#### Attendance at other groups

As above, LS185 will, with permission from LLDC, continue to attend the Park Panel meetings to update residents on key issues. We also appreciate invites to other meetings include CIG and Park Engagement Group, and will participate as necessary.

#### Newsletter

As LS185 develops its database of local residents, we will distribute a newsletter quarterly with information such as detailed information on upcoming events, community initiatives and how residents can get involved, details on any on-going projects, introductions and welcomes from staff, and information from our sub-contractors. Our website will have a link to encourage all people to sign up to our mailing list, and other newsletters will be distributed as necessary. Whilst the newsletters distributed through our mailing list will include promotion and marketing of events, local residents will have a dedicated information on how these events impact them.

See Annex A for a list of residents and stakeholders we will be targeting to contact in the next couple of months.

#### Stadium Reception

On handover of the stadium, LS185 will have a dedicated reception on site that will be opened 7am-7pm on weekdays, and on event days as necessary. This will provide prompt information to people wanting information, either by phone, email or in person. There will be no provision outside of these hours (except on event days or through the sound line during build and break down times) so it will be important to keep LLDC briefed with information for their own hotline. LS185 will encourage LLDC to pass on all enquiries relating to the stadium so we can own the relationship with our customers. We recognise that LLDC has been fielding a high number of calls through their hotline, sometimes taking up to a third of calls about the stadium only, and

unreservedly thank them for their support and involvement. This relationship is key to ensuring that both parties provides high quality customer service at all times, and that the reputation of both is not compromised by each other.

#### Resident complaints

The process for dealing with customer complaints has been streamlined and a simple complaints procedure has been put in place. There will be a single point of contact to deal with and monitor complaints. Summary reports will be produced and trends analysed to improve the customer experience.

London Stadium 185 has a dedicated email address ([customerservice@londonstadium185.com](mailto:customerservice@londonstadium185.com)) which is publicised on the Queen Elizabeth Olympic Park website, and will be on its website once it is live in summer 2016. We aim to acknowledge or reply to complaints within 48 hours (two full working days) and send a full reply within 10 working days. If this is not possible, we will explain why and let the customer know how long it will take.

General enquiries will also follow the same process. Emails sent to customer services will be investigated and replied to within 48 hours where possible, or longer with a holding reply sent if necessary. Once the Stadium is handed over, a reception service will be available to deal with face to face, telephone and emailed enquiries. A switchboard phone number will be provided and this will be published on our website.

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## COMMUNITY INITIATIVES

*This section sets out our ambitions to offer community initiatives, and needs to be worked into a deliverable plan with resources, budgets and feasibility scoped out. On full handover of the stadium we will consider which of these suggestions will be taken forward for development into something that can be offered to local residents.*

### Community events

LS185 has a number of contractual obligations relating to Community Events in the Stadium. In particular, we have agreed to make the Stadium available for access for:

- up to ten days per year of community events organised by London Borough of Newham including:
  - a) the annual Newham London Run. It is anticipated that this event will be staged during July in close proximity to the Diamond League event;
  - b) between 0-4 days for community sports events for Newham School children, held midweek during the day during the 5/6 week Athletics Window in June / July of each year;
  - c) between 0-2 days, during the Athletics Window, for a disability athletics events held in conjunction with the International Paralympic Committee, with a strong community focus;
  - d) between 0-2 days for Community / Charity Football events, with access to the pitch for matches for Newham residents (at the end of the football season and subject to agreement with WHUFC);
  - e) between 0-3 days for non-sports community events, most likely to be held in the mid May 3rd week in June period;
  - f) between 0-3 days during the football season for community events such as firework displays; and
  - g) an open day for Newham residents to access Stadium tours.
- up to five days per year of community events organised by LLDC, including:
  - a) between 0 – 2 days for annual National Paralympic Day; and
  - b) between 0 – 3 days for the annual RideLondon cycling event (which shall include some road closures and limited access to the South Park during the day preceding the event), most likely to be held in August.

The detail of how we aim to deliver this is explained throughout this plan.

The LLDC events team are to lead on community events on South Lawn, whilst LS185 concentrates resources on commercial events. However, LS185 are committed to supporting LLDC with community events, and will use community channels to help promote and encourage events, through both the events team and comms team. Outside of events already booked by LLDC, the LS185 Head of Events will consider other enquiries in line with our contractual obligations above. However, it should be understood that as a commercial partner, resources will primarily be in arranging major events which meets the financial targets as per our Business Plan. Our initial priority is to contract the major events so as to understand the window availability for other potential opportunities. In the first year of operation, we will be supporting LLDC with community events already arranged, but will not be considering organising our own events until we have fully understood the commitment, resources and finances needed. Engaging with local residents will be through the other channels outlined in this document.

Events that LS185 will support LLDC on include: community run as part of Great Newham Run on 14<sup>th</sup> and 17<sup>th</sup> July 2016, the National Paralympic Day on 3<sup>rd</sup> September 2016 on South Park Lawn, Parallel and other mass participation events. We recognise that some community events also have a commercial element to them, but the aims of these will always be towards the community element.

LS185 acknowledges that as well as community events arranged on South Park, LLDC holds its own community events including the Big Lunch, Harvest Stomp and UFest. LS185 will consider how it can be involved and support LLDC. Newham, and the other surrounding Boroughs, also have their own community events. LS185 will explore how they can support these events.

- Host and facilitate the creation of a showcase for local non-profit organisations in the stadium lounges
- Organisation of thematic sports events in South Park according to community's expectations
- Organise some major event screenings in the Stadium or the Park with free access for everyone;
- Organise an annual football cup of local Newham teams with the final in the stadium
- Financial support and skills sponsorships to support local associations, or economic and social initiatives by the "VINCI Foundation for the City"
- Provide spaces for community events (photo exhibitions, cultural events, etc.)

#### Education programme

London Stadium 185 Ltd (LS185) will offer skills to the Community Education Programmes which will be provided through the Learning Zone. In March 2015, we visited the Learning Zone at West Ham Football Club in order to gain an insight into their activities. We are looking into

how we can be integrated into the Community Engagement Programme and help “educate” pupils of Newham with an understanding of various industries which are part of the VINCI Group. This includes areas such as construction, facility management, infrastructure operations (stadium, airports, highways, railways), project financing and more.

LS185 are providing the Learning Zone to the London Borough of Newham to manage the programme, rent free. LS185 will be supportive of the programme delivered from the Learning Zone and contribute positively to its success. Further discussions are ongoing with Newham about how this will work operationally.

The David Ross Education Trust, Balfour Beatty and the LLDC are working with Penoyre and Prasad architects to deliver a high quality All Through School across two sites within Queen Elizabeth Olympic Park. Both schools were previously granted planning permission as part of a wider programme of post-games works. LS185 will look to partner with these two schools to deliver educational workshops around the stadium and its businesses (for example, in design, construction, operation, etc.). This will be fully scoped once the Head Teachers are in post and initial discussions can begin.

LS185 are liaising with LLDC to be kept informed of developments and will look at possible opportunities to involve the local schools as more detail is known. This may include options for tours, use of facilities and leading on operational workshops. Both schools will be part of our stakeholder list and will regularly be informed of events and works taking place at the Stadium. Quarterly meetings will take place with the Head Teacher or other operational staff for information sharing and to discuss any ideas, issues or concerns.

LS185 will link with LLDC on their Go! Schools network, which aims to connect local schools to the opportunities within Queen Elizabeth Olympic Park. For schools based in the London Boroughs of Hackney, Newham, Tower Hamlets and Waltham Forest, the Go! Schools Network provides:

- regular newsletters and e-communications
- assembly materials with information on plans for the Park and exciting events and opportunities for children and families
- fun and interactive learning resources that can be delivered in classroom or the Park
- engaging and informative teacher networking sessions on the Park
- a range of information to be displayed on the school community noticeboard
- a Go! Schools Network plaque to display in reception.

Through the Go! Schools network LLDC keep schools up-to-date about the educational opportunities that exist within the Park. LS185 will look to be involved in this as appropriate.

LS185 will also partnerships with non-profit organizations to deliver alternative educational programmes. For example, education through sport, such as the Stade de France, which supports the boxing association, Boxing Beats, in social support, education and professional development of young boxers

### Employment

Together with our supply chain, LS185 will target employing permanent and event staff from the local area and will procure locally. This is further outlined in our draft Jobs and Apprenticeship Plan which is to be filed post stadium handover.

Other partnership ideas include employment Forums in the stadium and hosting business exhibitions to allow visitors to discover different professions

### Youth engagement

LS185 will work with existing channels, such as the Youth Panel, Newham Young Mayor and Parliament, West Ham youth outreach and other organisations to promote and encourage Youth Engagement. This work will be developed once the Stadium is handed over to LS185 in summer 2016. LS185 will also look at other ideas such as supporting young people in their professional projects through a sponsorship system including volunteer employees. For example: assistance in the preparation of recruitment interviews (current programme in France: "100 opportunities 100 jobs").

### Echo

LS185 proposes to join and support the Echo project and assist and support the delivery of local community plans. ECHO means Economy of Hours, the local workplace and community engagement time bank initiative established by the LLDC and Shoreditch Trust, as described in further detail at [www.economyofhours.com](http://www.economyofhours.com);

We will try to improve residents' skills from neighboring boroughs by offering our employees skills through Echo, for example: Help an entrepreneur to establish his own business plan to start his own business. LS185 could provide help with drafting CV's or practice interview skills, as well as other skills that we hold in our dynamic team, and amongst our subcontractors and partners,

### Sport and health

We propose to work with key partners to assist in realising the ambitions of the LLDC's Sport and Healthy Living Policy. Delaware North are committed to provide healthy food options alongside regular choices, and we will monitor feedback from customers on the options available. A food and beverage strategy, providing healthy food is being developed.

We will work to provide a community track which will assist in the organisation of local sports events and championships between local schools and communities. LS185 are working with LLDC's Active Programme and England Athletics to develop how the community track booking will work when it is fully operational on 1<sup>st</sup> September 2017. Newham and Essex Beagles as the "tenant" club, which will start when they move from Newham Leisure Centre in Sept 2017. In the meantime, the following programme is being developed:

- Seek to hold a community track "opening" on week 3-10 July with London Marathon Trust. Local athletics network arranging a set of athletics activities on that day. Should also include some Active People Active Parks programmes
- Community track available to London Borough of Newham for Great Newham London Run from 14 July to 17 July as part of stadium hire. Potential to have Newham school sports on community track as part of 14 July event
- Community track available to UKA for Diamond League from 18 July to 23 July as part of stadium hire
- Newham and British Athletics to co-ordinate 6 dates between 24 July and 31 August for Community. By way of illustration could be:
  - o 25 July – Community Day for East London sports programmes to attend
  - o 30 July – Day APAP programme day as part of summer holidays
  - o 9 August – Day Summer Holiday Programme
  - o 11 August - One night of Open Evening Session for local clubs to try out the track
  - o 26 August – One night of Beagles / East End Road Runners session
  - o 30 August - Final Summer Holiday / APAP event Day
- Potential to be explored for National Paralympic Day use on 5<sup>th</sup> September
- Co-ordination of 6 dates for weekdays in half terms holidays in October, December, February and April for Community. By way of illustration could be:
  - o Half Term Holiday Programme
  - o Open Evening Session for local clubs to try out the track
- From September 2016, Newham to identify a "First Friday of the Month" session for the Newham and Essex Beagles to augment their current use of Newham Leisure Centre

### Ticketing

A ticketing strategy will be worked on so that local residents will benefit from the events LS185 are securing. We want to make this as fair and open as possible, and to include rewarding volunteers who dedicate their time and knowledge in the community and engaging with local ambassadors.

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We will negotiate a free ticket allowance within each event contract with the appropriate event owners and organisers. We will ensure that a percentage of these free tickets will be given to local stakeholders and communities, the details of which will be worked through with the appropriate authorities. This will be managed by our comms team, who will liaise with LLDC and the local Boroughs, as well as consulting with our main resident database to ensure fair distribution.

### Tours

Delaware North, the catering company, are responsible for the stadium tours alongside West Ham United. LS185 will support and encourage Delaware North to provide these to local schools. This work is still under development by Delaware North, in conjunction with LS185 and West Ham, and a further update will be provided once these are up and running. This update will include any costs, how we target schools and what will specifically be involved.

An open day for local residents to access the Stadium will be developed with Delaware North. Details are being worked through, but this will include a behind the scenes tour, a presentation about the Stadium and workshops to involve the residents. Again, this will be further developed as we move ahead with mobilisation of the stadium.

### VINCI UK Foundation

A Foundation similar to one set up in France has been set up in the UK with all the other VINCI subsidiaries in the UK market involved. How LS185 will specifically be involved, and how the national foundation will be translated down to the local level, is being scoped and more information will be provided in the revised copy of this plan after the first year. This will include more detailed information on local work, funding, what the process is for this, how the defined areas of work will be delivered and the approach to working with local organisations. This piece of work will be led by the Head of Commercials, Communication and Marketing when in post in summer 2016.

The VINCI UK Foundation supports initiatives that promote social cohesion, fights exclusion and isolation in the UK and the Republic of Ireland by combining the skills of VINCI staff, together with financial assistance, to be a long term partner of the community. Further information is available at: <http://vinciukfoud.dns-systems.net/>

### Volunteering

LS185 will support the Park Champions programme by liaising with LLDC to provide volunteers at appropriate events. LS185 recognises that there is a database of approximately 560 volunteers, of which many were games makers, and who have a range of talents, knowledge and skills, such as horticulture, mobility team leaders, and volunteer managers, who really know the park. LS185 will meet with the volunteer park champion lead and develop an

understanding of how they can work together on future events and activities. LS185 values the experience they can bring and will provide recommendations to event promoters for their use.

LS185 also recognises the hugely successful park mobility service, and will work with LLDC to explore how this can be utilised at events. Due to the positioning of the main service in the park, LS185 will also be looking to provide a shuttle service directly from the station to provide high customer care.

Once the first events have been held in Summer 2016, we will be in a position to update this further with lessons learnt.

## REVIEW AND EVALUATION

LS185 will review the Community Engagement Plan on an annual basis thereafter in consultation with E20, LLDC and London Borough of Newham. LS185 will continue to work with LLDC, Newham Council, West Ham United and other key stakeholders to support the community engagement work. Details on future targets, and any proposed revision to previous targets, will be discussed and agreed with PPDT as part of this review process.

## ANNEX A – STAKEHOLDER LIST

Stakeholder Category	Name of Organisation
Political	London Borough of Newham
Political	London Borough of Tower Hamlets
Political	London Borough of Hackney
Political	London Borough of Waltham Forest
Education	Gainsborough School
Education	Chobham Academy
Education	Carpenters School
Local Business	Westfield Shopping Centre
Local Business	View Tube
Local Organisation	E20.org
Local Organisation	Manor Garden Society
Local Organisation	Police Ward Panel
Local Residents	Carpenters TMO
Local Residents	Association of Ironworks Residents
Local Residents	Leebank Square RA
Local Residents	Wick Lane
Local Residents	Faringford Road Neighbourhood Watch
Local Residents	Greater Carpenters Neighbourhood Forum
Local Residents	Stratford Halo Genesis Housing
Local Residents	Burford Road Residents
Local Residents	Omega Works
Local Residents	East Village Residents Association
Park Partner	London Aquatics Centre
Park Partner	Podium
Park Partner	ArcelorMittal Orbit
Park Partner	Lee Valley Regional Park Authority
Park Partner	Here East
Park Partner	Coper Box Arena
Park Partner	Chobham Manor LLP
Park Partner	East Wick and Sweetwater Developments
Park Partner	Youth Board
Park Partner	Legacy Youth Voice
Park Partner	Lendlease

Park Partner	Loughborough University
Park Partner	David Ross Education Trust
Park Partner	Mossbourne Academy
Park Partner	Hackney Community College
Park Partner	Company Wayne McGregor
Park Partner	Random Dance
	Canals and River Trust
Park Partner	Triathlon Homes
Park Partner	Get Living London
Local Business	Hackney Wick Cultural Interest Group (CIG)
Local Organisation	Park Champions
Local Organisation	Chandos Community Group
Local Business	Stratford BID (forum)
Local Business	Fish Island Labs
Local Residents	Lock Keepers Cottage Residents
Park Partner	UCL
Park Partner	UAL – LCF
Park Partner	V&A
Park Partner	Sadler’s Wells
Local Business	Forman’s
Local Business	Counter Café
Local Business	Vittoria Wharf Businesses
Local Business	Hamnett Industrial Estate Businesses
Local Business	Crate
Local Business	Howling Hops

# E20 Stadium Review

# Introduction

# A Brief History of Time

- July 2005 – Stadium athletics legacy confirmed in London 2012 bid. GLA and Central Govt commitment made
- Nov 2007 – Stadium design for Games and legacy modes announced. In legacy, upper tier to be removed, leaving lower tier and athletics track. Olympic Board decision (HMG (Tessa), Mayor (Livingstone), LOCOG (Seb))
- March 2011 – HMG (Hunt) and Mayor (Boris) approve West Ham and LBN as preferred bidder for Stadium concession
- Oct 2011 – HMG (Hunt) and Mayor (Boris) end process to dispose of Stadium after it becomes bogged down in legal challenges. Legacy Company start new process to find concessionaire
- Nov 2011 – UKA win bid to host 2017 IAAF World Championships at the Stadium
- July 2012 – E20 set up to transform and manage the Stadium
- March 2013 – E20 and LLDC confirm West Ham as long-term concessionaire – Concession Agreement signed. s.43
- June 2013 – E20 sign UKA Access Agreement, making long-term athletics commitment
- August 2013 – Transformation work begins

# Celebrate Success

- An amazing physical legacy with a true long-term asset
- Over 1m Visits since the 2012 Games
- Close to 500,000 visits to stadium in last 4 months
- Long term stadium sports use cemented in agreements
- Compare to Athens, Beijing, Sydney

# A New Asset for London

- Unique Place in the Market
- National Athletics Centre
- Automatic home for any Major Athletics Championships at minimal cost to tax payer
- Direct Competitor for Wembley:
  - Concerts
  - Rugby
  - Ground shares during development
- Only 50,000+ capacity venue that can host baseball
- Home to London's 4<sup>th</sup> world class Premier League club

# Stadium Expectation vs Reality

	Expected (2013)	Reality (2016)	Financial Implications
<b>Capital Costs</b>	£120m	£300m	Very High (£Ms pa)
<b>Seats</b>	Retractable seats that work in 7 days and cost £300k pa	10 -14 days and as much as £7m (see later slides)	Very High (£Ms pa)
<b>Naming Rights</b>	Naming rights deal done and providing mainstay of commercials for E20	No naming rights deal	Very High (£Ms pa)
<b>Football Operational Costs</b>	Stadium that could run football games for £100k per match.	Stadium than costs £180k to run a football match	Very High (£Ms pa)
<b>Multi sport flexibility</b>	Stadium able to move between multiple modes easily	Lose 28 days for seat moves and pitch spec limits cricket etc	Very High (£Ms pa)
<b>Operator taking on Risk</b>	Operator to take on all aspects, financial and operational risk. Independent of E20.	Operator like a small company that can run a stadium but no financial underwriting or spending power. Dependent on E20.	Very High (£Ms pa)
<b>Maintenance</b>	Expected to be given a Maintained stadium	Commissioned once by BB but not maintained	High (£000s pa)
<b>Concession Agreement</b>	Clear Concession agreement that means matters self-governed	Unclear concession agreement that has generated disputes with demanding and aggressive West Ham	High (£000s pa)
<b>Stakeholder Demands</b>	Co-operative stakeholders (Westfield, TfL etc)	Demanding stakeholder scared of football crowds	High (£000s pa)
<b>Business rates</b>	£1.2m	£2m	High (£000s pa)
<b>Newness</b>	New stadium	Legacy stadium that is 5 years old in most operational matters	Moderate c(£00s pa)
<b>Physical Structure</b>	Robust physical structure	Upgraded structure from temporary but not a fully robust structure	Moderate c(£00s pa)
<b>West Ham Relations</b>	West Ham a demanding client	As expected	Moderate c(£00s pa)

# Opportunities

- Stadium already delivers its legacy brief in terms of events, regeneration
- Close to securing community benefits
- Stadium could make money long term, but only with radical changes
- Can make efficiencies through eradicating duplication and aligning interests
- Member support to adjust contracts to make money
- Potential to diversify the E20/Stadium portfolio:
  - Rick Roberts Way
  - Other venue clienting
  - More direct role in the stadium

# 6 Key Decisions

1. Finance: Will the stadium ever make money?
2. West Ham United Concession Agreement
3. Relocatable Seat Options
4. LS185 Performance
5. Stadium Management Options
6. Stadium Ownership

# 1. Finance -

Will the stadium ever make money?

# Changes in E20 Business Plan over Time

<b>£000s</b>	<b>E20 Net Position per annum, steady state</b>
PWC Business Plan March 2014	1800
E20 Business Plan June 2015	3300
E20 Business Plan March 2016	1200
Latest E20 Projections Sept 2016	-2000 (before major risks)

# Financials

- Based on current information E20 will lose £2m per annum in steady state, with some big assumptions:
  - £300k for seat moves
  - naming rights secured at **s.43**
  - 8 concerts pa
  - LS185 business plan
  - No change in fixed costs

# Recovery Plan to get to Breakeven

- Note that just to hold loss at £2m pa, the following would need to be assumed:
  - Naming rights at **s.43**
  - WH capacity increase revenue neutral (legal determination)
  - Asset survey doesn't increase LS185 fixed costs
  - E20 retractable seating liability at £300k pa
- Increase secondary income **s.43**
- Only essential egress - saying no to Westfield and others (£0.6m)
- Potential to operate in house and achieve £0.75m efficiencies, but more exposed to risks

# Key Decision 1: Finance

- **Accept Breakeven as best planning position**
- Fund at **s.43** loss pa until 2020
- Loss much greater if retractable seating costs taken on, or no naming rights

S.43

S.43

S.43

S.43

S.43

# 3. Relocatable Seats – How Much do Seats Cost to Move?

# History

- No retractable seats in original stadium design
- Decision to retro fit after 2012
- Challenge to design a cost effective solution
- March 2013: 7 day turnaround implied in the UK Access Agreement and WHU Concession Agreement
- December 2013: E20 Decision on Alto based on 7 days turnaround and £300k-£1.35m pa
- January 2015: 7 days turnaround built into the LS185 Contract, no £ figure included
- July-August 2015 seat moves delivered for rugby
- September 2015: Alto Bankrupt, SAPA step in
- Jul 2016 moves delivered, including Airskates

# Sept 2016 Estimate

- MACE pre-tender estimate of £4m-£7m pa for future years (once in, once out – i.e. equivalent of existing £300k provision)
- Assumes airskates on all stands
- Estimated at £4m to move three stands (West, North, South, and first 7 rows off East)
- Estimated at £7m for full transition of all four stands
- Broad split:
  - West £2m
  - North £1m
  - South £1m
  - East £3m
- 5 year contract to the tendered

# Impact on Stadium Business

- The single biggest item affecting stadium objectives
- Costs challenges basis of a multi-purpose stadium, as it is never makes economical sense to move the seats
- £4m-£7m pa added to all scenarios to move seats
- E20 Director believes not compliant with transformation work specification
- Non compliant to E20 Member expectations
- **s.43** [REDACTED]
- Lack of confidence in the seating system
- Generated uncertainty and reputational damage with partners – LS185, GLA, MLB, UKA, West Ham United, Concert Promoters
- **s.43** [REDACTED]

Could seek a radically different solution  
(e.g. temporary seat overlay “ St Andrews  
Golf Stand”)



# What should we do in 2017? - Concerts

	Scenario	West, North & South	East	Total Capacity	Field of Play	Notes	Seat Move Cost	Is Concert Capacity of 77,000 Retained
A	Full Athletics	Back	Back	77,825	36,334	Super gangways used	£3m	Achieved
B	Athletics with East Stand forward	Back	Forward	65,777	18,680	No other measures	£0m	Not Achieved (-12k capacity)
C	E plus extra exits	Back	Forward - 7 rows	79,264	34,023	As D plus another exit on block 142 and north stair	c.£0.6m	Achieved (+2k overall, but -2k on FOP)

# What should we do in 2017?

S.43

S.43

# Key Decision 3: Seats

- 2017:
  - Do not move the East Stand back
  - Agree remedial actions to retain concert capacity, but accept risk of promoters pulling out
  - Prepare for London 2017 complaints
- 2018 onwards:
  - Authorise to enter into discussions with UKA on frequency of, and permanent configuration for, Diamond League
  - No regular MLB
- Liability for Seat Costs:
  - Agree who meets liability for £4m pa for other 3 stands moving
  - Or find a radically different solution (e.g. temporary seat overlay “ St Andrews Golf Stand”)

# 4. E20 confidence in LS185

# LS185 Performance

- Commendable dedication and commitment to the job
- Operations / Safety:
  - LS185 operates stadium adequately
  - Challenges with football spectators and club
  - WHU lost confidence, *although now regaining this*
  - *Independent Report identifies that recoverable*
- Technical staff good (and mitigating circumstances)
- LS185 not delivered commercially to date
- Not delivering community and employment benefits
- Vinci:
  - LS185 treats E20 like parent as not enough risk transfer
  - E20 picks up tab for anything not contracted
  - Lots of arguments over who pays for what
  - Partners question “Why are E20 and LS185 separate entities?”

**... but early days**

# Safety and Security

- Independent report commissioned by E20
- 18 recommendations. All to be implemented
- In summary:
  - Able to deal with nice people, not as prepared for West Ham United
  - Having to deal with extreme behaviour
  - Made mistakes that exposed them (e.g. segregation line)
  - Stewarding improved from initial mistakes. Numbers from 450 (bid) to 650 (1<sup>st</sup> game) to 800 (1<sup>st</sup> October)
  - Lacked resources to manage intense stadium opening period (e.g. slipped airwaves timeline)
  - No Police presence in stadium is police policy, but airwaves coverage would have helped
  - Need for a collective media message rather than independent briefing
  - Need to be more pro-active to anticipate risks (e.g. free runner break in)

But..

- Getting on top of issues
- Improved relations with police
- More leadership being shown
- Dedication and commitment to the job

# LS185 Score Card

	E20	WHU	Partners (Guestimate of Police / SAG, Promoters Perceptions etc)
Financial Performance	3	N/A	N/A
Commercial Delivery	3	4	5
Financial Resilience	3	N/A	5
Technical Delivery	8	6	7
Safety / Operational Confidence	6	3 - 6	5
Relationship Management	6	3	5
Community and Employment Benefits	4	N/A	4
Accountability and Taking on Responsibility	5	4	6
Dedication and	9	6	8

# Key Decision 4: LS185 Performance

- Too early to judge LS185
- Need to change LS185
- **Need to change LS185 and E20**
- Need to terminate LS185 contract



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**S.43**

# E20 Ownership



SAG / LBN Licencing

DRAFT PRIVATE & CONFIDENTIAL  
COMMERCIALLY SENSITIVE

S.43

**Subject:** East Stand in 2017  
**Meeting date:** 10 October 2016 Conference Call  
**Report to:** E20 Stadium LLP Board  
**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This paper provides the very latest information for the Board, in relation to the decision on whether to move the East Stand in 2017. As identified for further work at last Thursday's Board meeting, it includes:
- a) Bid obligations to the IAAF;
  - b) Review of feasibility to maintain concert capacities with East Stand forward;
  - c) East Stand seat move transition times;
  - d) Legal position with LS185.

## 2. BID OBLIGATIONS TO THE IAAF

- 2.1. E20 has undertaken a review of the documents submitted to the IAAF as part of UK Athletics' bid in 2011.
- 2.2. In 2011, the future legacy use of the stadium was undecided, although the OPLC (predecessor body to LLDC) was committed to an athletics legacy. The letter at annex 1 from the OPLC Chair and Chief Executive to the IAAF President, says:
- "The OPLC is fully committed to ensuring that the Olympic Stadium remains an iconic athletics venue. We have worked closely with our partners - UK Athletics, in the design and long-term planning of the Olympic Stadium and are confident that it will be a superb and fitting venue for the World Athletics Championships in 2017 should the IAAF bestow the honour of holding this most prestigious event in the UK."
- 2.3. The bid documents are silent on whether the East Stand will be "back" or "forward" – this is of course because the retractable seating system had yet to be designed. The bid documents do include a plan of the Field of Play with two jump runways outside the back straight, and the host contract then binds UKA into delivering its bid. With the East Stand forward, it is not possible to have jump runways outside the back straight, and these would be relocated elsewhere on the field of play (as they were for the 2016 Diamond League). This would seem to be a relatively minor change to a bid commitment.
- 2.4. The IAAF Technical Manual indicates that flexibility is permitted when arranging the field of play. It requires that "the Field Events are evenly distributed over the arena to

avoid congestion and to satisfy the needs of the spectators. This layout avoids undue disruption of events by ceremonies and counterbalances the concentration of interest in the finish area. The layout is, of course, flexible. Local climatic conditions particularly wind conditions and the effects of the rays of the sun on jumpers / vaulters must be considered.”

### **3. CONCERT CAPACITY**

- 3.1. At last Thursday’s Board meeting, E20 presented some initial analysis undertaken by Momentum (transport consultants) into the potential concert capacity with the East Stand forward. LS185 have since been urgently reviewing this work. A verbal update will be provided to the Board following an E20/LS185/Momentum meeting this morning.
- 3.2. Depending on that outcome, a potential way forward could be a response to LS185 along the following lines:
- 3.3. E20 could commit today that the Stadium will be provided in one of two configurations, but either of these would guarantee (figures tbc) [70,000] overall capacity, inc [30,000] field of play capacity. LS185 could then make a similar contractual commitment to the Depeche Mode promoter which (assuming acceptable) would enable them to announce. The promoter could begin ticket sales up to those caps, whilst E20/LS185 reach a final decision on the stadium configuration and capacities. LS185 could even permit that, in the event the stadium is not provided to the previously discussed capacities (ie. with East Stand back) the hire fee may be reduced proportionately.
- 3.4. E20 has asked LS185 whether a response from E20 along these lines would be workable.

### **4. EAST STAND SEAT MOVE TRANSITION TIMES**

- 4.1. The timeline for potentially moving the East Stand in May (back) and in August (out) looks challenging, perhaps unachievable. The seating contractor pre-tender estimate indicates that in year 1 the transition time for football to full athletics mode will take 15 days (each way).
- 4.2. West Ham’s last home match is on 13 May 2017. LS185 are requiring the full transition ready for concerts to be complete by 8am on 27 May. This would allow for only 13 days.
- 4.3. The World Athletics Championships finish on 13 August 2017. The Concession Agreement requires the seats to be back in football mode by 25 August (for a likely match either that day or the 26<sup>th</sup>). Even ignoring London 2017’s right to “bump out” time, only 11 days are available.

### **5. LEGAL POSITION WITH LS185**

- 5.1. LS185 have written to E20 this morning, asserting their legal position. The note is attached at annex 2. LS185 outline the costs and damages that they would seek from E20 if E20 failed to provide the stadium in full athletics mode (i.e. including East Stand back) for the 2017 concert programme.
- 5.2. LS185 cite clause 10 of schedule 2 and state that by keeping the East Stand forward in 2017, E20 would be breaching its obligations to LS185. E20 is seeking urgent legal advice on this point, but a reading of these clauses does not appear to bear this out.

5.3. Up until the Retractable Seating Services Commencement Date (the point at which LS185 take on the seats – which has not yet occurred), E20's obligations do not appear to include providing the stadium in athletics mode for concerts:

“The Grantor shall procure that:

- a) the Retractable Seating is completely configured for use in Athletics Mode, such that it can be used for an athletics Event; and
- b) the Retractable Seating is completely configured for use in Football Mode, such that it can be used for an Event in Football Mode;  
(each a "Retractable Seating Testing Event").” (Schedule 2, Clause 10.1.6.)

5.4. E20 have asked LS185 to clarify the specific clause they feel enables them to seek damages from E20.

5.5. LS185 also recently wrote to E20, seeking absolute assurance that the stadium would be provided in full athletics mode by 27 May. The letter is included at Annex 3. The fact that LS185 felt the need to have this letter seems to be at odds with their assertion that E20 are legally obliged to provide the stadium in this mode anyway.

**Report originator(s): Martin Gaunt**

**Email: [martingaunt@e20stadium.com](mailto:martingaunt@e20stadium.com)**

Lamine Diack  
President IAAF  
International Association of Athletics Federations  
17 rue Princesse Florestine  
BP 359  
MC98007 Monaco

20<sup>th</sup> October, 2011

Dear President Diack,

Following the IAAF's Evaluation Commission's visit to London and subsequent announcements from the Minister for Sport and the Olympics and the Mayor of London, with regards to the future of the London Olympic Stadium, we would like to take this opportunity to provide a personal assurance regarding the progress on the plans for the Olympic Stadium legacy.

On 10<sup>th</sup> October, 2011 the Olympic Park Legacy Company's (OPLC) Board decided to close the previous bid process due to the delays to the Olympic Stadium Programme resulting from the ongoing legal challenges. As a consequence of the OPLC's decision, all proceedings were dismissed and we are pleased to report that the case for legal costs has now also been settled.

The OPLC is now taking direct control of the Olympic Stadium in order to guarantee the athletics legacy and is taking full responsibility for not only the transformation of the Olympic Stadium after the 2012 Olympic and Paralympics Games but also its ongoing operation and event planning.

We are leading the public-sector ownership of the Olympic Stadium and all associated uses in order to ensure the strongest possible legacy from the 2012 Olympic Games with athletics at its core. We can assure you and the IAAF that our control of the project will provide the momentum to deliver the transformation programme. Our new plans, a firm timetable and the commitment of significant resources will enable us to secure the re-opening of the Olympic Stadium for August 2014.

Cont/....

I hope this letter, as well as the legal opinion provided, gives you the reassurances you require. The OPLC is fully committed to ensuring that the Olympic Stadium remains an iconic athletics venue. We have worked closely with our partners - UK Athletics, in the design and long-term planning of the Olympic Stadium and are confident that it will be a superb and fitting venue for the World Athletics Championships in 2017 should the IAAF bestow the honour of holding this most prestigious event in the UK.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Baroness Ford', with a horizontal line underneath.

Baroness Ford  
Chairman

A handwritten signature in blue ink, appearing to read 'Altman', with a horizontal line underneath.

Andrew Altman  
Chief Executive

## East stand impact

### Technical analysis of the Momentum feedback

**We have some serious concerns about the initial feedback from Momentum since the numbers provided by Momentum do not reflect the concerts specifications (free-flow crowd management and safety & real stage footprint) and the impact of the East Stand should be higher than calculated by Momentum:**

- Promoters have agreed to hire the Stadium next year on the basis of a seating manifest which includes a field of play of 21,157 sq. /meters and a free-flow crowd management.
- **Free-flow crowd management:**
  - o Most of the promoters we have on board are looking for a 'free flow' crowd management between the Lower Tier and the Field of Play and the ticketing manifest has been based on this assumption (this allows a maximum capacity of 44,000 spectators and around 50,000 once approved by the Local Authority).
  - o The capacity assessment from Momentum which was provided to us on 6 October i.e. two months after it was commissioned does not take into account the impact on 'free flow' capacities. Instead, the estimate has been made purely on a reserved seating calculation for the Lower Tier which doesn't apply for most of the shows we have for next year.
- **Safety and real stage footprint:**
  - o This assessment also requires a full review from a safety perspective and it is clear that the final figures won't match with what is expected by promoters in 2017. For example Momentum haven't accounted for the production structures which are situated on the Field of Play for concerts (delay towers, mix positions, merchandise positions, crash barriers, etc.) and capacity numbers haven't therefore been assessed on the basis of a real stage footprint.
  - o AC/DC had a total surface on the Field of Play of 21,157 sq. /meters (with the seats fully retracted) and this decreased by 3,861 sq. /meters to take account of the stage and various FoP structures. That left us with a maximum available surface of 17,296 sq. /meters. The study from Momentum suggests we could have 17,000 sq. /meters available on the Field of Play with the East stand moved forward. This is technically not achievable considering the real footprint of concert stages and the production structures.
- In addition one of the acts we have secured (confidential at this stage) will use a central stage and requires a minimum of 16,000 reserved seats around the stage on the Field of Play. According to Momentum's assessment this cannot be achieved, and it is highly likely the promoter will chose another venue. Just for that gig, we are talking of a financial impact of potentially 4 concerts (i.e. a financial lack of revenues over £1,000,000) for E20/ LS185.

**Obviously the Momentum analysis provided by E20 to their board members and LS185 on Thursday morning before the E20 Board is not so consistent as it was presented. As explained to the E20 Board on Thursday afternoon it was not feasible to check through all this information at such short notice and it was very disappointing that it was delivered in this way given the demands to sign concert contracts have been known and indeed have previously been pushed for by E20.**

### Legal position of LS185

- The Grantor's failure in relation to the Retractable Seating configuration constitutes a serious breach of the Contract (schedule 2 para 10 refers).
- This potentially gives rise to claims for breach of contract and also a claim under the contract pursuant to clause 16 as an "Excusing Event" (see limb (c) of the definition)
- In terms of claiming for a breach of the contract, the Operator would be entitled to claim for its losses arising from the breach, including losses arising out of the arrangements with promoters of which the Grantor has been informed by the Operator.
- In terms of a claim for compensation under clause 16, the Operator would be entitled to seek recovery under the Contract of costs incurred or lost revenue arising as a result of the breach
- Lost revenues for which the Grantor would be liable would include:
  - the Operator's share of revenue arising from the events that had been affected by the breach by the Grantor, which would include the income identified by the Operator to the Grantor
  - longer term lost revenues as a result of impact upon the Stadium position in the London market place as a viable venue for major eventsIn addition to financial compensation, any Excusing Event would need to take account of additional reliefs for the Operator.
- The Grantor will be liable to the Operator in respect of costs incurred as a direct result of the Grantor's breach. These would include:
  - Additional management and operational costs
  - **Costs arising from any claims brought against LS185 for damages by third parties, including any liability of LS185 to the promoters**
  - External advisory and legal costs

### Potential claims:

#### *Short-term*



S.43

S.43

*Long-term*

S.43

## LETTER OF AGREEMENT

29 September 2016

**From:** London Olympic Stadium 185 (“LS185”)

**To:** (1) **E20 Stadium LLP (“E20”)**

Level 10  
1 Stratford Place  
Montfichet Road  
London  
E20 1EJ

(2) **London Legacy Development Corporation (“LLDC”)**

Level 10  
1 Stratford Place  
Montfichet Road  
London  
E20 1EJ

*E20 and the LLDC together being referred to as the “Grantor”*

**Copy:** **Newham Legacy Investment Limited (“Newham”)**

Newham Dockside  
1000 Dockside Road  
London E16 2QU

*LS185, E20 and the LLDC shall be referred to individually as a “Party” and together as the “Parties”.*

**Re: Letter of Agreement relating to the Retractable Seating at the Stadium at the Queen Elizabeth Olympic Park (“Letter”)**

Dear Sirs,

1. We write to you following previous communications between LS185 and E20 regarding the programme of concerts to be held at the Stadium in 2017. In particular, LS185 has finalised some of its commercial discussions with event management companies (the “**Event Companies**”) to hold concerts at the Stadium in June 2017, with the first one on 3 June 2017 (the “**Event**”). Following these discussions, LS185 has sent agreements to the Event Companies for the hire of the Stadium (the “**Hire Agreements**”).

2. LS185 has regularly informed the Grantor regarding the progress of the discussions with the Event Companies.
3. We refer to the contract dated 30 January 2015, entered into by and between the Parties relating to the operation, management and maintenance of the Stadium and certain areas in the South Park at the Queen Elizabeth Olympic Park ("**Operator Agreement**"). Unless otherwise provided, all capitalised terms that we use in this letter will have the same definitions as given to them in Appendix 1 of the Operator Agreement.
4. The Parties have agreed to sign the present Letter to confirm and guarantee that, by 27 May 2017 [at 8am at the latest](#), E20 shall make the Retractable Seating available to LS185 under pure Athletics Mode with all the stands retracted (North, South, East and West).
5. The Grantor acknowledges that the liability shall fall back-to-back on the Grantor, who shall indemnify and hold LS185 harmless from and against all costs and expenses, actions, proceedings, claims, demands and damages ("**Costs**") arising from a breach of its warranty to provide the Stadium by 27 May 2017 in compliance with the conditions stated in paragraph 4. The Costs shall include those claimed by the Event Company to LS185 and in addition, subject to fully supported evidence, LS185's other reasonable costs.
6. The Parties agree not to disclose and to prevent their directors, officers, employees or other representatives from disclosing or using in any way information relating to the Event ("**Confidential Information**"), save to the extent required by law, regulation or administrative requirement, or before obtaining prior written approval of the Event Company.
7. The terms of this Letter shall be governed by and construed in accordance with the laws of England and Wales. Any claim, dispute or difference between the Parties arising under or in connection with this Letter shall be submitted to the exclusive jurisdiction of the courts of England and Wales.

Please sign, date and return the duplicate of this Letter to signify your agreement to its terms.

Yours sincerely,

.....  
**Linda Lennon CBE**, Chief Executive Officer  
London Stadium 185 Limited

WE ACKNOWLEDGE THAT WE UNDERSTAND AND ACCEPT THE TERMS AND CONDITIONS SET OUT ABOVE.

..... Dated: .....

\_\_\_\_\_

For and on behalf of E20 Stadium LLP

..... Dated: .....

\_\_\_\_\_

For and on behalf of Newham Legacy Investment Limited

..... Dated: .....

\_\_\_\_\_

For and on behalf of London Legacy Development Corporation

\_\_\_\_\_

For and on behalf of London Legacy Development Corporation

**Meeting:** E20 Stadium LLP  
**Date:** 20.10.16  
**Time:** 10am – 11am  
**Meeting Venue:** LLDC Marketing Suite or by Phone

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**Member Representatives Expected:** David Edmonds (LLDC and Chair), David Gregson (LLDC), Nicky Dunn (LLDC), Lester Hudson (NLI), Katharine Deas (NLI)

**Ex-Officio Members:** Kim Bromley-Derry (NLI)

**Also Expected:** Alan Skewis, s.40, Martin Gaunt (All E20); s.40 (NLI); Gerry Murphy (LLDC)

**Apologies:** David Goldstone (LLDC)

**Agenda:**

1. Welcome and Apologies
2. Minutes of the meetings held on 6 October and 10 October 2016 (Papers 1 and 2)
3. E20 Director Update (Paper 3)
4. East Stand in 2017 (Paper to follow after meeting with London 2017 on 18 October)
5. Naming Rights (Paper 5)
6. Stadium Management (Paper 6)
7. AOB

Dial-in numbers

United Kingdom Freefone: s.31

United Kingdom Primary: s.31

Chairperson passcode: s.31 then #

Participant passcode: s.31 then #

**Subject:** E20 Director Update

**Meeting date:** 20.10.16

**Agenda Item:** 3

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis, Director of E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This report provides the E20 Stadium LLP Board (“the Board” or E20) with an update from the Director and E20 team on various work streams. It does not repeat the report to the 6 October meeting, but updates on relevant items since that meeting.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the report.

## 3. DIRECTOR OVERVIEW

- 3.1. The October 6 Board made a number of decisions critical to the next phase of the stadium’s life. The decisions and direction given to the team have allowed a number of issues that have been in abeyance to progress.
- 3.2. The risk register remains as reported on the 6<sup>th</sup> October:
  - 3.2.1. Non-delivery of naming rights (Red)
  - 3.2.2. Financial position required further Member contributions (Red)
  - 3.2.3. E20 Liability arising for relocatable seating (**Red**, was Amber)
  - 3.2.4. WHU relationship (Amber, was **Red**)
  - 3.2.5. Stadium Capacity (Amber)
  - 3.2.6. Operator Performance and Disputed Costs (Amber)
  - 3.2.7. School Construction (Amber)
  - 3.2.8. Digital Screen / **s.43** (Amber)
  - 3.2.9. State aid challenge (Green, was Amber)

## 4. STADIUM CAPACITY

- 4.1. The stadium is currently operating at a capacity of 57,000. This is 3,500 above the minimum capacity that has to be provided to WHU in the Concession Agreement. There is an intention to secure a licence for 60,000 capacity by the end of November. The stadium has planning consent for 60,000.
- 4.2. Legal Obligations
- 4.3. The Board considered the position on expert determination at the 6 October board.
- 4.4. Counsel opinion was verbally reported to the Board. For avoidance of doubt it is that:

4.4.1. s.42 [Redacted]

4.4.2. s.42 [Redacted]

4.5. WHU have provided their Counsel opinion on the legal position, which is being reviewed by E20s legal advisors.

4.6. Having considered the option of making an offer it has been decided that it is better to move forward with expert determination. Therefore no offer has been made to WHU.

4.7. Costs of Providing a Capacity over 60,000

4.8. [Redacted] s.42

4.9. s.42 [Redacted]

4.10. s.42 [Redacted]

4.11. In Planning terms, it is envisaged that any increase in capacity above 60,000 is likely to require a new Planning application, particularly in relation to noise and transport. There will also be significant stakeholder management required to address concerns that Westfield, Lend Lease, TfL, GLL and others will no doubt raise. It is likely that the planning conditions would be onerous financially.

4.12. For an increase to be delivered in time for the 2017/18 season, an application will need submission by March 2017.

4.13. The above have not been costed, but it is safe to assume it is a substantial six figure (potentially seven figure) sum.

## 5. SCHOOL CONSTRUCTION

5.1. The lease for the Secondary school is expected to be signed w/c 17 October, with work commencing imminently. Final Section 106 agreement issues have been cleared by the LLDC PPDT.

- 5.2. The logistical issues reported at the 6 October meeting regarding seat moves, London 2017, Shell and Concert event access are being progressed. A positive (but secondary) issue from not moving the East Stand is that the logistical challenges for the seat moves are reduced. An additional paper on the East Stand is included elsewhere on the Board agenda.
- 5.3. However, the logistical and relationship issues relating to the school construction remain challenging. The main issues relate to the London 2017 period, where London 2017 staff are asserting an untenable position. Work with the London 2017 Executive Director **s.40** is assisting in challenging and finding practical solutions.

## 6. IN STADIUM EXPERIENCE

- 6.1. At the start of the football season it was agreed that some interim measures would be put in place to reflect the fact that supporters were visiting the stadium for the first time, and to reflect that we were uncertain of the need for certain resources. A review took place after the 1 October match, and concluded:

6.1.1. Hospitality Hosts – E20 have written to WHU stating that E20 will no longer fund hosts/esses on their matchdays. E20, LS185 and DN have concluded that hosts do not fall within the scope of “refreshments, catering and ancillary services” that E20 is obliged to provide under the Concession Agreement (an obligation passed through to LS185 and DN). Assuming this position is not overturned by a successful West Ham legal challenge (they have threatened to contest it), it will avoid E20 incurring additional matchday costs of **s.43**. **s.43**<sup>1</sup> WHU can choose to employ hostesses, but at their cost. E20 have also raised concerns regarding WHU’s preferred supplier.

6.1.2. Draught Beer – Following a pre-season complaint by WHU that they believed draught beer was a requirement for a comparable club, work was undertaken to identify how to get draught beer to most hospitality lounges. This would cost c.£150,000. To date WHU have not raised the issue and there have been few complaints, so work to address draught beer provision is in abeyance.

## 7. DIGITAL SCREEN / **s.43**

- 7.1. **s.43** [Redacted]
- 7.2. **s.43** [Redacted]
- 7.3. **s.43** [Redacted]

<sup>1</sup> Note that this would constitute a diminished risk, rather than a saving against the business plan or latest forecasts.

## **8. VOID TREATMENT**

- 8.1. The void solution has been successfully implemented. It augments the look of the stadium, as well as giving LLDC and LBN brand coverage on the stadium. The solution has been delivered for under half of the £1m plus cost originally identified by the LLDC transformation team in the past.
- 8.2. The final account for the void treatment has now been settled at £493k. This is £43k more than the anticipated £450k capital cost to supply and install and leaves £407k, from the agreed £900k budget, to fund the operational & maintenance costs over future years.
- 8.3. Members will recall this budget is equally funded by LBN, LLDC and West Ham. The forthcoming Seating procurement tender (the scope of which will include mounting/demounting the void treatment) will inform stakeholders how long this balance is likely to last.
- 8.4. At the Middlesbrough match, six away supporters managed to get onto the void treatment. The voids had been signed off by the Safety officer, but the occurrence was an unexpected, and serious, health and safety issue. Although the void treatment remained in place, they are not intended to accommodate humans jumping on them. LS185 have been required to deliver an action plan to improve security and locate signs identifying that people should not under any circumstances climb onto the void treatment.

## **9. INGRESS AND EGRESS**

- 9.1. There remain significant issues, and a defensive approach from Westfield, TfL and the TOCs. Chris Allison is turning his attention to these arrangements, and will report by mid-November.
- 9.2. It is clear that the issues will not be resolved before the next set of games from 22 October to 5 November. E20 have communicated to LS185 that they should continue with interim arrangements and funding during that period to maintain safety and a positive approach to partners. It is clear, however, that matters need to change if the costs of ingress and egress are to be sustainable in the long term.

## **10. POLICE PRESENCE / AIRWAVES**

- 10.1. The installation of the permanent Airwaves solution has begun. Airwaves are contracted by the Met police. Airwaves have identified a 39 week delivery programme. This has been challenged by the Met, LS185 and E20.
- 10.2. The Chelsea Cup game will be played at a 57,000 capacity as a temporary mobile solution that delivers adequate cover for the Met police to enter the stadium has been positively tested. The Met are pro-actively working on a policing plan that will allow them to access the stadium if required. Their presence will only be in circumstances where there is a Category C game (e.g. Chelsea), or where there is criminal activity in the stadium. Regardless of the Airwaves coverage the police will not enter the stadium to support stewarding operations.

## **11. SAFETY AND SECURITY REPORT**

- 11.1. The 18 recommendations of the Chris Allison report have been progressed. A tracker on each of the 18 recommendations is being updated regularly and has been circulated with the Board papers.
- 11.2. **s.40** is leaving in December to join the City of London. While unusual to report such a departure from an external organisation to the Board, in

this case it is felt relevant as s.40 has played an integral role in the certification of the stadium from the 2012 Games to date.

- 11.3. s.40 has been an excellent, even handed, s.40, who has made a positive contribution to the staging of the 2012 Games and then through the transformation of the stadium. The Chair is requested to write to s.40 to express his thanks for his efforts over the time of the stadium.

## **12. CHANGES TO UPCOMING FOOTBALL FIXTURES**

- 12.1. Annex 1 provides the most up to date set of football fixtures. It includes movement of kick off dates and times at the request of TV.
- 12.2. The most challenging change is the 5.15pm Man Utd fixture on the 2nd January, as it co-incides with the January sales in Westfield and a 5.15pm kick off on a bank holiday creates risks relating to excessive drinking pre match.

More positively Members should note that the fixture that would be postponed if WHU reach the FA Cup quarter final is away at Bournemouth. This reduces the chances of having a rescheduled game on the 17th May, and reduces the risk for the seat relocation to concerts. A 17th May game would be likely if they got to the semi final, as they are scheduled to play Everton at home on the semi-final weekend.

**Annex 1: PREMIER LEAGUE – SEASON 2016-2017**  
**(Fixtures at 14.10.2016 – Broadcast Selections to 31.01.2017)**

Thur July 28	NK Domžale (A)		UEL 3Q (1)
<b>Thur Aug 4</b>	<b>NK Domžale (H)</b>		<b>UEL 3Q (2)</b>
Mon Aug 15	Chelsea (A) 8.00pm	Sky	
Thur Aug 18	FC Astra Giurgiu (A) 21.15hrs (local)		UEL Play-Off (1)
<b>Sun Aug 21</b>	<b>AFC Bournemouth (H) 4.00pm</b>	<b>Sky</b>	
Thur Aug 25	FC Astra Giurgiu (H) 7.45pm		UEL Play-Off (2)
Sun Aug 28	Manchester City (A) 4.00pm	Sky	
	<i>International Fixtures</i>		
<b>Sat Sep 10</b>	<b>Watford (H)</b>		
Sat Sep 17	West Bromwich Albion (A)		
<b>Wed Sep 21</b>	<b>Accrington Stanley (H) 7.45pm</b>		<b>EFL Cup R3</b>
<b>Sun Sep 25</b>	<b>Southampton (H) 4.00pm</b>	<b>Sky</b>	
<b>Sat Oct 1</b>	<b>Middlesbrough (H)</b>		
	<i>International Fixtures</i>		
Sat Oct 15	Crystal Palace (A) 5.30pm	BT	
<b>Sat Oct 22</b>	<b>Sunderland (H)</b>		
<b>Wed Oct 26</b>	<b>Chelsea (H) 7.45pm</b>		<b>EFL Cup R4</b>
Sun Oct 30	Everton (A) 1.30pm	Sky	
<b>Sat Nov 5</b>	<b>Stoke City (H)</b>		
	<i>International Fixtures</i>		
Sat Nov 19	Tottenham Hotspur (A) 5.30pm	BT	
Sun 27 Nov	Manchester United (A) 4.30pm		
<i>Wed Nov 30</i>			<i>EFL Cup R5</i>
<b>Sat Dec 3</b>	<b>Arsenal (H) 5.30pm</b>	<b>BT</b>	
<b>Sun Dec 11</b>	<b>Liverpool (A) 4.30pm</b>	<b>Sky</b>	
<b>Wed Dec 14</b>	<b>Burnley (H) 7.45pm</b>		
<b>Sat Dec 17</b>	<b>Hull City (H)</b>		
Mon Dec 26	Swansea City (A)		
Sat Dec 31	Leicester City (A)		
<b>Mon Jan 2</b>	<b>Manchester United (H) 5.15pm</b>	<b>Sky</b>	
<i>Sat Jan 7</i>			<i>FA Cup 3</i>
<i>Wed Jan 11</i>			<i>EFL Cup SF1</i>
<b>Sat Jan 14</b>	<b>Crystal Palace (H)</b>		
Sat Jan 21	Middlesbrough (A)		
<i>Wed Jan 25</i>			<i>EFL Cup SF2</i>
<i>Sat Jan 28</i>			<i>FA Cup 4</i>
<b>Wed Feb 1</b>	<b>Manchester City (H) 7.45pm</b>	<b>BT</b>	
Sat Feb 4	Southampton (A)		
<b>Sat Feb 11</b>	<b>West Bromwich Albion (H)</b>		
<i>Sat Feb 18</i>			<i>FA Cup 5</i>
Sat Feb 25	Watford (A)		
<i>Sun Feb 26</i>			<i>EFL Cup Final</i>
<b>Sat Mar 4</b>	<b>Chelsea (H)</b>		
Sat Mar 11	AFC Bournemouth (A)		<b>[FA Cup 6]</b>
<b>Sat Mar 18</b>	<b>Leicester City (H)</b>		
	<i>International Fixtures</i>		
Sat Apr 1	Hull City (A)		
Tue Apr 4	Arsenal (A)		
<b>Sat Apr 8</b>	<b>Swansea City (H)</b>		

Sat Apr 15	Sunderland (A)	
Sat Apr 22	<b>Everton (H)</b>	[FA Cup SF]
Sat Apr 29	Stoke City (A)	
<b>Sat May 6</b>	<b>Tottenham Hotspur (H)</b>	
<b>Sat May 13</b>	<b>Liverpool (H)</b>	
Sun May 21	Burnley (A)	
Sat May 27		FA Cup Final

Notes

UEL – UEFA Europa League

EFL Cup - English Football League Cup (re-brand)

Annex 2: Stadium Safety and Security Report Tracker

	Recommendation	Lead	Current Status (13 October 2016)	Completion Deadline
1	S.31	LS185	S.31	Complete
2		LS185 Met		Permanent - May 2017 Temporary – 22 October 2016
3		WHU		Review week of 7 November 2016
4		WHU LS185		Review week of 7 November 2016
5		LS185		Review week of 7 November 2016
6		LS185		Review week of 7 November 2016

7	S.31	LS185 Met	S.31	Review week of 7 November 2016
8		LS185 E20		Review week of 7 November 2016
9				Review week of 7 November 2016
10		LS185 LLDC		
11		LS185		Review week of 7 November 2016
12		LS185 E20 WHU TfL Met		Review week of 7 November 2016

13	S.31	LS185 E20 WHU TfL Met	S.31	
14		LS185 WHU		Complete
15		LS185 WHU		Complete
16		LS185 E20 WHU		Review week of 7 November 2016
17		LS185 E20 WHU		Review week of 7 November 2016
18		LS185 E20 WHU		Review week of 7 November 2016

**Subject:** E20 Scheme of Delegations update

**Meeting date:** 20 October 2016

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis, E20 Director

## FOR APPROVAL

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### 1. SUMMARY

- 1.1. This report sets out proposed changes to E20's Scheme of Delegations in order to give E20's Business Manager the ability to act in the Director's absence. This is deemed necessary to provide sufficient resilience in E20, in particular to make payments or take urgent decisions, when the Director is absent. The same checks and balances would apply as they do for the Director, plus some additional control measures.

### 2. RECOMMENDATIONS

- 2.1. The Board is invited to:
  - 2.1.1. **APPROVE** the adoption of the revised Scheme of Delegations at annex 1.

### 3. SCHEME OF DELEGATIONS

- 3.1. The Board agreed the latest E20 Scheme of Delegations at its meeting on 28 July 2015. It includes delegated authority for the E20 Director to take urgent action, or commit revenue expenditure within the approved budgets of E20's business plan.
- 3.2. The current Scheme of Delegations provides limited resilience for E20 when the Director is absent, with no ability for urgent actions to be taken, or even routine expenditure to be approved, without recourse to E20's members. This has not proved to be a problem in the past, as the E20 Director has rarely been absent, and never during a period when the stadium is operational.
- 3.3. However, the E20 Director is on leave w/c 24 October. During this period approval is likely to be necessary for routine expenditure such as payroll, and new commitments for items such as a contribution to Westfield egress, legal advice, and technical advice relating to London 2017 seat moves. It is the view of the E20 Director that E20 itself should have the ability to take decisions and commit funds such as this – in line with existing delegations – when the E20 Director is absent. As such, this paper proposes that the Director's delegations are also extended to the E20 Business Manager when the Director is absent.

- 3.4. The same checks and balances would apply as they do for the Director. This includes the Board being notified and given the opportunity to provide their views on any urgent action. Any expenditure needs to be within approved budgets and the Business Plan (and with a limit of s.43 ). As an additional measure, issues that are likely to arise when the Director is absent will be discussed in advance between the Director and Business Manager, with a pre-approval given where possible. Member views will also be sought wherever possible on any issue regarded as non-routine.
- 3.5. The proposed revisions to the Scheme of Delegations are shown highlighted at annex 1. The title of LLDC's Executive Director of Finance and Corporation Services – now Deputy Chief Executive – has also been updated.

## Annex 1 - E20 Stadium LLP Proposed Scheme of Delegations

### Definitions:

In this Scheme of Delegations:

1. **the Board** means the board of the LLP
2. **Board Member** means any member of the Board, including non-voting ex officio members
3. **Business Plan** has the same meaning as in the Members Agreement
4. **Concession Agreement** has the same meaning as in the Members Agreement
5. **Executive Director** means any of LLDC's Executive Directors of Infrastructure, Park Operations and Venues, **Deputy Chief Executive**, and LLDC's General Counsel
6. **Director of NLI** Means any Director of Newham Legacy Investments Limited
7. **Nominated Officer of NLI** An officer who has been nominated by all NLI Director in writing to the LLP members
8. **LBN** means the London Borough of Newham
9. **LLDC** means the London Legacy Development Corporation
10. **The LLP** means E20 Stadium LLP
11. **NLI** means Newham Legacy Investments Limited, a wholly owned subsidiary of London Borough of Newham
12. **Pre-Concession Works** has the same meaning as in the Members Agreement
13. **Specification** has the same meaning as in the Members Agreement
14. **E20 Director** means E20 Stadium LLP's Director
15. **Business Manager** means E20 Stadium LLP's Business Manager

Type of decision	Delegation	Notes
Urgent action	<p>The Board delegates to the E20 Director (or Business Manager in his absence) the exercise of any business of the LLP between meetings where the matter to be decided is urgent provided that, prior to taking action, they shall email all Board members (including all ex-officio Board Members) notifying them of the intended action and seeking their views within a reasonable time frame, and shall also seek the view of the Chair of the Board.</p> <p>If the E20 Director (and Business Manager) is unavailable for any reason, and where any urgent matter involves reputational or financial risk to the LLP and it is not possible to convene an urgent meeting of the Board, the Board delegates to the two ex-officio Board Members representing LLDC and the London Borough of Newham acting in the exercise of any functions of the LLP in relation to the urgent matter provided that, prior to taking action, they shall email all Board members notifying them of the intended action and seeking their views within a reasonable time frame, and shall also seek the view of the chair of the Board.</p> <p>Any urgent action undertaken pursuant to this delegation must be recorded in writing along with the persons consulted and their views (if any) and reported to the next meeting of the Board.</p> <p>All E20 or LLDC staff, and any Director of NLI are delegated the authority to take emergency action in case of imminent danger to life or limb, in consultation with the most senior member of staff present.</p>	
Pre-Concession Works	<p>The Board delegates to the Chief Executive of LLDC, and Director of NLI (with the authority to sub-delegate) the approval of any procurement, spend or commercial transactions (including disposals) relating to the Pre-Concession Works up to s.43 approved budgets and the Business Plan and provided that the same do not impact on the Specification or that affect the LLP's ability to fulfil its obligations under the Concession.</p> <p>Any approval provided pursuant to this delegation must be recorded in writing and reported to the next meeting of the Board.</p>	The sum referred to is cumulative rather than annual (i.e. a two year contract paying s.43 per annum would require full Board approval.
Revenue Expenditure	<p>The Board delegates to the E20 Director (or Business Manager in his absence), Chief Executive of LLDC (with the authority to sub-delegate) and to any Director of NLI the approval of any procurement, spend or commercial transactions relating to revenue expenditure within approved budgets and the Business Plan up to s.43</p> <p>Any approval provided pursuant to this delegation must be recorded in writing and reported to the next meeting of the Board.</p>	The sum referred to is cumulative rather than annual (i.e. a two year contract paying s.43 per annum would require full Board approval.

Type of decision	Delegation	Notes
Virements	<p>The E20 Director (or Business Manager in his absence), Chief Executive of LLDC, or Director of NLI can (with the authority to sub-delegate):</p> <ul style="list-style-type: none"> <li>• vire between budget heads up to the thresholds set out above, and</li> <li>• vire project budgets for the purpose of delivery;</li> </ul> <p>in each case subject to reporting to the Board where the virement would result in a change to the Specification . The sum of these virements must be zero.</p>	
Contract variations and change	<p>Contract variations and changes with a financial impact can be approved by the Chief Executive of LLDC (with the authority to sub-delegate) in relation to Pre-Concession Works and by the E20 Director (or Business Manager in his absence) or Chief Executive of LLDC (with the power of sub-delegation) in conjunction with any Director of NLI in relation to all other expenditure in line with the delegations set out above.</p> <p>Any approval provided pursuant to this delegation must be recorded in writing and, where the contract variation or change would result in a change to the Specification, reported to the next meeting of the Board.</p>	
Contracts and other legal documents	<p>Where possible, the signature or execution of all contractual documents including deeds, novations, and other documents creating legal rights and liabilities, will be signed as follows:</p> <ul style="list-style-type: none"> <li>• If the contract is within the provision made in the business plan, either the E20 Director (or Business Manager in his absence), or both LLDC and NLI ex officio Board members, can sign.</li> <li>• If the contract varies adversely from the provision made in the business plan, one Authorised Signatory of LLDC and one Director of NLI, can sign.</li> </ul> <p>Provided that this does not prohibit the execution of documents by the Members of the LLP in any form allowed under the relevant legislation.</p>	<p>LLDC has passed a resolution that specifies that any of a Board Member of LLDC, the Chief Executive, the Executive Director of Finance and Corporation Services (now the Deputy Chief Executive) and the General Counsel are authorised to execute documents of the LLP where LLDC executes on behalf of the LLP.</p> <p>The power for directors of NLI to execute documents of the LLP follows from the Companies Act and LLP legislation.</p>

Type of decision	Delegation	Notes
<p>Applying for planning permissions and signature of documents relating to planning consents</p>	<p>The Board delegates the decision to apply for planning permission jointly to any Executive Director of LLDC and a Director of NLI, unless the application is contentious, has financial implications that would make it subject to approval by the Board, or that would impact on the Specification (as defined in the Members Agreement) or that would affect the LLP's ability to fulfil its obligations under the Concession Agreement (as defined in the Members' Agreement).</p> <p>The Board delegates the signature of documents relating to secured planning consents jointly to any Executive Director of LLDC and a Director of NLI, unless the documents are novel or contentious, has financial implications, or would result in a change to the Specification.</p> <p>Any approval provided pursuant to this delegation must be recorded in writing and reported to the next meeting of the Board.</p>	



**Subject:** London 2017 / East Stand  
**Meeting date:** 20 October 2016  
**Report to:** E20 Stadium LLP Board  
**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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**1. SUMMARY**

1.1. This paper provides an update on discussions with London 2017 following the Board's decision not to move East Stand in 2017.

**2. RECOMMENDATIONS**

2.1. The Board is invited to **NOTE** this update, including the position taken by London 2017, and the work E20 is undertaking to develop mitigations to the concerns they have raised.

**3. LONDON 2017 POSITION**

3.1. The Board reconfirmed its decision not to move the East Stand in 2017 during the teleconference on 10 October. The E20 Chairman wrote to London 2017 the following day (see annex 1), and the London 2017 Chairman responded on 17 October (see annex 2).

3.2. The London 2017 response is strongly worded, and it presents the implications of this decision as catastrophic from their perspective. There are some inaccurate statements in the letter, and others that require qualification or challenge. The marked-up version in annex 2 provides a commentary on this.

3.3. E20 met with London 2017 (s.40 [redacted]; s.40 [redacted] and s.40 [redacted]) on 18 October. The meeting was helpful in explaining the context to E20's decision, and London 2017 s.43 [redacted]

3.4. The meeting also presented an opportunity for E20 to better understand the challenges this decision poses for London 2017, and for E20 to present its initial work on mitigation measures.

3.5. There are undoubtedly significant challenges relating to ticketing, broadcast positions, and medal ceremonies. However, these all appear surmountable – and London 2017 were close to acknowledging as much in the meeting – provided one underlying challenge relating to the location of the long jump and triple jump runways can be solved. London 2017 said they were prepared to begin to work through all the

secondary issues, provided E20 can first develop a viable option that retains the jump competitions on the East side of the Stadium. This is necessary to spread the action around the stadium, and avoid a conflict with the area designated for medal ceremonies on the West. It is unclear the extent to which this is a contractual commitment they have made to the IAAF and IPC, or an understandable desire (not legally binding) to provide the very best experience possible for all stadium users.

- 3.6. E20 has begun urgent work to scope out the feasibility of potential Field of Play configurations that meet this London 2017 requirement as best it possibly can. E20 has commissioned work by technical advisers KSS on options, with a report due back by the end of October. E20 will meet with **s.40** to present its findings on 1 November. It will be challenging to fully meet London 2017's demands with regard to the Field of Play, but E20 continues to believe a workable solution that successfully addresses their main concerns is possible.
- 3.7. London 2017 have also requested the opportunity to set out their views at an E20 Board meeting. This may be an invitation the Board would like to extend, although it makes sense to conclude the technical studies first.

#### 4. LEGAL POSITION

- 4.1. **s.43**

[Redacted text block]

- 4.2. **s.43**

[Redacted text block]

#### 5. COMMUNICATIONS

- 5.1. E20 and London 2017 are aligned in their desire for the current dispute to not play out in the media, and for any communications to be closely coordinated. London 2017 will keep E20's decision tight for the time being, and seek to manage reactions from the IAAF and IPC (both of which have representatives on London 2017's Board). E20 is preparing a holding line for all parties to use with the media. E20 must be prepared for the East Stand issue to become public sooner rather than later, particularly as it will begin to circulate around the concert industry.

#### 6. LS185 AND CONCERTS

- 6.1. The Board will recall that the East Stand in a forward position also presents challenges to LS185 and their concert programme. This did not impact the Depeche Mode announcement last week, and early ticket sales are encouraging. Whilst there remains a risk that the promoter(s) for the other Acts may pull out, this hasn't transpired yet. Further technical studies are continuing to support a potential capacity of 74,000, which is equivalent to the capacity with the East Stand back.

Report originator(s): Martin Gaunt . Email: [martingaunt@e20stadium.com](mailto:martingaunt@e20stadium.com)

## **Annex 1 – Letter from David Edmonds to Robin Young (London 2017 Chair)**

11 October 2016

Robin

### **LONDON 2017 SEATING CONFIGURATION**

Thank you for your email of 30 September 2016.

The information provided in your email was recently reported to the E20 Board as part of detailed discussions relating to the relocatable seats in the stadium.

The E20 Board concluded that, regrettably, it would not be able to move the East Stand “back” for the London 2017 events. E20 will deliver a seating configuration with the East Stand “forward”, without the first seven rows (as was provided for the Diamond League in 2016). The North, South and West Stand Stands will be “back”. This will provide an overall capacity of over 50,000, within a stadium to the necessary specification, as required under the UKA Access Agreement.

This was not an easy decision to make, as we recognise that this is not the ideal configuration for London 2017. We also appreciate, as you set out, that London 2017 is a different scale of event to that of the Diamond League. However, overriding challenges relating to the timescales and costs required to move the East Stand meant we had little option but to take this decision. The E20 Stadium Director, Alan Skewis, has already relayed this decision, and the reasons behind it, to **s.40** at London 2017.

Nevertheless, E20 are absolutely resolved to ensure that the very best possible experience for all users of the Stadium during London 2017 is provided. In partnership with London 2017, we are reviewing the concerns raised in your letter relating to the practical challenges posed by not moving the East Stand. These challenges are not underestimated, but we are committed to working with you successfully to address each of these points. I have asked our team to pick up directly with your team, so that appropriate solutions can be progressed without delay, and I have asked our team to provide a progress update for E20’s next Board meeting on 20 October that we can then share with your Board.

I am sure we all agree that communications around this decision should also be carefully managed and coordinated between our organisations, to ensure that strong reputations are maintained.

I am away from the office after today, but I am back next Tuesday and would be very happy to come and discuss with you.

David

**David Edmonds - Chairman**

## Annex 2 – Letter from Robin Young (London 2017 Chair) to David Edmonds

Dear David

17 October 2016

### London 2017 Seating Configuration

Thank you for your email of 11 October.

You are disappointingly clear about your Board's position, and clearly concerned about its dire impact on reputations; but totally unclear, to us, on the nature and extent of what you term the "overriding challenges relating to the timescales and costs required to move the East Stand." Despite your undertakings, these challenges have not been explained to, or discussed with, London 2107 or UKA. In your email to me of 29 July, you said that Alan Skewis would be in touch with Niels shortly; that did not happen, and nobody contacted s.40 either. In your latest email, you said that you had asked your team to pick this up with our team; as I write, we have had no such approach.

**Comment [MG1]:** E20 (David Edmonds letter on 11 Oct) offered to meet w/c 17 Oct in order to explain this. Meeting took place 18 Oct with full explanation given.

Your team anyway have known since 1 August that we regard your proposal as a complete non-starter, because on the Monday after he saw your email s.40 bearded Alan Skewis in his office to tell him just that. He explained that we had taken unstoppable action on the basis of a stadium in athletics mode, including detailed programmes for both championships, ticket sales, and detailed arrangements under our Host Broadcaster contract and its obligations to broadcasters in 200 plus countries. Alan explained that in view of the costs associated with the move, and the Anniversary Games having being managed without one, your Board had been compelled to propose the other option. s.40 repeated that it was a show-stopper for us and invited Alan to seek further information from the team as suggested in your email. In all subsequent contacts between LLDC/E20 and 2017/UKA, your team can have found no evidence to suggest that your current proposal was a viable option. It was therefore an unwelcome surprise when David Goldstone at our September Board meeting said that the matter was still under consideration. At that meeting we restated that it was both unworkable and unacceptable.

**Comment [MG2]:** Alan Skewis and David Goldstone met with s.40 10 Oct. s.40 (E20) emailed s.40 and s.40 on 13 October requesting detailed meetings with appropriate London 2017 representatives on each of the concerns raised (no response received).

I can only believe that it is because of this lack of discussion and information-sharing that your Board has reached its latest conclusion. s.40 and s.40 are trying to arrange a meeting with your colleagues early this week to seek to dispel all misunderstandings. Meanwhile I set out below what we see as the reputational and financial consequences of your Board's position.

**Comment [MG3]:** If London 2017 feel/felt this strongly, it is difficult to understand why they limited their response to a side discussion, and did not write sooner. E20 wrote to London 2017 on 29 July, but had no response until 30 Sept. At no stage in the intervening period did London 2017 seek a meeting with E20. It is likely London 2017/UKA were preoccupied with Rio, just as E20 were preoccupied by West Ham matters.

### Access Agreement

s.43

**Comment [MG4]:** Meeting took place 18 Oct.

**Comment [MG5]:** This term is undefined and therefore there is some ambiguity. It is arguable that it could mean capable of staging athletics.

**Comment [MG6]:** That is correct. However, the diagram also shows the long jump and triple jump runways on the West side of the Stadium – this helps E20 given that London 2017's main concern is the need to have the jumps on the East side.

**Comment [MG7]:** That has yet to be proved.

s.42

s.42

### Field of Play Approvals

The field of play layout for both championships was approved by the Governing Bodies (IPC & IAAF) in December 2014. In order for us to host the championships our arrangements must be certified by these bodies. The configuration of the stadium with the East Stand in forward position does not allow us to stage all of the events which comprise the championships and therefore would not allow us to secure the approvals we need. If you are being advised that the layout of the field of play can be changed to accommodate the facilities lost, this is, I fear a misapprehension. As our team can readily explain, the complexities of the technical requirements and the interdependencies with the competition schedule and international broadcasting requirements, which were agreed long ago, are such as to make a change in the configuration of this scale unacceptable to the governing bodies. Both the IAAF and the IPC would go ballistic and make their displeasure known in the highest quarters both in the UK and internationally; the reputation of our championships and of your stadium would be in tatters, and the financial claims against you unknown but potentially large.

**Comment [MG9]:** E20 are requesting details of the requirements, and commissioning work with the aim of establishing a viable Field of Play.

### Scheduling and Broadcasters

Establishing the timetables for each championship commenced in January 2015 and involved various stakeholders including the governing bodies, you the venue, host broadcaster, overseas (broadcast) Rights Holders, event service providers and the sport. Constructing the schedule is a protracted process with so many powerful stakeholders and over 200 countries and 5,000 athletes competing.

The timetables were of course constructed on the basis of the IAAF/IPC approved Field of Play. These timetables are considerably more complex than those for a one day event. The Diamond League comprised 17 events whereas the IPC championships comprises 574 events once you take into account heats, semis and finals. In addition, an overseas Rights Holder TBS (Japanese) is also an international sponsor of IAAF. TBS has had significant input into the timetable to ensure the timings work for its interests in relation to time zone and events followed in it.

The timing of all sessions was shared with Rights Holders in November 2015 and signed off by all stakeholders. Rights Holders arranged their transmission times in May 2016 and their requirements for the International Broadcast Centre in London.

**Comment [MG10]:** E20 is not proposing to make any substantive changes to the sessions or timetables. The revised Field of Play will need to adhere to the existing timetables.

The London 2017 Host Broadcaster has finalised all the camera plans based on the approved Field of Play, timetable and transmission times. All cabling routes for broadcast have been established and integrated with all other event partners such as timing, scoring, screens and LED boards. This coordination work took ten months to achieve.

Timetable planning is meticulous, with running orders working down to seconds for spectator and viewing audiences. The schedule is planned assuming access to the full approved Field of Play in order that all events can be accommodated within the session and Broadcast transmission times.

Even if the facilities under the East Stand could be accommodated elsewhere, this would have major implications for the Host Broadcast contract, camera positions, cabling, completion routes, athlete flows, our ability to stage all events and ultimately the timetable and agreed transmission times globally. Such significant change, shortfall in service and experience, and the need for major re-planning by London 2017 and stakeholders, would have massive commercial, resource and reputational consequences and may even mean that not all events could be accommodated, contrary to all our undertakings to the IAAF and IPC. The reputational damage would be immediate and huge; the financial consequences for you could well prove considerable.

### Victory Ceremonies

The walk out of ceremonies takes place in the home straight of the stadium. The jump pits are located on the back straight stand to ensure the athletes are not interrupted during their competition, since they would otherwise need to be asked to stop and start, which is not acceptable at a World Championships. **If the pits were relocated to the home straight area this would impact athlete performance or have further consequences for the schedule, broadcast transmission times and session lengths. So we again risk antagonising audiences, athletes and broadcasters all at once.**

**Comment [MG11]:** E20 is seeking a viable option that retains the jump competitions on the East side of the Stadium as far as possible, to minimise this conflict.

### Ticket Sales

**Even if a revised Field of Play could be found that is acceptable to the Governing Bodies, the approved configuration has already been used to promote ticket sales to the international athletics family earlier in the year and, more recently, to the public, allowing them to purchase tickets around it. Over 600,000 tickets have been sold and we would have to offer refunds due to the revised timetable and Field of Play layout, as events would have to move to different days and/or different locations within the stadium. All ticket-purchasers would need to be contacted, since many will have chosen their seats to obtain particular views of particular things, whether long jump or medal ceremonies. This would maximise bad publicity for us and impose significance costs both in administration and in refunds.**

**Comment [MG12]:** This appears to exaggerate the challenge. Tickets were sold in very broad categories (ie. you bought a seat within a zone spanning a vast area often covering more than one stand), and in any case had a very clear "subject to change" caveat. The total capacity would be unchanged under E20's proposal.

I would not normally write at this length, but I wanted to leave you in no doubt about the strength of our feelings about this, and indeed about the catastrophic consequences of your Board's position. We feel under-informed and under-consulted, and I hope that this letter enables your Board at least to see and understand the picture as we in 2017 Ltd see it.

Our position is quite simply that you are obliged to provide the stadium in athletics mode, as of course you have always known and no doubt intended. We would expect all the main stakeholders, including IAAF, IPC, HMG, DCMS, UK Sport, and the GLA, to be all too aware of the reputational downsides of providing a differently configured stadium. We stand ready to do anything we can which would help you overcome the challenges you referred to. **s.40** and **s.40** will be ready to discuss at their meeting with your colleagues this week. For example, we could help by accelerating access to the East Stand at the end of the Championships in some way; or **if the problem is a financial one, we would willingly arrange**

meetings with our funders to see if a solution could be brokered. We are assuming that your main fear is that you'll not be able to get the stadium ready for West Ham's first match towards the end of August, and we obviously sympathise with you on that. But if it is a choice between seriously disrupting the IPC and IAAF World Championships, where success would be such a reputational boost for the UK, for the Mayor and London, and for your stadium; and having West Ham's first 2017 season match played with the East Stand still in back position, the answer seems obvious to me, and I suspect to other stakeholders too. We all have so much to gain from making these Championships a huge success, with economic, community and legacy benefits. All of this is at risk if we cannot find a way of getting the stadium in athletic mode, as originally defined and mapped in the Agreement.

**Comment [MG13]:** E20 advised London 2017 that whilst the finances are very challenging, this is not the overriding factor driving the decision.

**s.43**

I am available for discussion once you are back, and I hope our colleagues can make progress before then. If your Board maintains its position at your meeting on Thursday, I shall have to explain this to my Board when it meets on 28 October. My Board includes representatives from the IPC and IAAF, and from the athlete community, as well as from DCMS, GLA and UK Sport. Board Members are aware of the East Stand issue because of our previous correspondence but are hoping, as we all have been, that it can be sorted at exec level. If I have to tell them that we have reached an impasse, we will not, I fear, be able to manage or control their reactions.

Best wishes,

Robin

**Subject:** Naming Rights

**Meeting date:** 20.10.16

**Agenda Item:** 5

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis, Director of E20 Stadium LLP

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**1. SUMMARY**

1.1. This report provides the E20 Stadium LLP Board (“the Board” or E20) with an update on naming rights.

**2. RECOMMENDATIONS**

2.1.

S.43

**3. NAMING RIGHTS AGENT**

3.1.

s.43

**4. VODAFONE**

4.1.

4.2.

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S.43

4.4.

4.5.

4.6.

4.7.

**S.43**

**S.43**

**S.43**

**S.43**

**Subject:** Stadium Management

**Meeting date:** 20.10.16

**Agenda Item:** 6

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis and Martin Gaunt

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## 1. SUMMARY

- 1.1. This report provides the E20 Stadium LLP Board (“the Board” or E20) on implementation of the decisions made regarding stadium management at the 6 October E20 board.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the report and comment on any issues relating to implementation of stadium management decisions.

## 3. LS185 CONTRACT

- 3.1. The Board agreed that LS185 should continue to operate the Stadium, at least in the short to medium term. LS185 should continue with broadly the same contractual relationship to its parent VINCI and its client E20.
- 3.2. The Board requested that outstanding contractual issues between LS185 and E20, such as disputed costs, excusing events, and clarification over secondary rights should now be concluded. E20 should drive LS185 to deliver the improvements identified in their submission to the Board, in order for them to become a very credible operator, delivering stronger commercial outcomes.
- 3.3. As such, E20 will aim to quickly resolve contractual matters, and then successfully embed improvements in LS185. E20 proposes to write to **s.40** and Linda Lennon, detailing this approach and E20’s future expectations. The draft letter is being prepared and will be shared with Members shortly.
- 3.4. The letter will require LS185 to develop and implement an improvement plan (essentially a new business plan). Some encouraging components to this were fed in by LS185 late in the day before the last Board meeting – including proposals to boost secondary marketing income, and bear down on matchday operating costs. However, a more robust, comprehensive and integrated plan is necessary.

#### 4. A NEW STADIUM BUSINESS PLAN

- 4.1. E20 has greater confidence now that staff in LS185 can identify and deliver improvements – both in achieving efficiencies and driving greater commercial income. However, E20 does not have confidence that improvements will be pursued systematically, or that the plan will strike the right balance between ambition and robustness. Past experience also suggests the plan will be poorly articulated, and leave E20 struggling to interpret it or rely on it.
- 4.2. As such, as well as writing to LS185 requesting an improvement/business plan, E20 then proposes to second its Business Manager into LS185 to write it with them. Martin Gaunt would work in partnership with the key business heads (s.40 [REDACTED]) and his team on operations, (s.40 [REDACTED]) on Events, (s.40 [REDACTED]) on Commercial, etc), to identify, challenge and then articulate a long-term plan.
- 4.3. The business plan would naturally focus on LS185's net commercial revenues (rather than its expenditure within its fixed costs) as it is here where E20's primary financial interest lies. It is perhaps the key business plan in LS185's contracted 25 year life – it will come at a time that enables the organisation to draw on significant operating experience to date, but before expectations and ways of working become too ingrained to successfully influence.
- 4.4. The plan would bridge the gap between E20 and LS185. It would be approached in a way to ensure buy-in and ownership from LS185's staff and Board, and must also engender the support of E20 and its Board. It would reset the baseline by which E20 assess LS185 – in future E20 would measure performance against achievement of this plan, rather than comparing back to the bid.
- 4.5. E20 could even agree to reset the termination triggers in the Operator Agreement. This would help “clear the decks” of all the changes/breaches both sides accuse the other of. It would address the inevitable, and significant claim from LS185 relating to the changes to the relocatable seats – including the time taken, cost and decision not to move the East Stand in 2017 and beyond.
- 4.6. However, this might be a step too far for E20, (s.43 [REDACTED])  
[REDACTED]
- 4.7. The timing for this work is proposed as follows:
- 4.7.1. Late October – write to LS185 and agree approach.
  - 4.7.2. November – resolve and sign off all outstanding contractual matters (disputed costs, excusing events, clarifications).
  - 4.7.3. December-February – Martin seconded into LS185 c.3 days / week. Business Plan completed by end February, and signed off by both E20 and LS185 Boards by end March. However, any efficiencies or opportunities identified in

this process will be implemented immediately (and not await formal adoption of the plan).

- 4.7.4. April 2017 onwards – Business Plan is fully adopted. E20 drive (and support) LS185 to deliver it. Future annual iterations of the business plan should require only revisions rather than a full overhaul, and should be managed by LS185 itself.

## **5. LS185 AND E20 RESOURCES**

- 5.1. LS185 and E20 have both been cautious about not blurring the lines of the contract responsibilities, and at times acted in a way that primarily defends respective legal position. This is arguably necessary, but time consuming, costly and inefficient.
- 5.2. There are also good working relations between members of the respective teams, with a “can do” attitude to solving problems.
- 5.3. These 2 approaches jar.
- 5.4. Moving forwards both E20 and LS185 need to move to the latter. To assist this:
  - 5.4.1. Disputed costs need to be settled
  - 5.4.2. Greater alignment of the naming rights (as noted in naming rights paper) should be delivered
  - 5.4.3. Agreement to confirm that we will always align on issues with WHU (this occurs now)
  - 5.4.4. E20 will reduce the KPI and scrutiny of LS185, instead focusing on the headline and vital KPIs (financial return, safety) rather than operational ones
  - 5.4.5. LS185 should be required to be less contractual in their approach. Re-briefing or removal of one member of the LS185 team would greatly assist this.
- 5.5. The consequence of this is that E20 will:
  - 5.5.1. rely more on LS185 to deliver
  - 5.5.2. have to trust them more
  - 5.5.3. not require as regular detailed KPI information
  - 5.5.4. be working alongside them, in a manner atypical to a usual contractor-client relationship.
- 5.6. One of the universal issues identified by stakeholders in the contract review is that LS185 are short of resources to deliver the range of works associated with the first year of the stadium full opening.
- 5.7. The issues have been augmented by the late handover, changes to the seating, development of the school on the site and the London 2017 events. There is a strong case that this is LS185’s responsibility, and we should hold them to account for resourcing from their fixed costs. However, this is not going to happen under the current arrangements.
- 5.8. The direction from the Board was to make things work, putting aside the lack of VINCI support for LS185.
- 5.9. The opportunity exists to come to arrangements to support tasks in the stadium, via secondments into LS185 from E20 and its members, for a limited time and for specific purposes. This includes business planning (Martin Gaunt - as detailed above), but also communications, events, community, employment and skills, technical (London 2017

East Stand mitigations), and website/digital. There are strong resources across E20, LLDC and LBN that could add real value in these areas. The E20 Director will discuss specific proposals in greater depth with the LLDC and LBN Chief Executives, and provide a verbal update at the Board. E20 would still look to LS185 to staff up their commercial function, and share in the risk/reward of this investment. E20 would also require LS185 to:

- 5.9.1. Adjust their culture and approach from (in some quarters) adversarial and defensive to collaborative and partnership;
- 5.9.2. Recognise that LS185 are not meeting their bid (noting some factors have changed since the ITT);
- 5.9.3. Agree to manage the seat moves from 2017, with an agreed contract change and associated sum (expect to adjust over years and be jointly agreed in stadium business plan);
- 5.9.4. Take on sale of naming rights on agreed terms (provided E20 gains confidence this is the best approach).

## **6. E20 RESOURCING**

- 6.1. Previous papers to the Board have set out that after the initial stadium opening and LS185 mobilisation period E20 should be a small organisation that simply manages the LS185 contract. The measures set out in this paper are consistent with this, and is a big step to E20 passing on a number of its currently retained responsibilities.
- 6.2. The small E20 team presented to the Board in March 2016 will be implemented in parallel to the changes to the LS185 contract. By March 2017 it should be a team of 3.
- 6.3. This reduces E20 staff costs from £340,000 to £260,000.
- 6.4. A number of actions are underway that reflect this:
  - 6.4.1. The role of Business Manager has evolved. A review of the duties is being undertaken to ensure the JD aligns to the role.
  - 6.4.2. The need for (and cost of) support services should reduce.
  - 6.4.3. Renegotiate the space needed at 1 Stratford Place, and the associated costs down from £23k/annum.
- 6.5. Another practical way to deliver closer working is for the E20 team to move to the stadium. As a number of the current team would be embedded into LS185, it would be worth retaining 3 spaces allocated for E20 staff / 1 hot desk at LLDC offices, with a hot desk at the stadium.

A large, bold, red graphic consisting of the letters 'S', a period, the number '4', and the number '3' in a sans-serif font, set against a solid black rectangular background.

**S.43**

**s.43**

**Meeting:** E20 Stadium LLP  
**Date:** 30.11.16  
**Time:** 9am – 11am  
**Meeting Venue:** Newham Dockside

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**Member Representatives Expected:** Nicky Dunn (LLDC), David Gregson (LLDC), Keith Edelman (LLDC), Lester Hudson (NLI), Katharine Deas (NLI)

**Ex-Officio Members:** Kim Bromley-Derry (NLI), David Goldstone (LLDC)

**Also Expected:** Alan Skewis, s.40 (All E20); s.40 (NLI); Gerry Murphy (LLDC)

**Apologies:** Martin Gaunt (E20)

**Agenda:**

1. Welcome, Apologies, Appointment of Chair for Meeting
2. Minutes of the meetings held on 20 October 2016
3. E20 Director Update, including:
  - a. Stadium Handover
  - b. GLA/LBN Review
  - c. s.43 Document
4. Relocatable Seating:
  - a. 2017 Seating Configuration
  - b. Responsibility For Managing Seating System
  - c. s.43
5. Naming Rights
6. LS185 Performance
7. WHU Match Day Costs
8. E20 Resourcing (Distributed to Members only)

Dial-in numbers

United Kingdom Freefone: s.31

United Kingdom Primary: s.31

Chairperson passcode: s.31 then #

Participant passcode: s.31 then #

**Subject:** E20 Director Update

**Meeting date:** 30.10.16

**Agenda Item:** 3

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis, Director of E20 Stadium LLP

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## 1. SUMMARY

- 1.1. This report provides the E20 Stadium LLP Board (“the Board” or E20) with an update from the Director and E20 team on various work streams.
- 1.2. The report focuses on the main achievements, key risks and upcoming opportunities facing E20.

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to:
  - 2.1.1. **NOTE** the report
  - 2.1.2. **NOTE** progress on implementing the 6 strategic issues discussed at the 6th October Board Stadium Review, as set out in Annex 1 to this report.

## 3. DIRECTOR OVERVIEW

- 3.1. Following the extended Board meeting on the 6th October subsequent short meeting on the 10<sup>th</sup> October and meeting on the 20<sup>th</sup> October, a number of very significant issues have occurred:
  - 3.1.1. The secondary school has started on site
  - 3.1.2. The digital screen has been completed and is operational
  - 3.1.3. Robbie Williams and Depeche Mode concerts have been announced for Summer 2017, with a further 2 nights imminent for a US rock band
  - 3.1.4. The stadium has successfully held a rugby league international, with over 36,000 spectators attending, and an excellent community programme operated on the community track around the game
  - 3.1.5. While there remain significant match day cost issues, there has been progress on the majority of 18 stadium safety and security recommendations made by Chris Allison
  - 3.1.6. The continued prospect of Vodafone being a naming rights
- 3.2. The period has also been challenging in other respects, including:
  - 3.2.1. Crowd trouble at the Chelsea match on the 26th October, albeit well managed by LS185 and the Police;
  - 3.2.2. Managing the announcement of a GLA investigation /review, following statements on the transformation and relocatable seating costs;
  - 3.2.3. The resignation of the Chair of LLDC and E20.

- 3.3. The risk register has been updated, with changes shown below in bold:
  - 3.3.1. E20 Liability arising for relocatable seating (Red)
  - 3.3.2. Risks arising from handover of Stadium (Red)
  - 3.3.3. Unsustainable event day costs (new, Red)
  - 3.3.4. Operator Performance and Disputed Costs (Amber)
  - 3.3.5. WHU relationship (Amber)
  - 3.3.6. Increasing Stadium Capacity (Amber)
  - 3.3.7. Financial position required further Member contributions (Amber, was Red)
  - 3.3.8. Naming rights (Amber, was Red)
  - 3.3.9. GLA review (New, Amber)
  - 3.3.10. School Construction (Amber)
  - 3.3.11. Digital Screen / **s.43** (Green, was Amber)
- 3.4. A summary of these risks is set out below.

#### **4. E20 LIABILITY ARISING FOR RELOCATABLE SEATING (RED)**

- 4.1. The responsibility for the seating system currently lies with LLDC, not E20. E20 have yet to accept hand over of the system, and in its current cost and conversion time E20 will not do so. A separate seating paper deals with the current position and a proposal for E20 to consider take on the seating from LLDC, with a number of conditions.

#### **5. RISKS ARISING FROM HANDOVER OF STADIUM (RED)**

- 5.1. The handover of the stadium from Balfour Beatty was originally intended to happen on the 27<sup>th</sup> May 2016. This was delayed until the 13<sup>h</sup> July 2016 when a partial handover was achieved.
- 5.2. At the time of writing this paper there are still a number of issues, outstanding works and significant defects that are preventing the Operator taking full handover of the stadium and commencing the Full Operating Period (FOP).
- 5.3. This is wholly unsatisfactory, and is an unwelcome further complication to E20s already complex and difficult position.
- 5.4. It has created significant relationship and contractual issues for E20 and its Operator LS185. These fall into following categories:
- 5.5. LS185 not taking responsibility for systems and assets
- 5.6. LS185 accepted partial handover of the stadium on the 13<sup>th</sup> July 2016. The intention following that was that LS185 would then take on systems as they were signed off by LLDC transformation team.
- 5.7. This process has remained very slow, and only recently a number of the major systems have been signed off by LLDC (often with key items of work being moved to be classified as a defect).
- 5.8. The LLDC transformation team stated in mid-November that the stadium would be fully handed over by the 25<sup>h</sup> November 2016. At the time of writing (23 November 2016):
  - 5.8.1. Four SAT packs remain outstanding

- 5.8.2. Two SAT packs have been rejected by LLDC (Mace). These relate to the contamination of water in the heating and chilled water closed systems. A pragmatic solution will be needed to secure handover, with LLDC transformation accepting liability for the additional costs (which it in turn may claim from Balfour Beatty)
- 5.8.3. The JLAB completion certificate has yet to be issued
- 5.8.4. Four O&M Manual remain outstanding
- 5.8.5. There are major known defects still to be rectified (These are very likely to be added once LS185 asset surveys have been undertaken post completion)
- 5.9. LS185 have recently rowed back from the original intention to take systems "piecemeal". While they are carrying out pre event checks of systems, they have now stated that they will only take liability for the systems when they are all handed over.
- 5.10. They have also advised E20 that they don't have confidence that the systems being signed off by LLDC (through Mace) are in reality complete.
- 5.11. This is believed to be a reaction to the state of systems handed over, the slow completion of systems and a fault on the Public Address system (PAVA) in the immediate run up to the Stoke match on the 5<sup>th</sup> November 2016.
- 5.12. It creates a major risk that if an event is impacted by a failure of the system neither LLDC transformation nor LS185 will accept responsibility. It is therefore absolutely essential the full handover has happened prior to the Arsenal match on the 3<sup>rd</sup> December.
- 5.13. Diversion of LS185 and E20 resources onto managing the handover process
- 5.14. E20 staff are having to devote time and energy into managing the process and relationships way past the period it expected to have to do so. The issues also add to a general perception that the stadium is failing to deliver its promises.
- 5.15. Lack of Confidence that the Systems will work when handed over
- 5.16. This is perhaps the most worrying of all the issues. LS185 have begun some independent surveys of the Stadium assets. The limited number complete to date have highlighted a growing number of concerns and have revealed significant issues over the quality of what is being handed over. These include potential compliance issues, lack of maintenance records and accessibility of some systems for maintenance and inspection.
- 5.17. They could also raise some doubts over the stadium's ability to host events. A recent LS185 commissioned survey identified over **s.31** that were not accessible to be tested. While signed off by Building Control earlier in 2016, LS185 cannot verify the current status of the fire dampers. It is likely that some of the accessible issues are a result of Balfour Beatty work, but also some are a result of WHU or Delaware (LS185 sub contractor) work in the stadium.
- 5.18. E20 (and LS185) has always been aware that the Stadium handed over would be complicated, as it is not a new stadium and has gone through a series of "lives" with different contractors, operators and owners.
- 5.19. However, the state of assets, and the ability of different organisations to blame each other for that condition, is creating significant complexity, lack of clarity and risk to events.
- 5.20. There will be significant cost implications to rectify defects or out of scope works not attributable to Balfour Beatty and medium/longer term life cycle cost implications

where systems may not been maintained properly. LLDC Transformation budget needs to allow for this.

5.21. For these reasons E20 have designated a red risk to this item, and elsewhere on the agenda have asked for additional resources to protect its interests.

## **6. UNSUSTAINABLE EVENT DAY COSTS (NEW, RED)**

6.1. Chris Allison has been working on egress arrangements, focusing on the Westfield / TfL areas of land where there is most costs and contention. A separate report is on the agenda, so the issues are not repeated here, other than to stress that the costs are running at over £200,000 per WHU match, and that until Westfield adjust their approach, and there is confidence that WHU supporters behaviour has improved this will remain a high risk issue.

## **7. WEST HAM UNITED RELATIONSHIP (AMBER)**

7.1. The relationship with WHU remains challenging, with the club's attitude and approach to partnership having an impact on their relations with all parties.

7.2. This will be further challenged by the s.43

The legal letter included in the East Stand paper reflects this.

## **8. LS185 PERFORMANCE (AMBER)**

8.1. A separate paper deals with the LS185 response to the 6 October Board.

8.2. E20 and LS185 have been progressing disputed costs with renewed impetus following the conclusion of the contract review. A series of 22 separate disputed issues between the parties have been identified. Without prejudice solutions to each of these are being developed, with a view to agreeing a global deal that clears the decks and enables E20 and LS185 to move forward in close partnership.

8.3. LS185 are also in an active discussion with E20 following receipt of a 120 days' notice letter from LLDC for the south park lawn, Mandeville place and Stratford Waterfront. This is to facilitate development of the areas. Discussions are focused on whether the land will be handed back to LLDC in March 2017 or September 2017.

8.4. A detailed paper on this will be provided to the January 2017 Board meeting, ahead of E20 signing this off.

## **9. STADIUM CAPACITY (AMBER)**

9.1. No further update to 6 October meeting. An increase to 60,000 is on hold until spectator behaviour issues are resolved. There is a possibility this may get linked to the resolution of the London 2017 seating issues.

## **10. NAMING RIGHTS (AMBER)**

10.1. A separate paper deals with positive progress on naming rights.

## **11. E20 FINANCIAL POSITION (AMBER)**

11.1. Members have agreed working capital contributions which ensure E20 are a going concern. The challenges for members are not under estimated, and addressing difficult issues to secure investment are appreciated by E20 staff.

## **12. GLA REVIEW (NEW, AMBER)**

- 12.1. E20 are co-operating with the GLA and LBN on the 3 areas of the stadium investigation / review. For completeness the investigation will take three parts:
  - 12.1.1. Reviewing the decisions taken which resulted in the present situation including decision-making around retractable seating and operating costs. The Mayor intends to appoint an independent audit firm to undertake this work.
  - 12.1.2. Determining and implementing the best tactical solution for seat moves to accommodate events in summer 2017
  - 12.1.3. Investigating if there are more s.43 for a different solution to the seating transition that could be trialled and implement in future years leading to a quicker and/or cheaper transition between football and athletics modes.

### 13. BOBBY MOORE ACADEMY SCHOOL CONSTRUCTION (AMBER)

- 13.1. The school has started on site under an early access agreement, and is making good progress. The lease is being signed alongside section 106 and other related documents. This is a very positive development, securing:
  - 13.1.1. The education legacy use for the stadium island.
  - 13.1.2. Extra footfall and use of the area - 1,140 pupils will make over 250,000 visits to the stadium island once the school is built
  - 13.1.3. s.43 Financial funds for E20, paid in tranches over the next 15 years
- 13.2. The marriage of stadium operations and school construction will be a key interface. A proposal from E20 has been distributed to all relevant parties. It seeks to deliver a suitable balance between the competing needs of the school construction timetable and the London 2017 event.
- 13.3. The proposals have been received positively by the stakeholders, with a solution progressing positively.

### 14. DIGITAL SCREEN / s.43 (GREEN)

- 14.1. The digital screen has been completed and is a unique aspect of the stadium that should help sell it for events. Then project has come in on budget.

14.2. s.43

14.3.

s.43

- 14.4. This was a major item in the overall use of the £14.2m discretionary funding available to E20. A summary of the status of the £14.2m funds is attached in Annex 2. It shows just over £1m available to the Members.

#### Attachments:

- Annex 1: Progress on Strategic Issues Discussed at 6 October Board Stadium Review
- Annex 2: £14.2m Discretionary Fund Status

## Annex 1: Progress on Strategic Issues Discussed at 6 October Board Stadium Review

Issue	Conclusion at 6 October Board	E20 Update (30 November)	Next Steps
Stadium Finance	Stadium breakeven agreed as realistic planning position in steady state	Limited LS185 progress on recovery plan Review on WHU event costs through egress review	Focus on driving LS185 performance and Westfield costs
WHU Concession Agreement	Proceed at £2.5m rental at present	No E20 action	No E20 action
Relocatable Seat Options	Need for radical assessment of how to get seat costs down  East Stand to remain forward in 2017	Twin approach to seat costs under way – tender and radical engineering review  Change to East Stand decision to be considered by Board at 30 November meeting	Complete tender and receive initial report from engineers on radical solutions by early January  Implement East stand decision for 2017, with attendant consequences
LS185 Performance	Retain LS185 and require recovery plan	Letter to LS185 on 10 key improvements and need to implement their recovery plan	Review LS185 response Enforce recovery plan
Stadium Management options	Stick with LS185	No E20 action on alternatives	Focus on LS185 performance
Stadium Ownership	LBN and LLDC to progress	No E20 action	Await outcome of LLDC and LBN discussions

Discretionary funding log - 15 Nov 2016

Summary	£
Discretionary funds budget	14,286,000
Latest assessment of spend	12,725,774
Budget remaining	1,560,226
Unresolved liability	1,050,483
Budget remaining if liabilities fell to E20	509,743

Item	Latest assessment 15 Nov 2016 (£)	Unresolved liability (£)	Notes
First phase MLB works	742,000	107,000	Initial investment already spent to facilitate MLB and other sports. £107k cost increase unresolved between E20 and Transformation.
Original digital wrap design costs	600,000	0	Sunk costs on previous wrap proposal
Widening stadium gangways	740,000	0	Investment already approved
Hard FM Services for 2015 events	673,000	159,000	E20 Board (30 March) agreed the £673k is allocated in full to E20. £159k cost increase unresolved between E20 and Transformation.
Hard FM Services for 2016 AC/DC event	10,000	65,000	Unresolved between E20 and Transformation.
IT Active Equipment / switches	316,000	0	E20 Board (30 March) agreed 80% of the £395k cost is attributed to E20
Access to CCTV	40,000	0	Spend to save measure already approved
Contribution to track cover/artificial grass, TV studio, goal line technology	0	0	In "spend to save" provision (see below)
Mid tier LEDs	360,000	0	Approved by the E20 Board on 30 March 2016.
Airwaves	0	0	In "spend to save" provision (see below)
Disputed costs with LS185	2,859,000	0	Dispute resolution procedure with LS185 ongoing.
Delay and disruption costs relating to power upgrade	0	358,000	Unresolved between E20 and Transformation.
s.43			
IPTV	250,000	0	Responsibility between transformation and E20 tbc
Pitch side LEDs upgrade	42,000	0	E20 may be required to fund upgrade of the size/extent of the LED boards, to satisfy West Ham and LS185 request
Armordeck	500,000	0	As advised by s.40 28 Sept 2016
West Ham Stadium works	0	0	Transformation to resolve with West Ham.
Replacement of fixed bollard on F07 with removable bollards	0	0	In "spend to save" provision (see below)
Power supply under athletics track	0	0	In "spend to save" provision (see below)
Concourse clean before AC/DC concert	0	0	Unresolved between E20 and Transformation
Black Magic system for LEDs	55,000	0	As per change request with LS185
Overspend on hospitalities FF&E budget	63,000	0	As advised by s.40 28 Sept 2016
Additional "spend to save" measures (see separate log)	475,774	361,483	As per schedule to 29 July E20 Board
<b>Total</b>	<b>12,725,774</b>	<b>1,050,483</b>	

**Subject:** Naming Rights Update  
**Meeting date:** 30.11.16  
**Agenda Item:** 5  
**Report to:** E20 Stadium LLP Board  
**Report of:** Alan Skewis, Director of E20 Stadium LLP

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**1. SUMMARY**

1.1. This report provides the E20 Stadium LLP Board with an update on naming rights.

**2. RECOMMENDATIONS**

2.1.

S.43

**3.**

3.1.

S.43

3.2.

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**S.43**

**Subject:** LS185 Performance Review

**Item:** 6

**Meeting date:** 30 November 2016

**Report to:** E20 Stadium LLP Board

**Report of:** Alan Skewis

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## 1. SUMMARY

1.1. This report provides an update on the response LS185 have made to E20's strategic review in early October 2016.

## 2. RECOMMENDATIONS

2.1. The Board is invited to **NOTE** the report, and that a fuller report will be presented to the next Board in January 2017.

## 3. UPDATE

3.1. At the 6 October 2016 Board E20 set out a number of options relating to LS185, based on their performance. The Board decide it was best to persevere with LS185, but on the basis of a number of conditions.

3.2. Those conditions were communicated to LS185 in a letter dated the 26 October 2016 (see annex 1).

3.3. LS185 are yet to formally respond to the letter, other than to reject the condition that they take on the relocatable seating management. They were also unconvincing at a session where they were expected to "pitch" for naming rights.

3.4. However, LS185 have responded more positively on other aspects of the letter. An assessment of the position is set out in Annex 2.

3.5. Additionally, there have been positive developments on material matters referred to in the letter, including naming rights, disputed costs and LS185 resourcing.

3.6. In this context it is felt that the Board should hold their current position, but maintain a high level of scrutiny and challenge to LS185.

## Annex 1: Letter to LS185

Attached separately

## Annex 2: Progress by LS185 on Items relating to Stadium Review

	Item in Letter of 26 October	LS185 Response	E20 View on Progress (RAG)
1	Disputed Costs resolved	In principle agreement on some issues. <b>s.43</b>	LS185 are working hard to resolve along with E20, but the number and complexity of the issues (22 different disputes) means that it will take time to finally resolve.
2	LS185 staffing of Commercial team and other posts	No commitments. But have recruited an additional Communications Manager. 2017 organisation chart to follow	Still under resourced to meet their commercial and community requirements. Little evidence of Vinci providing support
3	"Can Do" culture	Agree they will do so	Improved and evidenced in some work, but contradicted by rejecting involvement in seating procurement
4	Implementing Improvement Plan	Agreed to implement	Limited tangible evidence of progress, but only had limited time to do so
5	Bottom up review of Stadium Crowd management	Agreed, and pro-actively engaged	LS185 see as top priority and dedicating time and resource
6	Taking on overall responsibility for the stadium, including the seating system	Not moved forward, adopting a protective contract led position on seating and the stadium hand over	Not moved forward, adopting a protective contract led position on seating and the stadium hand over
7	LS185 and E20 Align with stadium users (WHU, UKA etc.)	Agreed	Not overtly aligned with UKA on the East Stand
8	Review and streamline reporting requirements	Agreed and ongoing	Agreed and ongoing
9	Provide E20 with LS185 Business plan in early New Year	Agreed and ongoing	Agreed and ongoing
10	Opportunity to sell Naming rights on E20s behalf	Want to sell Proposal made	Pitch in October was poor, although subsequent proposal better. Co-operating with Vodafone discussions

Linda Lennon, CEO  
London Stadium 185

26 October 2016

Dear Linda,

### **LS185 CONTRACT REVIEW**

Thank you for attending the E20 Board Meeting on 6 October. The Board found it very helpful to hear your reflections on LS185's operation of the stadium to date, and your priorities and aspirations for the future.

The E20 Board are very grateful for the considerable efforts you and your team have made during what we all recognise to have been a challenging but broadly successful permanent opening of the stadium. We are under no doubt as to the team's dedication and commitment to the stadium.

E20 undertook to review the contractual arrangements with LS185 this autumn, in order to ensure that we are best placed to achieve our aspiration for a commercially successful stadium at the heart of the local community.

The E20 Board is clear in its requirement for LS185 to deliver its obligations under the Operator Agreement. The Board has identified a number of outcomes that must be achieved between us in order to put you on track to do so:

1. E20 and LS185 should now conclude discussions in relation to disputed costs and other outstanding contractual matters. We will prepare a list of all the disputed or unresolved matters between us. We must then reach a mutually acceptable conclusion to all of these, that wipes the slate clean and allows us to move forward together in an effective and aligned manner.
2. LS185 must put in place the necessary resources (staffing) to deliver the contract effectively. This includes delivering effective stadium operations, hitting your commercial revenue targets, and fulfilling priority themes such as local employment and community engagement. We are concerned that current staffing levels in LS185 are insufficient, that staff are overburdened, and that current working practices cannot be sustained. E20 requests confirmation from LS185's parent company, VINCI, that it will provide sufficient support to LS185. Not only is this a necessity to achieve contractual commitments, it will also help LS185 exploit commercial opportunities, for which it is incentivised. LS185 is currently falling a long way short of the commercial outcomes anticipated in its bid. For its part, E20 and its members LLDC and Newham will continue to support in practical ways – for instance the assistance currently provided on communications and jobs & skills. We are open to suggestions of other ways we can support, though this should in no way detract from the fact that the obligations are for LS185 to deliver.
3. The culture and approach adopted by both E20 and LS185 must be collaborative and “can do”, not adversarial and defensive.
4. LS185 submitted the outline of an improvement plan on 30 September, including enhanced secondary sponsorship income, and efficiencies on

- matchday costs. The Board is encouraged by this, and LS185 should seek to deliver these improvements without delay.
5. E20 and LS185 should work jointly on a bottom-up review of stadium crowd management and egress plans. E20 is funding Chris Allison at our joint disposal to lead this work.
  6. LS185 must be prepared to operate the stadium as a whole, including the relocatable seat transitions. As has been apparent in recent discussions around seating configurations and events, it makes no sense for E20 to be responsible for the seating when LS185 are responsible for the events. The two must be brought together under LS185's direction, so that the best commercial outcome can be achieved each year. We recognise that E20 is unlikely to fully achieve its obligations around the timing of the seat transitions and we are prepared to agree a contract change that acknowledges this and passes control to LS185, with appropriate funding. LS185 need to play a full role in the procurement of the seating contractor, in anticipation of the novation of this contract to LS185. The alternative is for you to run your own procurement, though this strikes us as unnecessary duplication, and far more onerous for you.
  7. As is now happening, E20 and LS185 must always align in discussions with the Stadium's Primary Users, West Ham United and UK Athletics.
  8. We will review reporting requirements with you, with a view to streamlining the information that E20 requires.
  9. E20 will require LS185 to provide its annual business plan early in the new year. This is an opportunity for you to present your expectations, drawing upon your experience of the early months of operation, and reflecting – we anticipate – that outstanding contractual matters between us are by then settled.
  10. E20 had been considering offering LS185 the lucrative opportunity to secure the naming rights partner for the stadium, as this would again help align interests. As such, we recently invited you to pitch for this opportunity. The E20 Board have concluded that LS185 are currently underprepared and under-resourced to exploit this, but we will continue to consider this route if existing naming rights leads do not bear fruit.

The Board believes that it is in the common interests of both E20 and LS185 to successfully address each of these points. Nevertheless, we would be grateful for your written confirmation that you support this approach.

A strong partnership between E20 and LS185, with the latter drawing on the support of VINCI, has the potential to facilitate a successful and profitable future for the stadium, to the benefit of all parties.

I trust that this letter will secure your support in helping to achieve this common objective.



**ALAN SKEWIS**  
**DIRECTOR**  
**E20 STADIUM LLP**



**Subject:** West Ham Matchday Costs

**Meeting date:** 30 November 2016

**Report to:** E20 Stadium LLP Board

**Report of:** Martin Gaunt, Business Manager, E20 Stadium LLP

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## 1. SUMMARY

- 1.1. To date, the Stadium has played host to 11 West Ham United matches. E20 is incurring additional costs associated with hosting West Ham matches, due to additional policing costs, Westfield egress arrangements, and other related challenges.
- 1.2. This paper summarises the typical costs E20 is incurring per match, and sets out E20's strategy to bear down on costs. s.43

## 2. RECOMMENDATIONS

- 2.1. The Board is invited to:
  - a) **NOTE** that the operational cost to E20/LS185 of hosting some West Ham matches is currently approaching £250k/match.
  - b) **NOTE** the four strands to E20's strategy to bear down on these costs, which if wholly successful will reduce the operational cost to c£150k/match.
  - c) s.43

## 3. BASE WEST HAM MATCHDAY COSTS

- 3.1. E20 has previously presented to the Board the information supplied by LS185 during the contract review on the matchday revenues and costs for the West Ham v Bournemouth match on 21 August:

<b>REVENUES*</b>	s.43
Fixed Fee	
Catering Revenues	
<b>Total Revenues</b>	
<b>COSTS</b>	
<b>Safety-Security</b>	
Safety command management (safety officers,...)	
Stadium stewarding	
Egress	
Park Barriers/signage	
Traffic management	
Westfield	
Medical Services	
H&S support	
WH crowd Mitigation Plan	
Stewarding information printing	
<b>Soft &amp; Hard services</b>	
Cleaning	
Waste Management	
Hard services costs (engineering)	
Specialist standby engineers (jumbo screens, lift,...)	
Helpdesk and condition survey	
Others (Consumables,...)	
<b>System Operations</b>	
Turnstiles (Fortress)	
Event radios	
Additional IT support	
IPTV management	
Pitch-side LED	
<b>Additional costs</b>	
Food including control room	
Pitch casual staff	
Additional event staff	
Licensing: PRS, PPL	
Cushion: FF&E hire,...	
<b>Total costs without segregation barriers move</b>	
<b>Segregation barriers move</b>	
<b>Total with segregation barriers move</b>	
<b>TOTAL NET RESULT without segregation barriers move</b>	
<b>TOTAL NET RESULT with segregation barriers move</b>	

LS185 summary of matchday revenues and costs, West Ham v Bournemouth, 21 August 2016

- 3.2. LS185 have advised that the revenues and costs set out above were typical of the other West Ham matches held up until the Watford match on 10 September. It indicates a loss of c£50k per match. This net loss includes catering revenue, but is

before associated spin-off benefits for E20, such as the uplift in naming rights and secondary sponsorship revenues that E20 should benefit from in future, due to the increased exposure with having West Ham as a tenant.

- 3.3. As part of the contract review, E20 challenged LS185 to identify efficiencies in the matchday costs, and also to recover costs where appropriate from West Ham. LS185 presented a recovery plan, shared with the E20 Board at its 6 October meeting, that explained how they intended to reduce their matchday costs to £149k (still a £17k loss per match):

REVENUES*
Fixed Fee
Catering Revenues
Costs recharged to WH
<b>Total Revenues</b>
COSTS
<b>Safety-Security</b>
Safety command management (safety officers,...)
Stadium stewarding
Egress stewarding
Park Barriers/signage (egress)
Traffic management (egress)
Westfield (egress)
Medical Services
H&S support
WH crowd Mitigation Plan
Stewarding information printing
Police costs (average)
<b>Soft &amp; Hard services</b>
Cleaning
Waste Management
Hard services costs (engineering)
Specialist standby engineers (jumbo screens, lift,...)
Helpdesk and condition survey
Others (Consumables,...)
<b>System Operations</b>
Turnstiles (Fortress)
Event radios
Additional IT support
IPTV management
Pitch-side LED
<b>Additional costs</b>
Food including control room
Pitch casual staff
Additional event staff
Licensing: PRS, PPL
Cushion: FF&E hire,...
<b>Total costs without segregation barriers move</b>
<b>Segregation barriers move</b>
<b>Total with segregation barriers move</b>
<b>TOTAL NET RESULT without segregation barriers move</b>
<b>TOTAL NET RESULT with segregation barriers move</b>

S.43

LS185 summary of matchday costs recovery plan, submitted 30 September 2016

- 3.4. E20 has since written to LS185, requesting that they implement this recovery plan without delay. LS185 are, of course, incentivised to drive these savings, as the costs impact their share of stadium net commercial revenues. LS185 are striving to implement these savings, although this has been hampered by subsequent crowd disturbances, which if anything has required even more matchday resources (e.g. policing – see below). LS185's latest financial forecast of net commercial revenues, which will reflect the latest matchday costs, is due to be submitted to E20 at the end of December (end Q3 2016-17).

#### 4. POLICING

S.31

S.31

## 5. WESTFIELD

5.1. Westfield's current approach, consisting of considerable stewarding and barriers, is costing **S.43**. E20 has not agreed a long-term contribution to these costs, beyond the £7k contribution made by LS185 (as included in the base costs), as it does not agree with this approach. However, as a temporary measure to ensure the safety of fans, E20 did agree to pay:

- a) An additional £8k/match (£15k total E20/LS185 contribution) for the first 8 West Ham matches;

- b) An additional £18k/match (£25k total E20/LS185 contribution) for the subsequent 3 West Ham matches that take us up to the present day. Incidentally, this has not been accepted by Westfield, who continue to push for greater cost recovery.
- 5.2. At the time of writing, there is no agreement between E20 and Westfield for E20's contribution for future matches (i.e. 3 December Arsenal match onwards), although to ensure safety E20 may need to continue funding at s.43 until a revised plan can be agreed.
- 5.3. To that end, E20 has appointed Chris Allison to facilitate a full review of stadium egress. Westfield egress costs at the current level are simply not sustainable. The review is ongoing. Chris continues to run into opposition from Westfield to alternative approaches, but he has identified some potential ways forward. An email setting out the current position and the possible options to be considered by the various parties is at annex 2.

## 6. OTHER COSTS

- 6.1. The poor behaviour of fans has also resulted in the following minor costs:
- a) Additional temporary LS185 resourcing costs, necessary to review extensive CCTV footage, to provide evidence in support of stadium bans. LS185 are assessing the additional cost implications.
  - b) Minor damage to the stadium, including 13 ripped out seats (used as missiles) and damage to a toilet block. LS185 are assessing the cost of the damage.
- 6.2. s.43
- 6.3. In order to help assist a smoother opening to the stadium for football, E20 agreed as a temporary measure to provide minor funding for:
- a) A contribution to the cost of hostesses in the hospitality areas;
  - b) Potential net costs for C2C staffing at West Ham station.
- 6.4. E20 is no longer contributing to the cost of hostesses, and has informed West Ham that should they wish to retain this service, it will be their responsibility to fund in full. West Ham have yet to accept this position, and may make a legal challenge. In the meantime West Ham are retaining, and paying for, the hostesses.
- 6.5. E20 has committed to potentially make a small contribution to C2C staffing at West Ham station until the end of 2016. By that point, sufficient travel data will have been collected, which E20 hopes will demonstrate that the impact of West Ham matches is at least revenue neutral (i.e. revenue from additional travellers exceeds operational costs). That would remove the requirement for E20 to contribute, both retrospectively and for future matches.

## 7. TOTAL COSTS AND SUMMARY OF STRATEGY

- 7.1. It is evident that with base costs currently running at c£180k, policing costs for some matches at £42k, additional Westfield costs at £18k, plus some other minor costs incurred on an ad hoc basis, the total cost to E20 for some West Ham matches is approaching £250k/match.
- 7.2. In summary, E20's plan to drive this cost down is as follows:

- a) Push LS185 to implement their recovery plan;
- b) s.43 
- c) Agree revised egress arrangements with Westfield as part of Chris Allison's review;
- d) Take a very firm line in resisting liability for other cost pressures.

7.3. None of these measures will be easily achieved, but all must be rigorously pursued to achieve the best possible outcome. Taken together, and if wholly successful, achieving these measures will bring the matchday costs down to c£150k/match.

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Annex 1 – STADIUM SAFETY AND SECURITY REPORT TRACKER (

	Recommendation	Lead	Current Status (22 November 2016)	Completion Deadline
1	S.31	LS185	S.31	Complete
2		LS185 Met		Permanent - May 2017  Temporary – Complete
3		WHU		Review after 2 Jan match
4		WHU LS185		Review after 2 Jan match

5	<b>S.31</b>	LS185	<b>S.31</b>	Review after 2 Jan match
6		LS185		Review after 2 Jan match
7		LS185 Met		Review after 2 Jan match
8		LS185 E20		Review after 2 Jan match
9				Review after 2 Jan match

10	S.31	LS185 LLDC	S.31	
11		LS185		Review after 2 Jan match
12		LS185 E20 WHU TfL Met		Review after 2 Jan match
13		LS185 E20 WHU TfL Met		Review after 2 Jan match
14		LS185 WHU		Complete

	<b>S.31</b>		<b>S.31</b>	
15		LS185 WHU		Complete
16		LS185 E20 WHU		Review after 2 Jan match
17		LS185 E20 WHU		Review after 2 Jan match
18	LS185 E20 WHU	Review after 2 Jan match		

			<b>s.31</b>	
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**S.31**

**S.31**