

# Implications of the EU referendum result

LLDC Investment Committee  
Informal Briefing  
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# Purpose

- To review activity across LLDC's business and consider potential impact of the referendum outcome
- Assess if there is anything we should
  - Stop
  - Start
  - Delay
  - Accelerate

# LLDC'S business

- Invest in developing the Park's potential for regeneration through:
  - GLA existing and future borrowings
  - Philanthropy
  - Private inward investment to develop the Park and repay GLA borrowings
  - Attracting further investment through seed funding for regeneration programmes and schools/community infrastructure
- Construction programme – CED, Hackney Wick Station, s106 infrastructure
- Ensure arrangements in place for managing the park/venues to develop a financially sustainable Park in the long term
- Though its Planning Policy and Decisions Team deliver through approved Mayors London Plan and LLDCs Local Plan
- Ensure regeneration benefits flow through to the local community where possible, eg: through working with employers, developers, contractors and local boroughs to help secure long term employment and investment

# Potential referendum outcome impacts (general)

- Prolonged market uncertainty
- Exchange rate volatility
- Recession in UK and wider EU
- Asset price deflation (particularly London high end residential and commercial/ office)
- Reduced market liquidity
- Increase in UK's and GLA's cost of money
- Labour market impact – constrained in the long term, loss of confidence in the short term
- Impact on University funding (CED partners) – foreign students a
- Movement of infrastructure funding focus to Northern Powerhou

## How long :

### 2 to 5 years or longer, with a great deal of uncertainty

- New Prime Minister – Autumn 2016
- Autumn Statement – Oct/Nov 2016
- *Article 50 – January 2017?*
- *Negotiation – up to 2 years?*

Potential recession duration is uncertain

# Potential referendum outcome risks (LLDC)

Development Receipts	Construction Projects	CED	Park	Planning	10 Year Plan
<ul style="list-style-type: none"> <li>Continued uncertainty likely to exacerbate [redacted] developer concerns about profitability and delay investment</li> <li>As will lack of liquidity / higher financing costs</li> <li>Supplier impact – share price / debt covenants/financing</li> <li>Reduced risk appetite in property sector</li> <li>Potential delay / reduced receipts from residential =&gt; CED, GLA loan repayment and lottery</li> </ul>	<ul style="list-style-type: none"> <li>Reduced TPI offset by skilled supply shortages and higher cost of materials (applies to all construction activity)</li> </ul>	<ul style="list-style-type: none"> <li>Development receipts – particularly residential high end</li> <li>TPI vs labour shortages and materials costs</li> <li>Philanthropic fundraising impact – in particular [redacted] unlikely to deliver but also general impact on philanthropy</li> <li>Need to understand impact on partners [redacted]</li> </ul>	<ul style="list-style-type: none"> <li>Impact of recession on visitor numbers – local , national down?</li> <li>Weak fx rate - international visitors up?</li> <li>Supplier impact [redacted] <ul style="list-style-type: none"> <li>EFM</li> <li>Orbit</li> <li>Energy Concession</li> </ul> </li> <li>Grants / other funding</li> </ul>	<ul style="list-style-type: none"> <li>Slow down in developers plans coming forward – impact on CIL /s106 receipts (which fund eg Hackney Wick Station)</li> <li>Higher hurdle on viability will put pressure on affordable housing targets</li> </ul>	<ul style="list-style-type: none"> <li>[redacted]</li> </ul>

# Opportunities

- LLDC vehicle for direct investment / self build on development land; potential to consider different deals with developers who may want to retain in house expertise and supply chain

- [REDACTED]

- Potential for increased national infrastructure funding into CED

- LLDC convergence objectives - increasingly important given societal divisions

- [REDACTED]

# Actions

- Understand GLA position on cost of money, debt profile
- Understand scale of impact on UCL and UAL and confirm continued CED engagement
- Greater oversight and more transparency in reporting on development partners  
[REDACTED]
- Soft market testing pre procurement for Stratford Waterfront residential
- Consider impact on CED fundraising – plan/revised phasing in train
- Confirmation of intent from [REDACTED]
- [REDACTED]
- Update 10YP, plus modelling worst case scenarios