

**From:** [Richard Irish](#)  
**To:** [Lyn Garner](#); [Gerry Murphy](#)  
**Cc:** [Rachel Massey](#)  
**Subject:** Board paper - Budget update (year-end rollovers)  
**Date:** 01 May 2020 17:36:24  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Board paper - Budget update 2020-21 DRAFT \(with appendices\).pdf](#)

---

Lyn/Gerry,

I have prepared the Board budget update paper for year-end rollovers.

These rollovers are subject to agreement with the GLA, which is in progress. We also have some final checks to do on borrowings and East Bank income.

The rollovers do not factor in the impact of COVID-19 other than on the East Bank profile of spend.

The papers does, however, include a section outlining the actions being taken in respect of assessing COVID-19 and attaches the GLA briefing paper as an Appendix (private).

Please let me know any questions/comments when you have the chance to review next week.

Happy to arrange a short briefing call if that would help.

Regards,

Richard

**Richard Irish**  
**Finance Director**

London Legacy Development Corporation  
Level 10  
1 Stratford Place, Montfichet Road  
London  
E20 1EJ

Direct: 0203 288 **s.40**  
Mobile: **s.40**  
Email: [richardirish@londonlegacy.co.uk](mailto:richardirish@londonlegacy.co.uk)



For more information please visit [www.QueenElizabethOlympicPark.co.uk](http://www.QueenElizabethOlympicPark.co.uk)

**Subject:** 2020/21 Budget Update  
**Meeting date:** 19 May 2020  
**Report to:** Board  
**Report of:** Richard Irish, Finance Director

---

**This report will be considered in public**

---

## **1. SUMMARY**

- 1.1. The LLDC 2020/21 draft budget submission (covering the years 2020/21 to 2023/24) was submitted to the GLA in November 2019, in accordance with the Mayor's Budget Guidance, and subsequently approved by the Mayor in February 2020. On 17 March 2020, an update was provided the LLDC Board noting that no changes to the submitted budget rose from the Mayoral review process.
- 1.2. This report provides a final 2020/21 budget position reflecting the outturn of 2019/20 and the proposed funds to be carried forward into 2020/21. It also sets out the work being undertaken to assess the financial impact of the Coronavirus (COVID-19) outbreak on LLDC's budgets. The outturn position for 2019/20 and proposed adjustments to the 2020/21 budget have been discussed with GLA Finance who support the proposals.
- 1.3. Two appendices are included on Part 2 of the agenda, which contain exempt information. The information is exempt by virtue of part 1, paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of a person or authority.

## **2. RECOMMENDATIONS**

### **2.1 The Board is asked to:**

- 2.1.1. **Note the 2019/20 financial outturn and update on work being undertaken to assess the financial impact of the Coronavirus (COVID-19) outbreak on LLDC's budgets.**
- 2.1.2. **Approve the proposed carry forward of funds to the 2020/21 budget.**

## **3. 2019/20 OUTTURN**

- 3.1. The following table shows the outturn capital and revenue income and expenditure for 2019/20 against the budget. This shows a net capital underspend of £17.0m and a net revenue underspend of £4.7m (before financing costs) against the budgets agreed with the GLA for 2019/20. The 2019/20 outturn is based on the year-end management accounts and is subject to audit.

£m	Actual	Budget	Variance
Capital Income	(47.3)	(89.2)	41.9
Capital Expenditure	110.0	168.9	(58.9)
<b>Net Borrowing Requirement</b>	<b>62.7</b>	<b>79.7</b>	<b>(17.0)</b>
Cash adjustments <sup>1</sup>	(28.9)	7.9	(36.8)
<b>2020/21 Borrowings</b>	<b>33.8</b>	<b>87.6</b>	<b>(53.8)</b>
Borrowings brought forward	326.2	326.2	0.0
<b>Borrowings carried forward</b>	<b>360.0</b>	<b>413.8</b>	<b>(53.8)</b>
Revenue Income	(15.2)	(13.3)	(1.9)
Revenue Expenditure	32.6	35.4	(2.8)
<b>Net Revenue Requirement (before financing)</b>	<b>17.4</b>	<b>22.1</b>	<b>(4.7)</b>
Financing costs	8.7	11.1	(2.4)

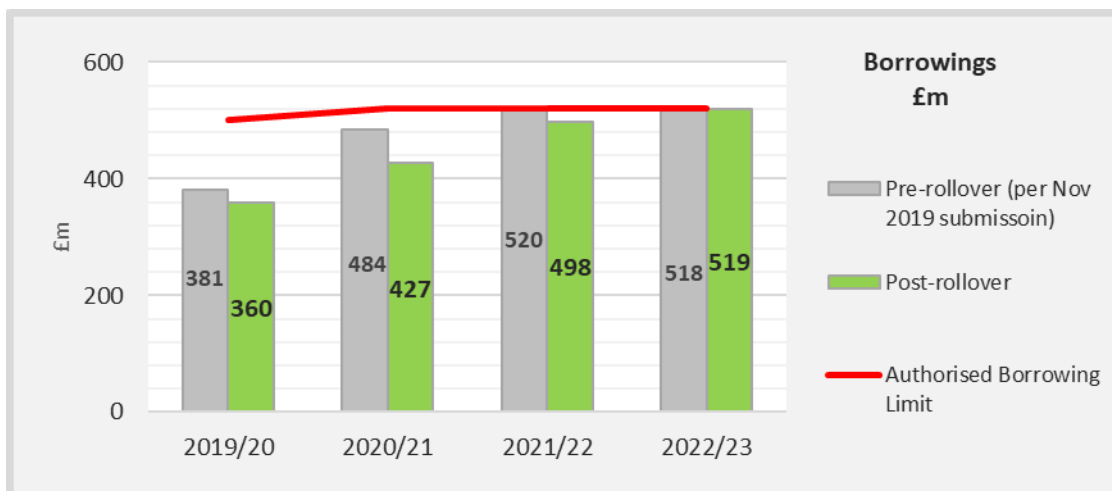
### Capital

- 3.2. **Capital income is £41.9m lower than budget** predominantly due to the University of the Arts London (UAL) premium and contributions towards the cost of the building that were expected to be received by 31 March 2020. However, the UAL Agreement for Lease is yet to go unconditional whilst a number of live third-party land searches, which cover part of the UAL site, are concluded. The premium and contributions are now expected to be received in 2020/21 (and the budget rolled forward accordingly).
- 3.3. **Capital expenditure is £58.9m underspent** across a range of capital projects including slippage on the East Bank project (caused partly by delays in executing some package contracts and, most recently in March, the impact of the site closure due to the COVID-19 situation); Legacy Communities Scheme (LCS) infrastructure works for East Wick and Sweetwater (delayed by contractor encountering a number of difficulties and unforeseen obstructions throughout the year); development spend on Pudding Mill Lane design and planning fees (revised programme); Hostile Vehicle Mitigation works on the Park (business case approved in February 2020); slippage on Stadium capital works and lifecycle works across the Park and Venues (to better schedule works against business requirements). This expenditure will now be incurred in 2020/21 and beyond.
- 3.4. **The Corporation utilised net £3.3m of capital contingency** during the year (from a total budget of £8.4m) – including releases for:
- 3 Mills Studios river wall repair works (£1.4m) – increase in cost on procured scope;
  - 3 Mills Studios roof repair works (£0.9m net of a £0.3m return to contingency) – for essential works; and
  - Corporation Tax (£0.7m); this was higher than budget due to the delay in the East Bank Agreements for Lease going unconditional (assumed to be by 31 March 2020); a corresponding decrease in Corporation Tax should be expected in 2019/20 – however, this will be dependent upon the actual profiling of income and expenditure during the year.
- 3.5. In 2019/20, the Corporation drew £33.8m of GLA borrowings against a budget of £87.6m meaning total cumulative borrowings (£374.2m subject to audit) were well within the authorised limit for the year (£500.0m); this is largely due to slippage on capital expenditure, which will now be incurred in 2020/21 and future years. The element of E20 loan that was used to fund operating costs (£20.2m) has been reclassified as revenue (in line with Local Authorities Capital Finance

<sup>1</sup> Note the 'Actual' includes an adjustment for the reclassification of E20 Stadium LLP loan funding Page 3 of 43

and Accounting Regulations). Note that from 2020/21 this will be funded directly through the Corporation's revenue budget.

- 3.6. See the following graph, which compares borrowings including the year-end rollovers to the profile contained within the November 2019 budget submission:



#### Revenue

- 3.7. The **overall variance of £4.7m on the net revenue requirement** (before financing) is made up of £1.9m of additional income and £2.8m of revenue underspends. The variations are made up of:
- 3.7.1. additional income from trading activities (£1.4m arising from overperformance at 3 Mills Studios net of lower than planned income from the ArcelorMittal Orbit) and higher planning-related income due to the increased number of planning applications received (£0.7m) in the year. These were offset by lower than expected income in other areas such as commercial sponsorship and advertising (£0.2m);
  - 3.7.2. savings in Park Operations and Venues of £0.7m in areas such as Estates and Facilities Management and Park utilities;
  - 3.7.3. underspends of £1.0m across Regeneration and Community Partnerships, Communications, Marketing and Strategy and Finance, Commercial and Corporate Services that are being reprofiled into 2020/21 (for example, to cover an anticipated increase in insurance costs); and
  - 3.7.4. unutilised contingency of £0.8m (note risks are held against this).
- 3.8. Financing costs, which are funded by the GLA, are lower than budget due to lower than expected borrowings.

#### 4. 2019/20 OUTTURN VS. FORECAST

- 4.1. Against the 2020/21 budget submission to the GLA, which was based on the September 2019 forecast, there was a net capital requirement underspend of £4.5m and a net revenue requirement underspend of £2.0m (including financing costs) on the net revenue requirement for 2019/20 – see the following table.

£m	Actual	Forecast*	Variance
Capital income	(47.3)	(84.4)	37.1
Capital expenditure	89.8	132.3	(42.5)
<b>Net borrowing requirement</b>	<b>42.5</b>	<b>47.9</b>	<b>(5.4)</b>
Revenue income	(15.2)	(14.0)	(1.2)
Revenue expenditure	52.8	51.8	0.9
<b>Net revenue expenditure</b>	<b>37.6</b>	<b>37.8</b>	<b>(0.3)</b>
Financing costs	8.7	10.5	(1.8)
<b>Net revenue requirement</b>	<b>46.3</b>	<b>48.3</b>	<b>(2.0)</b>

\* Forecast as at September 2019

- 4.2. Capital income is £37.1m lower than the September forecast, primarily due to UAL receipts that were previously expected to be received in 2019/20.
- 4.3. Capital expenditure is down £42.5m against the September forecast, predominantly reflecting slippage on the East Bank project, in Development on infrastructure works (including East Wick and Sweetwater) and a £5.9m underspend on contingency (against which risks are held). Note that Corporation Tax for the year was £0.7m higher than the September forecast due to delay in the East Bank Agreements for Lease going unconditional.
- 4.4. Revenue income is up £1.2m against the September forecast mainly reflecting increased trading income from 3 Mills Studios.
- 4.5. Revenue expenditure is £0.9m higher than the September forecast relating to higher Stadium working capital costs<sup>2</sup> offset by lower than expected costs in Park Operations and Venues of £0.7m (in areas such as Estates and Facilities Management and Park utilities), IT costs £0.2m (to be rolled forward), legal and professional costs £0.3m (to be rolled forward), socio-economic costs £0.4m (to be rolled forward) and unutilised contingency £0.8m (risks are held against this).
- 4.6. Revenue savings will largely be carried forward (in agreement with the GLA) and applied to the funding gap in future years (see 5.9).

## 5. 2020/21 BUDGET

- 5.1. The budget for 2020/21 that was approved as part of the annual GLA budget process is set out in the following table:

£m	2020/21 Approved budget
<b>Capital income</b>	(176.3)
Capital expenditure	244.0
<b>Net Borrowing requirement</b>	<b>67.7</b>
<b>Cash timings adjustment</b>	<b>35.0</b>
Borrowings brought forward	381.1
<b>Borrowings carried forward</b>	<b>483.8</b>
<b>Revenue income</b>	(15.2)
Revenue expenditure	52.7
<b>Sub-total net revenue expenditure</b>	<b>37.5</b>
Financing costs	13.0
<b>Net revenue requirement</b>	<b>50.5</b>

<sup>2</sup> Though note this offset by a corresponding decrease in capital and with a net nil effect in terms of funding due to the loan funding reclassification

- 5.2. This budget is subject to updates arising from the outturn position of 2019/20 – for example, to reflect underspends against programmes that are required to be carried forward into future years to complete.
- 5.3. The following table sets out the proposed adjustments to the budgets for 2020/21 for capital and revenue funding respectively.

Capital (£m)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
Development	(26.0)	(1.4)	(27.4)
East Bank	(73.7)	(35.8)	(109.5)
GLA grant	(75.8)	0.0	(75.8)
Park Operations and Venues	(0.8)	(0.6)	(1.4)
<b>Total capital income</b>	<b>(176.3)</b>	<b>(37.9)</b>	<b>(214.2)</b>
East Bank	195.2	(29.7)	165.5
Development	20.0	5.1	25.1
Stadium	14.5	1.4	15.9
Park Operations and Venues	7.4	3.1	10.5
Regeneration and Community Partnerships	0.5	0.2	0.7
Finance, Commercial and Corporate Services	1.8	0.7	2.5
Construction	0.5	1.4	1.9
Contingency	2.7	8.7	11.4
Corporation Tax	1.3	0.9	2.2
<b>Total capital expenditure</b>	<b>244.0</b>	<b>(8.1)</b>	<b>235.8</b>
<b>Net capital expenditure</b>	<b>67.7</b>	<b>(46.0)</b>	<b>21.6</b>
A <b>Funded by borrowings*</b>	<b>67.7</b>	<b>(36.0)</b>	<b>21.6</b>
B <i>Borrowings brought forward</i>	381.1	(21.1)	360.0
C <i>BBC Loan Cash Adjustment</i>	35.0	0.0	35.0
(A:C) <i>Borrowings carried forward</i>	483.8	(57.1)	426.7
<i>Authorised debt limit</i>	520.0	0.0	520.0

\*Note the -£36.0m includes a £10.0m timing adjustment from previous years (e.g. for accruals and deferred income)

- 5.4. The £37.9m capital receipts adjustment reflects mainly the re-phasing of UAL income, which will be received when the lease is granted in 2020/21.
- 5.5. Proposed adjustments for capital expenditure reflect timing differences against the September forecast for projects which have largely been carried forward into 2020/21 but also, in some cases, reprofiled into future years – including:
- 5.5.1. Net negative £29.7m<sup>3</sup> on East Bank, which is largely a result of re-profiled project expenditure into future years to reflect the impact of the COVID-19 site closure;
- 5.5.2. Net £1.4m for the Stadium, which is made up of £4.1m of funding for capital works in 2020/21 including the LED lighting upgrade and new seating projects net of £2.7m of Transformation funding that has been moved to corporate contingency (along with a £2.0m underspend from 2019/20 – see 5.5.5);
- 5.5.3. £5.1m of spend for Development, including £3.0m of East Wick and Sweetwater and other statutory infrastructure works;

<sup>3</sup> This is £25.1m rolled forward from 2019/20 less £54.8m that has been reprofiled into future years.

5.5.4. £3.1m of funding in Park Operations and Venues, in particular for the continuation of Asset Protection Management, Park/Venue lifecycle and CCTV/HVM works into 2020/21; and

5.5.5. £8.7m is proposed to be carried forward into capital contingency against continuing risks including for 3 Mills Studios river wall works, the Park Headquarters relocation and long-term additional electricity supply. Note that this includes £4.7m ringfenced from the Stadium Transformation budget pending closeout of those works.

5.6. Adjustments to revenue budgets are set out in the following table:

Revenue (£m)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
Revenue income	(6.2)	0.0	(6.2)
Trading income	(9.0)	0.0	(9.0)
<b>Total revenue income</b>	<b>(15.2)</b>	<b>0.0</b>	<b>(15.2)</b>
Communication, Marketing and Strategy	1.8	0.1	1.9
Development	0.1	0.0	0.1
Executive Office	2.5	0.1	2.6
Finance, Commercial and Corporate Services	6.1	0.4	6.5
Park Operations and Venues	9.6	0.2	9.8
Planning Policy and Decisions	3.1	0.0	3.1
Regeneration and Community Partnerships	2.4	0.5	2.9
Stadium	16.6	0.0	16.6
Trading	9.9	0.0	9.9
Contingency	0.6	0.5	1.1
<b>Total revenue expenditure</b>	<b>52.7</b>	<b>1.8</b>	<b>54.5</b>
<b>Net revenue requirement</b>	<b>37.5</b>	<b>1.8</b>	<b>39.3</b>
<i>Funded by:</i>			
GLA funding	16.0	0.0	16.0
GLA funding to fund Stadium	16.6	0.0	16.6
Use of reserves	4.9	1.8	6.7
<b>Net revenue funding</b>	<b>37.5</b>	<b>1.8</b>	<b>39.3</b>

5.7. Revenue expenditure adjustments reflect mainly timing differences against the September forecast for projects, which are carried through to 2020/21, and other budget adjustments – including:

5.7.1. £0.4m of funding in Finance, Commercial and Corporate Services to cover IT costs to support delivery of the Commercial Strategy and increased insurance costs;

5.7.2. £0.2m carried forward into Park Operations and Venues relating to ringfenced funds for LDA novated sites and Park security and health and safety;

5.7.3. £0.5m of funding carried forward for Regeneration and Community Partnerships primarily for community and business engagement and socioeconomic regeneration activities, which are either committed (via grants) or aligned to the timing of development projects; and

5.7.4. £0.5m on contingency to cover reduced trading income and other identified risks in 2020/21.

- 5.8. Note that a 2% staff cost of living increase is included in the budget across both capital and revenue staff; this is following approval by the Chairs Committee in March and subsequent agreement by the GLA.
- 5.9. The funding position, looking forward to the years 2020 to 2023 is shown in the table below, with shortfalls remaining in 2021/22, 2022/23 and 2023/24, although the shortfall in 2021/22 is £1.8m lower than previously expected due to the overperformance in income and savings in expenditure realised in 2019/20 (see 3.7.1 and 3.7.2).

Forward funding position (£m)	2020/21	2021/22	2022/23	2023/24
Total revenue income	(15.2)	(16.3)	(18.2)	(19.2)
Total revenue expenditure	54.5	46.7	47.1	47.8
<b>Net revenue requirement</b>	<b>39.3</b>	<b>30.4</b>	<b>28.9</b>	<b>28.6</b>
<i>Funded by:</i>				
GLA funding	16.0	16.0	16.0	16.0
GLA funding - for Stadium	16.6	11.3	11.1	10.8
Use of carry forwards	6.7	2.8	0.0	0.0
Closing carry forwards balance*	2.8	0.0	0.0	0.0
<b>Net shortfall</b>	<b>0.0</b>	<b>0.3</b>	<b>1.8</b>	<b>1.8</b>
<b>Net shortfall (Nov 219 submission)</b>	<b>0.0</b>	<b>2.1</b>	<b>1.8</b>	<b>1.8</b>
<b>Change</b>	<b>0.0</b>	<b>(1.8)</b>	<b>0.0</b>	<b>0.0</b>

## 6. COVID-19 FINANCIAL IMPACT

- 6.1. The Corporation is currently undertaking a full review of its 2020/21 budget and Long Term Model to assess the financial impacts of the ongoing COVID-19 situation and to identify potential measures to mitigate them. The Corporation is working closely with the GLA on this matter and providing regular briefings. The Corporation's initial assessment provided to the GLA on 1 April is attached at Appendix 4 – an updated assessment will be provided to the Board in due course.

## 7. APPENDICES

- Appendix 1: March 2020 Management Accounts (summary extract)
- Appendix 2: Capital rollovers detail (exempt information)
- Appendix 3: Revenue rollovers detail (exempt information)
- Appendix 4: Initial assessment of COVID-19 financial impact (exempt information)

### List of Background Papers:

- LLDC Board, 19 November 2019, 2020/21 Budget Submission
- LLDC Board, 17 March 2020, 2020/21 Budget Update

Report originator(s):  
Telephone:  
Email:

Richard Irish  
+44 (0)20 3288 s.40  
[richardirish@londonlegacy.co.uk](mailto:richardirish@londonlegacy.co.uk)



## APPENDIX 1: MARCH 2020 MANAGEMENT ACCOUNTS SUMMARY EXTRACT

	Month Mar-20			Full Year 2019/20		
	Actual £000	Budget £000	Variance £000	Actual £000	Budget £000	Variance £000
<b>Capital Income</b>						
Development	665	(1,770)	2,435	(29,570)	(32,268)	2,698
East Bank	(7,062)	(17,609)	10,547	(17,710)	(56,878)	39,168
Park Operations and Venues - excl Trading	(2)	(8)	6	(19)	(52)	33
<b>Total Capital Income</b>	<b>(6,399)</b>	<b>(19,386)</b>	<b>12,987</b>	<b>(47,299)</b>	<b>(89,198)</b>	<b>41,898</b>
<b>Capital Expenditure</b>						
Construction	811	29	782	6,395	6,526	(131)
Development	2,132	6,505	(4,373)	13,567	22,854	(9,287)
Executive Office	13	7	6	165	228	(63)
Finance, Commercial and Corporate Services	1,087	766	321	4,346	3,383	963
East Bank	6,244	13,258	(7,014)	58,702	86,842	(28,140)
Park Operations and Venues - excl Trading	621	1,179	(558)	3,136	10,396	(7,260)
Regeneration and Community Partnerships	13	66	(53)	209	695	(486)
Stadium	0	155	(155)	23,452	29,945	(6,493)
Capital Contingency	0	0	0	0	8,029	(8,029)
<b>Total Capital Expenditure</b>	<b>10,921</b>	<b>21,965</b>	<b>(11,044)</b>	<b>109,971</b>	<b>168,898</b>	<b>(58,928)</b>
<b>Net Capital Expenditure</b>	<b>4,522</b>	<b>2,579</b>	<b>1,943</b>	<b>62,671</b>	<b>79,701</b>	<b>(17,029)</b>
<b>Revenue Income</b>						
East Bank	0	0	0	(25)	0	(25)
Executive Office	(3)	(2)	(1)	(30)	(29)	(1)
Development	0	(120)	120	(120)	(120)	0
Finance, Commercial and Corporate Services	(99)	(28)	(71)	(318)	(303)	(15)
Park Operations and Venues - excl Trading	(306)	(737)	431	(3,518)	(3,791)	273
Park Operations and Venues - Trading	(1,340)	(1,187)	(153)	(8,940)	(7,502)	(1,438)
Planning Policy & Decisions	(21)	(132)	111	(2,266)	(1,600)	(666)
<b>Total Revenue Income</b>	<b>(1,769)</b>	<b>(2,206)</b>	<b>437</b>	<b>(15,216)</b>	<b>(13,345)</b>	<b>(1,871)</b>
<b>Revenue Expenditure</b>						
Communication, Marketing and Strategy	206	202	4	1,596	1,726	(130)
Development	3	118	(115)	37	118	(81)
Executive Office	58	213	(155)	2,284	2,551	(267)
Finance, Commercial and Corporate Services	728	524	205	5,637	6,266	(629)
Park Operations and Venues - excl Trading	764	290	474	8,333	8,968	(635)
Park Operations and Venues - Trading	1,245	1,267	(22)	9,146	8,953	193
Planning Policy & Decisions	368	210	158	3,418	2,515	903
Regeneration and Community Partnerships	210	751	(541)	2,117	3,289	(1,172)
Stadium	(8)	0	(8)	0	0	0
Revenue Contingency	0	0	0	0	972	(972)
<b>Total Revenue Expenditure</b>	<b>3,573</b>	<b>3,574</b>	<b>(1)</b>	<b>32,568</b>	<b>35,358</b>	<b>(2,790)</b>
<b>Net Revenue Expenditure</b>	<b>1,804</b>	<b>1,368</b>	<b>436</b>	<b>17,351</b>	<b>22,013</b>	<b>(4,662)</b>
<b>Trading</b>						
Timber Lodge Café	5	(0)	5	(6)	3	(9)
ArcelorMittal Orbit (AMO)	68	37	31	190	(252)	441
Kiosks	(24)	0	(24)	(42)	(50)	8
The Podium	(137)	(26)	(111)	(215)	(105)	(110)
London Aquatics Centre	(223)	49	(272)	1,380	1,324	56
Copper Box Arena	20	175	(155)	709	810	(101)
3 Mills Studio	300	0	300	(1,507)	0	(1,507)
Other Trading Income	(3)	(154)	151	(49)	(265)	216
On Park Properties	(101)	(35)	(66)	(475)	(420)	(55)
Off Park Properties	1	34	(33)	221	406	(185)
<b>Total Trading Net (Surplus)/Deficit</b>	<b>(95)</b>	<b>79</b>	<b>(174)</b>	<b>206</b>	<b>1,451</b>	<b>(1,245)</b>

**Subject:** Exempt Appendix to the 2020/21 Budget update  
**Meeting date:** 19 May 2020  
**Report to:** Board  
**Report of:** Richard Irish, Finance Director

---

### **The attached Appendices to the 2020/21 Budget Update**

Subject to the decision of the Board under Item 15 on the agenda for this meeting, this report is exempt and is therefore not for publication to the public or press by virtue of Part 1, paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the MDC holding that information).

---

**Report originator(s):** Richard Irish  
**Telephone:** +44 (0)20 3288 s.40  
**Email:** [richardirish@londonlegacy.co.uk](mailto:richardirish@londonlegacy.co.uk)

## **1. SUMMARY**

- 1.1. These are appendices to the 2020/21 Budget update:
- Appendix 2: Capital rollovers detail (exempt information)
  - Appendix 3: Revenue rollovers detail (exempt information)

## **2. RECOMMENDATIONS**

- 2.1. **The Board is asked to note the appendices.**

## Appendix 2: Capital rollovers detail (exempt information)

Capital (£000)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
<b>Income</b>			
<b>East Bank</b>			
UAL Premium Receipt	0	(30,000)	(30,000)
UAL Contribution	(25,409)	(5,786)	(31,195)
BBC Contribution	(35,042)	(22)	(35,064)
UAL Contribution to Fit Out (not funded by Loan)	(13,290)	0	(13,290)
Partner Funded Changes	(10)	0	(10)
<b>East Bank Total</b>	<b>(73,750)</b>	<b>(35,808)</b>	<b>(109,559)</b>
<b>GLA Capital Grant</b>			
GLA Grant Funding - CED (V&A + Philanthropic)	(65,804)	0	(65,804)
GLA Grant Funding - Additional East Bank Pressure	(10,000)	0	(10,000)
<b>GLA Capital Grant Total</b>	<b>(75,804)</b>	<b>0</b>	<b>(75,804)</b>
<b>Development</b>			
LCS infra / 106 - Stratford Station - Western Entrance	0	(281)	(281)
Chobham Manor (PDZ6 - Phase 2)	0	(258)	(258)
Chobham Manor (PDZ6 - Phase 3&4)	(22,941)	(230)	(23,171)
PDZ 4&5 EWSWGross Capital Receipts	(2,099)	0	(2,099)
Sidings Intersection Link - CIL	0	(208)	(208)
Westfield Avenue - S106	0	(455)	(455)
Hackney Wick Neighbourhood Centre Capital Receipt (Not Subject to)	(916)	0	(916)
<b>Development Total</b>	<b>(25,956)</b>	<b>(1,431)</b>	<b>(27,387)</b>
<b>Park Operations and Venues</b>			
LAC Glare Mitigation	(314)	(30)	(344)
LAC / CBA Healthy Living Fund	0	(3)	(3)
UO7 Crossrail Contribution	(450)	0	(450)
Stour Space Disposal	0	(600)	(600)
<b>Park Operations and Venues Total</b>	<b>(764)</b>	<b>(633)</b>	<b>(1,397)</b>
<b>Income Total</b>	<b>(176,275)</b>	<b>(37,872)</b>	<b>(214,147)</b>
<b>Expenditure</b>			
<b>East Bank</b>			
LLDC management costs			
UAL			
V&A			
Sadler's Wells			
BBC			
Retail			
Public realm			
TIQ Bridge			
Stratford Waterfront Residential & Bridgewater Procurement & Delive			
S106 & Infrastructure			
S106 Additional Costs			
Sitewide Contingency			
<b>East Bank Total</b>	<b>195,252</b>	<b>(29,723)</b>	<b>165,528</b>

**S.43**

## Appendix 2: Capital rollovers detail (exempt information) – continued

Capital (£000)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
<b>Development</b>			
LCS infra/106 - Site Wide (Discharge of Conditions)	1,439	126	1,566
Sidings Intersection Link - CIL	0	208	208
Westfield Avenue - S106	0	455	455
LCS infra/106 - East Wick & Sweetwater (Phase 2)	3,196	1,828	5,024
LCS infra/106 - Zone 8 (PML)	278	1,033	1,311
3 Mills Studios - Disposal Costs	100	(50)	50
Aquatics Triangle	700	22	722
Bromley-by-Bow Disposal Costs	20	(10)	10
Chobham Farm	44	16	60
Chobham Manor - CIL payment	0	165	165
Chobham Manor - Legal & Viability	24	9	33
Design	0	7	7
East Wick & Sweetwater (Development Agreement)	123	43	166
Ecology Gardens	18	(4)	14
Development Feasibility & Research	20	0	20
Hackney Wick Neighbourhood Centre	95	35	130
Hackney Wick / Fish Island (HWFI) Connectivity	0	4	4
Leaway Transfers	0	40	40
LEP Repayment	500	0	500
Physical Regeneration - Leaway Design	13	0	13
Remediation	0	20	20
Rick Roberts Way Joint Venture & Development Strategy	2,103	165	2,269
Stratford Station South-West Entrance	477	(196)	281
Stratford Station Strategic Business Case	0	236	236
White Building	0	4	4
MSCP Feasibility Study	55	55	110
EWSW - LLDC Payments for 2018 Contract Changes	4,500	0	4,500
Development PMP	35	(19)	16
Development Capital Staff	3,903	0	3,903
<b>Development Total</b>	<b>20,004</b>	<b>5,081</b>	<b>25,085</b>
<b>Finance, Commercial and Corporate Services</b>			
East Bank Assurance	381	354	735
Commercial Assurance - East Bank	392	237	629
Park IT	144	8	153
Smart Park	70	100	170
Corporate IT	164	0	164
FCCS Capital Staff	685	0	685
Corporation tax (paid in year following liability)	1,319	852	2,171
<b>Finance, Commercial and Corporate Services Total</b>	<b>3,155</b>	<b>1,551</b>	<b>4,706</b>

## Appendix 2: Capital rollovers detail (exempt information) – continued

Capital (£000)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
<b>Park Operations and Venues</b>			
Parklands Lifecycle Replacement Costs	1,346	263	1,609
3 Mills Studio Roof Replacement Works	51	(29)	22
Asset Protection Management (APM)	34	493	527
LAC Lifecycle Replacement Costs	473	130	604
Copper Box lifecycle replacement costs	120	213	333
South Park Hub lifecycle replacement costs	25	33	58
Timber Lodge lifecycle replacement costs	7	0	7
MSCP lifecycle replacement costs	213	159	373
AMO lifecycle replacement costs	936	38	974
AMO content enhancements	0	6	6
CCTV	0	334	334
LAC Access Control	0	150	150
Security & Safety Capital Works	0	65	65
Hostile Vehicle Mitigation (HVM)	3,200	1,103	4,303
LAC and CBA Life-Cycle Replacement (LAC Blinds)	314	30	344
UO7 Underpass	575	110	685
Wayfinding (road/street signage)	26	13	39
Wayfinding (pedestrian signage)	41	0	41
Western bridges	8	23	31
LAC Upper Welcome Zone	0	3	3
PML Improvement Works	0	9	9
<b>Park Operations and Venues Total</b>	<b>7,369</b>	<b>3,147</b>	<b>10,516</b>
<b>Regeneration and Community Partnerships</b>			
Community and business engagement	55	14	69
Socio Economic regen	0	155	155
Sustainable energy projects	307	0	307
Regen capital staff	133	0	133
<b>Regeneration and Community Partnerships Total</b>	<b>495</b>	<b>169</b>	<b>664</b>
<b>Executive Office</b>			
Training & Development - East Bank	38	16	54
<b>Executive Office Total</b>	<b>38</b>	<b>16</b>	<b>54</b>
<b>Stadium</b>			
Transformation - E20 LLP Capital Contribution	3,300	(2,661)	639
E20 Stadium LLP Capital	11,240	4,054	15,294
<b>Stadium Total</b>	<b>14,540</b>	<b>1,393</b>	<b>15,933</b>
<b>Construction</b>			
3 Mills Studios - River Wall Cost	100	1,462	1,562
Construction Capital Staffing	368	0	368
<b>Construction Total</b>	<b>468</b>	<b>1,462</b>	<b>1,929</b>
<b>Contingency</b>			
Contingency - Capital	2,659	8,710	11,369
<b>Contingency Total</b>	<b>2,659</b>	<b>8,710</b>	<b>11,369</b>
<b>Expenditure Total</b>	<b>243,979</b>	<b>(8,194)</b>	<b>235,784</b>
<b>Net Expenditure Total</b>	<b>67,704</b>	<b>(46,066)</b>	<b>21,638</b>

### Appendix 3: Revenue rollovers detail (exempt information)

Revenue (£000)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
<b>Income</b>			
<b>Development</b>			
EW & SW Rental Income	(133)	0	(133)
EW & SW Project Monitoring Fees	(60)	0	(60)
Chobham Manor Project Monitoring Fees	(45)	0	(45)
<b>Development Total</b>	<b>(238)</b>	<b>0</b>	<b>(238)</b>
<b>Finance, Commercial and Corporate Services</b>			
E20 recharges	(360)	0	(360)
<b>Finance, Commercial and Corporate Services Total</b>	<b>(360)</b>	<b>0</b>	<b>(360)</b>
<b>Executive Office</b>			
Accom. Recharge to E20 Staff (Exec Office)	(29)	0	(29)
<b>Executive Office Total</b>	<b>(29)</b>	<b>0</b>	<b>(29)</b>
<b>Park Operations and Venues</b>			
Car park income - Here East	(347)	0	(347)
Car Park income - CBA BAU	(15)	0	(15)
Car Park income - LAC BAU	(180)	0	(180)
Car Park income - Events Hire	(120)	0	(120)
Commercial sponsorship income and advertising	(300)	0	(300)
Estate charges income (FEC)	(2,344)	0	(2,344)
Programming and events	(470)	0	(470)
Here East Rental Income	(154)	0	(154)
Waterways CRT income	(26)	0	(26)
<b>Park Operations and Venues Total</b>	<b>(3,955)</b>	<b>0</b>	<b>(3,955)</b>
<b>Planning Policy and Decisions</b>			
Planning fees	(800)	0	(800)
Community infrastructure levy	(200)	0	(200)
Other development management income	(600)	0	(600)
<b>Planning Policy and Decisions Total</b>	<b>(1,600)</b>	<b>0</b>	<b>(1,600)</b>
<b>Regeneration and Community Partnerships</b>			
Good Growth Hub Income	(63)	0	(63)
<b>Regeneration and Community Partnerships Total</b>	<b>(63)</b>	<b>0</b>	<b>(63)</b>
<b>Trading</b>			
Timber Lodge - Income	(159)	0	(159)
AMO - Income	(1,920)	0	(1,920)
Podium - Income	(338)	0	(338)
LAC - Income	(510)	0	(510)
CBA - Income	(127)	0	(127)
3 Mills - Income	(5,100)	0	(5,100)
Off Park Prop - Income	(87)	0	(87)
On Park - Income	(422)	0	(422)
Telecoms	(164)	0	(164)
Kiosks	(50)	0	(50)
Attractions Income (High Ropes)	(111)	0	(111)
<b>Trading Total</b>	<b>(8,989)</b>	<b>0</b>	<b>(8,989)</b>
<b>Income Total</b>	<b>(15,234)</b>	<b>0</b>	<b>(15,234)</b>
<b>Expenditure</b>			
<b>Communication, Marketing and Strategy</b>			
Corporate Comms	22	0	22
Media	75	25	100
East Bank Communications	77	(1)	76
Marketing Campaigns	271	14	285
Research & Support	50	3	53
Brand	115	15	130
Transition Costs	60	0	60
Park Marketing	210	0	210
AMO - Marketing Recharge	(210)	0	(210)
CMS Revenue Staffing	1,206	0	1,206
<b>Communication, Marketing and Strategy Total</b>	<b>1,875</b>	<b>56</b>	<b>1,932</b>
<b>Development</b>			
Community Energy Network technical resource	93	0	93
Design	26	0	26
<b>Development Total</b>	<b>119</b>	<b>0</b>	<b>119</b>

### Appendix 3: Revenue rollovers detail (exempt information) – continued

Revenue (£000)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
<b>Executive Office</b>			
Accommodation	1,225	0	1,225
Health and safety	57	18	75
Non salary staff costs	203	44	247
Diversity & Inclusion	30	30	60
Training and development	104	4	108
Exec Office Staffing	844	0	844
<b>Executive Office Total</b>	<b>2,463</b>	<b>96</b>	<b>2,559</b>
<b>Finance, Commercial and Corporate Services</b>			
Board and Chair	275	0	275
Insurance (premiums)	759	201	960
Audit and assurance	90	0	90
Legal, insurance and procurement shared service (TfL)	705	50	755
Archiving	15	0	15
Professional advice	270	20	290
Park IT, Smart Park and Corporate IT (Rev)	1,236	155	1,392
Salary staff costs (baseline - FCS)	2,760	0	2,760
<b>Finance, Commercial and Corporate Services Total</b>	<b>6,111</b>	<b>426</b>	<b>6,537</b>
<b>Park Operations and Venues</b>			
EFM Car Park Maintenance	35	0	35
EFM - Contract	7,991	(249)	7,743
EFM - Contracted Cost Savings 3%	(249)	249	0
EFM - Reactive Maintenance	359	0	359
EFM Parklands	20	0	20
Car park expenditure (business rates)	69	0	69
Car park expenditure operations and enforcement	170	0	170
Visitor experience	150	17	167
LDA novated sites expenditure	75	14	89
Park HQ and depot operations	315	31	346
Programming, events and attractions expenditure	100	0	100
Security - met police and other	158	22	181
Park Health & Safety	0	37	37
Sponsorship expenditure	30	0	30
Utilities supply	525	42	567
HVM Maintenance	34	50	84
CCTV Maintenance	135	0	135
Waterways surface water discharge	658	0	658
Bridge Inspections	100	0	100
POV Revenue Staffing	1,776	0	1,776
EFM - recharge to trading	(2,877)	0	(2,877)
<b>Park Operations and Venues Total</b>	<b>9,576</b>	<b>213</b>	<b>9,789</b>
<b>Planning Policy and Decisions</b>			
Decisions support	1,500	0	1,500
Policy support	75	0	75
PPDT Revenue Staffing	1,515	0	1,515
<b>Planning Policy and Decisions Total</b>	<b>3,090</b>	<b>0</b>	<b>3,090</b>
<b>Regeneration and Community Partnerships</b>			
Community and business engagement	250	124	374
Socio economic	760	301	1,061
Good Growth Hub - Expenditure	63	0	63
Sport & healthy living (Regen)	82	43	125
Sustainable energy	94	30	124
Regen Revenue Staff	1,108	12	1,120
<b>Regeneration and Community Partnerships Total</b>	<b>2,357</b>	<b>511</b>	<b>2,867</b>
<b>Stadium</b>			
Stadium - Revenue	16,627	0	16,627
<b>Stadium Total</b>	<b>16,627</b>	<b>0</b>	<b>16,627</b>

### Appendix 3: Revenue rollovers detail (exempt information) - continued

Revenue (£000)	2020/21 Approved budget	Proposed adjustments	2020/21 Updated budget
<b>Trading</b>			
Timber Lodge - EFM Recharge	99	0	99
Timber Lodge - LLDC Expenditure	23	0	23
AMO - Expenditure	1,395	0	1,395
AMO - LLDC Marketing	175	0	175
AMO - EFM Recharge	179	0	179
AMO - LLDC Expenditure	159	0	159
Podium - EFM Recharge	183	0	183
Podium - LLDC Expenditure	30	0	30
LAC - Expenditure	383	0	383
LAC - EFM Recharge	1,469	0	1,469
CBA - Expenditure	(23)	0	(23)
CBA - EFM Recharge	947	0	947
3 Mills - Expenditure	4,500	0	4,500
Off Park Properties - Expenditure	100	0	100
Voids	122	0	122
Off Park Prop - LLDC Expenditure	84	0	84
On Park Expenditure	92	0	92
Telecommunications & WiFi	5	0	5
<b>Trading Total</b>	<b>9,921</b>	<b>0</b>	<b>9,921</b>
<b>Contingency</b>			
Contingency - Revenue	574	478	1,051
<b>Contingency Total</b>	<b>574</b>	<b>478</b>	<b>1,051</b>
<b>Expenditure Total</b>	<b>52,712</b>	<b>1,780</b>	<b>54,493</b>
<b>Net Expenditure Total</b>	<b>37,478</b>	<b>1,780</b>	<b>39,259</b>



## Appendix 4 Initial assessment of COVID-19 financial impact (EXEMPT)



**Subject:** LLDC COVID-19 FINANCIAL IMPACT - UPDATE

**Date:** 01 April 2020

**Report to:** Ray Smith, GLA

**Report of:** Gerry Murphy, Richard Irish

---

### 1. SUMMARY

- 1.1. This paper sets out an update on the estimated impact of the COVID-19 situation on LLDC's 2020/21 financial position, covering both revenue and capital.
- 1.2. Assessing the financial impact of COVID-19 is difficult at present, particularly as it is not known how long the current lockdown situation will last and how a phased back to 'business as usual' will occur; LLDC's overriding assumption for this update is that the lockdown will be for 12 weeks, and a recovery period thereafter of 3-6 months.
- 1.3. In summary, at present, the direct impact for the 12-week period is currently estimated as shown below – however, note that the impact in many areas is yet to be quantified and is likely to materially increase these figures, as is the recovery period:
  - Revenue – **£3.9m**
  - Capital – **£13.3m**

### 2. REVENUE

- 2.1. The likely impact on LLDC's income in 2019/20 and 2020/21 (to 30 June 2020) is currently estimated to be a reduction of **£3.9m**. This is driven by:
  - Reduced rental income (reflecting a 3-month rent holiday) and shares of surplus/turnover arising from the closure of the Park venues (excluding the London Stadium).
  - Loss of income through the closure of other attractions such as the ArcelorMittal Orbit.
  - Loss of car parking income.
  - Loss income from events held on the Park (excluding the London Stadium).
  - Reduced commercial sponsorship and advertising income.

2.2. The following table sets this out:

Income heading	2019/20 £000				2020/21 £000			Total Impact £000	Notes
	Budget	Feb-20 forecast	COVID-19 Forecast	Change	Budget	COVID-19 Forecast	Change		
Commercial sponsorship/advertising	s.43								
Events and programmes									
Car park income									
<i>Trading:</i>									
Timber Lodge	117	155	120	(35)	159	119	(40)	(75)	Rent-free (3 months)
ArcelorMittal Orbit	2,015	1,905	1,523	(382)	1,920	1,411	(509)	(891)	Loss of income from ticket sales/events
The Last Drop café	320	320	267	(53)	338	252	(86)	(139)	Rent-free (3 months)
London Aquatics Centre	509	509	449	(60)	510	382	(128)	(188)	Rent-free (3 months) and reduction in surplus share
CopperBox Arena	126	126	88	(38)	127	95	(32)	(70)	Rent-free (3 months) and reduction in surplus share
3 Mills Studios	3,500	5,100	5,100	0	5,100	3,825	(1,275)	(1,275)	Rent-free (3 months) and loss of production hires
PML/RRW interim uses	512	564	491	(73)	422	240	(182)	(255)	Rent-free periods (3 months)
Off Park Properties	78	67	63	(4)	87	52	(35)	(39)	Rent-free periods (3 months)
Telecoms	131	73	73	0	164	139	(25)	(25)	
Kiosks	50	50	18	(32)	50	38	(12)	(44)	Rent-free periods (3 months)
Attraction Income	144	0	0	0	111	10	(101)	(101)	Delayed start
Other	2,205	2,195	2,195	0	2,524	2,518	(6)	(6)	
<b>Total</b>	<b>11,293</b>	<b>12,479</b>	<b>11,732</b>	<b>(747)</b>	<b>12,945</b>	<b>9,808</b>	<b>(3,137)</b>	<b>(3,884)</b>	

SME impact (included above)

(129)

(1,531)

(1,660)

2.3. LLDC has received queries from tenants on the Park regarding rental holidays and has agreed a policy that supports businesses and protects its own income position. In doing so, LLDC has liaised with Transport for London (TFL) on their approach to ensure consistency across the GLA family; LLDC will adopt the same policy as TFL

s.43

2.4. The £3.9m impact is further analysed below by separating it between rent-relief and 'other', which includes the loss of production hires for existing and forecast bookings at 3 Mills Studios and a reduction in venue income and therefore surplus share at the London Aquatics Centre and Copper Box Arena:

Income heading	2019/20 £000			2020/21 £000			Total		
	Total Change	3-month rent relief	Other	Total Change	3-month rent relief	Other	Total Change	3-month rent relief	Other
Commercial sponsorship/advertising	s.43								
Events and programmes									
Car park income									
<i>Trading:</i>	0	0	0	0	0	0	0	0	0
Timber Lodge	(35)	(5)	(30)	(40)	(40)	0	(75)	(45)	(30)
ArcelorMittal Orbit	(382)	0	(382)	(509)	(4)	(505)	(891)	(4)	(887)
The Last Drop café	(53)	(9)	(44)	(86)	(75)	(11)	(139)	(84)	(55)
London Aquatics Centre	(60)	(2)	(58)	(128)	(14)	(114)	(188)	(16)	(172)
CopperBox Arena	(38)	(2)	(36)	(32)	(14)	(18)	(70)	(16)	(54)
3 Mills Studios	0	0	0	(1,275)	(169)	(1,106)	(1,275)	(169)	(1,106)
PML/RRW interim uses	(73)	(22)	(51)	(182)	(182)	0	(255)	(204)	(51)
Off Park Properties	(4)	(4)	0	(35)	(35)	0	(39)	(39)	0
Telecoms	0	0	0	(25)	0	(25)	(25)	0	(25)
Kiosks	(32)	(1)	(31)	(12)	(12)	0	(44)	(13)	(31)
Attraction Income	0	0	0	(101)	0	(101)	(101)	0	(101)
Other	0	0	0	(6)	0	(6)	(6)	0	(6)
<b>Total</b>	<b>(747)</b>	<b>(55)</b>	<b>(692)</b>	<b>(3,137)</b>	<b>(626)</b>	<b>(2,511)</b>	<b>(3,884)</b>	<b>(681)</b>	<b>(3,203)</b>

SME impact (included above)

(129)

(18)

(111)

(1,531)

(318)

(1,213)

(1,660)

(336)

(1,324)

- 2.5. LLDC is currently assuming that the Fixed Estate Charge (FEC) will continue to be charged to tenants on the Park; however, this is under review with a 3-month relief being considered – this would cost **£0.6m** if implemented. If LLDC were to allow a FEC relief for tenants, it would likely need a Mayoral decision as FEC is charged under a Mayoral Direction. The FEC budget for 2020/21 is set out below along with an assessment of a 3-month relief:

	2020/21 Forecast	3 Month Impact	SME Only
Here East	1,272	318	-
E20 (Stadium)	353	88	88
Chobham Manor	594	148	-
EWSW	-	-	-
East Bank	-	-	-
Podium	24	6	6
Copper Box Arena	6	2	2
London Aquatic Centre	3	1	1
Timber Lodge	7	2	2
Kiosks	-	-	-
EW Primary School	2	1	1
SW Primary School	4	1	1
Barge East	4	1	1
High Ropes	2	0	0
Makeshift	40	10	10
	<b>2,310</b>	<b>578</b>	<b>111</b>

- 2.6. LLDC does not currently expect there to be a material impact upon revenue expenditure unless we need to significantly increase the security presence on the Park, including to protect the venues.
- 2.7. The Government's business rate relief is not available to LLDC, according to the [Government guidance](#); though this would have only generated c£0.1m in any case. If the business rate relief is available for the Stadium, then it could be worth up to £1.6m for the year.
- 2.8. Other areas where LLDC may expect some cost savings are in utilities; a review of service agreements is underway.

### Stadium

- 2.9. The full financial impact on the Stadium of COVID-19 will not be fully understood until the summer event calendar resolves, in part because of the prospect of an extension to the Premier League to complete the season later in the year.
- 2.10. The 2020 summer event plan assumed an end to the 2019/20 Premier League season on 16 May, followed by the move of the seating to accommodate Major League Baseball (MLB), followed by a concert, athletics and the return of the seats (with new stands in the North and South of the bowl, delivering efficiencies in future seat moves) for a West Ham friendly on 1 August followed by the start of the 2020/21 Premier League season.
- 2.11. The Premier League season has been suspended at least until 30 April with five home matches to play, it is the current intention of the Premier League to extend and

complete the season – but this plan is unlikely to be resolved in the next few weeks; while the London Stadium makes a c£140k loss on each match (excluding catering London Living Wage), s.43

there is the potential for matches to be played behind closed doors, which would result in a lower loss per match to the London Stadium – however, the extension of the Premier League season disrupts the later summer events.

- 2.12. MLB have cancelled their event and the London Stadium team are examining the implications, including for fees paid to date (£1.7m) by MLB.
- 2.13. Discussions are ongoing with the concert promoter to postpone the event until 2021 (which is likely to have a busy summer schedule due to Euro 2020 postponement).
- 2.14. UK Athletics have a Diamond League event scheduled in the first week of July (to accommodate the Olympic Games in Tokyo, now postponed).
- 2.15. Under the Concession Agreement with West Ham, there is an Overriding Priority Principle which gives the club priority for competitive matches; in the Athletics Window, there are reasonable endeavours to accommodate athletics and football, and in relation to the Stadium in football mode. If the Premier League season runs into July, the timetable would be unlikely to accommodate athletics and a pre-season friendly given the requirement for seat moves to enable the event.
- 2.16. s.43
- 2.17. London Stadium are also looking at the merits of seat moves to accommodate the replacement of the North and South stands, the assumption is that the new stands will be installed, subject to a cost benefit and risk analysis.
- 2.18. s.43

**3. CAPITAL**

- 3.1. The current assessed impact on LLDC's 2020/21 capital expenditure budgets is estimated to be an increase in net expenditure of **£13.3m** arising from:
  - East Bank site closure (£12.0m)
  - 3 Mills River Wall site closure (£0.7m)
  - Pudding Mill/Bridgewater masterplan (£0.6m)
  - The impact on East Wick and Sweetwater infrastructure works is yet to be quantified
- 3.2. LLDC's capital receipts forecasts that will likely be impacted but not yet quantified are:
  - East Wick and Sweetwater residential
  - Chobham Manor residential

- Hackney Wick residential
- Stratford Waterfront/Bridgewater, Pudding Mill and Rick Roberts Way residential developments

3.3. Updates on each of these are as follows:

*East Bank*

- 3.4. Stratford Waterfront closed on 24 March. Prior to this LLDC and Mace had been in detailed planning for a safe closure of the site.
- 3.5. LLDC also been looking at the impacts of closure as well as any opportunities to optimise the project that the closure allows and the headline impacts are set out below:

**Impact**

- Programme delay and ability to achieve 2022 UAL opening – now unlikely.
- Materials supply interruption (e.g. bricks from northern Italy but also M&E components, steels, glazing from other EU countries).
- Increased supplier insolvency risk, Tier 1s low, but subcontractor supply chain (med/high) – reviewing subcontractor financial strength.

**Cost**

- Prolongation costs – Mace have produced initial high-level estimates regarding the potential costs associated with the closure of the site under a range of scenarios, and these suggest **a minimum cost of £12m** for a 14-week delay. The estimates include allowances for ongoing project management and design fees, and contractor prelims, but not further contractor claims.
- Mace are now working on refining the estimates to include more granular calculations such as contractor-specific estimates based on the relevant terms of each contract and the work that can or can't continue with the site closed.
- s.43 [REDACTED]
- s.43 [REDACTED]

**Opportunities**

- Technical Assurance of A&M Stage 4 design.
- Package contractors coordinate Stage 4 design and complete their CDPs (assuming they can all work remotely) – identify and resolve interface issues.
- Implement commercial management improvement plan.
- Improve Change Control and other underlying financial control, commercial management.
- Consider SW Brickwork specification (for supply from UK).
- Public Realm procurement strategy to be developed.

**Procurements approaching award and live procurements**

- Consideration of proceeding to contract execution for procurements in train.
- Execute with COVID-19 “exclusions” – for procurements nearing completion, this will be difficult without retendering – immediate packages affected are Precast (already working at risk, very unlikely to be able to effect) and V&A MEP, with BBC/SW/V&A Glazing and SW Brickwork not far behind.
- Developing cost/benefit analysis of slowing procurements and gaining final tender pricing later in the cycle.
- Repackage and retender options are also being considered but unlikely.

**Anticipated Final Cost (AFC)**

- The LLDC Board received the attached update on the latest AFC at their meeting on 17 March.
- Following the last East Bank Risk and Assurance Board, a full bottom up review of the Risk Register and Quantitative Risk Assessment to generate a programme wide Best Case/Most Likely/Worst Case outturn, pre and post initial COVID-19 impacts.

3.6. LLDC and Mace are developing an optimal programme for delivery at Stratford Waterfront.

*3 Mills River Wall works*

3.7. 3 Mills River Wall construction areas were fully locked down on 26 March and all Volkerstevin staff are off site.

3.8. Estimates of the most likely **cost of delay is £0.7m** (£55k per week for 12 weeks).

*East Wick and Sweetwater infrastructure works*

3.9. Work progressing, but with reduced workforce, so there will be delays. s.43

[Redacted text block]

3.10. s.43

[Redacted text block]

*East Wick and Sweetwater residential*

3.11. Work is progressing on Phase 1 but with a reduced workforce and localised disruption to materials deliveries. First homes anticipated completion pre COVID-19 was September 2020.

3.12. Any extension of time will be entirely between the Developer and the Contractor (no cost impact to LLDC) but will delay LLDC receipts.

3.13. Likely slowing of the housing market, including issues caused by recent tightening of mortgages, will impact values which will impact LLDC returns over the next couple of years whilst Phase 1 is being sold. This has not yet been quantified.

3.14. s.43

[Redacted text block]

3.15. There is also increased risk to key planning deadlines, in particular the requirement to submit Reserved Matters Applications by September 2020, and consequential financial impact, if the Government do not provide any flexibility on planning dates.

*Chobham Manor residential*

3.16. The Chobham Manor site is currently closed with inevitable delay to completions and hence LLDC receipts; however, no contractual costs are likely to hit LLDC through delay. The likely slow down on market will impact LLDC receipts, both timing and quantum. LLDC is currently working through scenarios on this.

*Hackney Wick residential*

3.17. The first stage of procurement (sifting brief) has been extended by 4 weeks, although there are likely to be further delays. Market uncertainty may impact initial offers, but the commercial structure includes a reconciliation which should mitigate this. Delivery over the next 3-5 years will hopefully allow housing market to recover.

*Stratford Waterfront/Bridgewater residential*

3.18. Work continues on the preparation of procurement documentation, with the launch delayed to September 2020 at the earliest. Overall programme delay is not expected to have any adverse financial impact. However, there could be an indirect impact if the development market cannot recover quickly from lockdown or construction costs increase significantly.

*Pudding Mill residential*

3.19. Work continues on the masterplans, but Environmental Impact Assessment baseline testing, which was due to start now, has been pushed back to September 2020 at the earliest. This will push the overall programme out but will create much greater risk in relation to the December 2021 planning submission deadline if the Government do not provide flexibility on planning deadlines.

3.20. s.43

3.21. There could be indirect impact on receipts if the development market cannot recover quickly from lockdown or construction costs increase significantly.

*Rick Roberts Way residential*

3.22. Work continues with preparation of brief for masterplanning. The programme for tender has slipped a little due to illnesses in the team and key members at London Borough of Newham being involved in emergency response.

3.23. The key financial risk here is meeting the Section 106 planning deadlines, particularly without Government intervention on planning dates, s.43

3.24. There could be indirect impact on receipts if the development market cannot recover quickly from lockdown or construction costs increase significantly.

*Macro-economic risks*

3.25. The COVID-19 situation has increased several macro-economic risks that are inherent to LLDC's capital income projections. For example, there is likely to be reduced House

Price Inflation, increased viability issues (for current and potential future contracted developers) and lower land receipts, at least in the short term. These risks will be monitored and quantified over time.

CONFIDENTIAL



**From:** [Richard Irish](#)  
**To:** [Lyn Garner](#); [Gerry Murphy](#)  
**Subject:** FW: Latest LS185 Forecast for review meeting  
**Date:** 16 June 2020 18:31:33  
**Attachments:** [image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)  
[image008.png](#)  
[image009.png](#)  
[image010.png](#)  
[image011.png](#)  
[2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Cost Savings Review Meeting 17062020 .xlsx](#)

---

Both,

s.43

s.43

s.43

It would be good to explore this further with Graham tomorrow.

Richard

**Richard Irish**  
**Finance Director**  
Tel: s.40

---

**From:** Ash Sharma [mailto:ash.sharma@londonstadium185.com]  
**Sent:** 16 June 2020 16:43  
**To:** Lyn Garner <LynGarner@londonlegacy.co.uk>; Gerry Murphy <GerryMurphy@londonlegacy.co.uk>; Richard Irish <RichardIrish@londonlegacy.co.uk>  
**Cc:** Graham Gilmore <graham.gilmore@londonstadium185.com>  
**Subject:** Latest LS185 Forecast for review meeting

Dear Lyn, Gerry and Richard,

Please find attached the LS185 "Cost Savings Forecast" for our review tomorrow.

The main worksheet sets out the LS185 20/21 Fin Yr Budget, against the previous June forecast (as presented at the June board update meeting) and a new "cost savings forecast".

s.43

Graham and I will walk through the forecast with you tomorrow and will be pleased to receive any questions that you may have at that time.

I propose that I share the attached document on-line at our meeting, so please ensure that you are using your largest available screen for the MS Teams meeting, otherwise feel free to have the attached workbook open and I will reference each cell that we discuss.

Best regards

Ash



**ASH SHARMA**  
CHIEF FINANCIAL OFFICER

020 **s.40**  
ash.sharma@londonstadium185.com | [www.london-stadium.com](http://www.london-stadium.com)  
Queen Elizabeth Olympic Park, London, E20 2ST

### Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.

This email has been scanned for viruses and malware, and may have been automatically archived by **Mimecast Ltd**, an innovator in Software as a Service (SaaS) for business. Providing a **safer** and **more useful** place for your human generated data. Specializing in; Security, archiving and compliance. To find out more [Click Here](#).

London Stadium 185 - SUMMARY	A		B		C		C - B		C - A		Cost Savings Forecast - assumptions and variance commentary
	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	
Net Event Revenue	6.43										
Net Other Income											
Fixed Revenue	7,278		7,278		7,278		-		(4,513)		Annual Fixed Costs payable by E20 unchanged
Rechargeable Revenue	7,108		2,595		2,595		-		-		Utilities efficiencies of E213k and seating transition costs reduced as stadium remains in football mode with the introduction of new N&S stands
<b>TOTAL NET REVENUE</b>	<b>17,850</b>		<b>13,698</b>		<b>13,698</b>				<b>(4,152)</b>		
Seat Move Costs	(6,308)		(2,008)		(2,008)		-		4,300		3.43
Overheads	(9,846)		(9,358)		(9,013)		345		833		Savings on electricity consumption, revised recruitment plan 2.45
<b>TOTAL OVERHEADS AND SEAT MOVE COSTS</b>	<b>(16,154)</b>		<b>(11,366)</b>		<b>(11,021)</b>		<b>345</b>		<b>5,133</b>		
Grantor Share of Net Commercial Revenue	(2,835)		(3,339)		(3,339)		-		(504)		
<b>NET OPERATING DEFICIT</b>	<b>(1,139)</b>		<b>(1,007)</b>		<b>(662)</b>		<b>345</b>		<b>477</b>		
Extraordinary Costs	(50)		(42)		(42)		-		8		Implementation of new finance system, procurement cost agreed
EBITDA	(1,189)		(1,049)		(704)		345		485		

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Cost Savings Forecast - assumptions and variance commentary
	Budget		June Board F'Cast (54)		Cost Savings F'Cast		Variance		Variance		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	

Revenue	2,576		1,640		1,640		-		(936)		
Costs	(1,422)		(119)		(119)		-		24		
<b>TOTAL NET OTHER INCOME</b>	<b>2,434</b>		<b>1,522</b>		<b>1,522</b>				<b>(912)</b>		
FIXED REVENUE											Assumed per contractual obligation - NO CHANGE
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		-		-		Per the operator agreement with E20
E20 Additional Fixed Costs	-		-		-		-		-		
LJKA Maintenance Fee	40		40		40		-		-		Per UKA agreement to maintain the track
Deferred Income Allocation to Reserve	(100)		(100)		(100)		-		-		For spend on small capital works and small fixtures and fittings renewals
<b>TOTAL FIXED REVENUE</b>	<b>7,278</b>		<b>7,278</b>		<b>7,278</b>						
RECHARGEABLE REVENUE											Assume seats remain in football mode with introduction of new stands
NET E20	7,108		2,595		2,595		-		(4,513)		and additional utilities cost expected (E0.6m)
NET WHU	-		-		-		-		-		
NET DNC	-		-		-		-		-		
NET OTHER	-		-		-		-		-		
<b>TOTAL NET RECHARGEABLE REVENUE</b>	<b>7,108</b>		<b>2,595</b>		<b>2,595</b>				<b>(4,513)</b>		
<b>TOTAL NET REVENUE</b>	<b>17,850</b>		<b>13,698</b>		<b>13,698</b>				<b>(4,152)</b>		
SEAT MOVE COSTS											Assume seats remain in football mode with introduction of new N&S stands
Seat Moves	(6,000)		(1,700)		(1,700)		-		4,300		Move costs to replace North and South seating with new stands
Seat Maintenance	(308)		(308)		(308)		-		-		annual seat maintenance to continue
<b>TOTAL SEAT MOVE COSTS</b>	<b>(6,308)</b>		<b>(2,008)</b>		<b>(2,008)</b>				<b>4,300</b>		
OVERHEADS											Savings on non-recruitment of three positions and phased recruitment for other roles
Staffing	(2,563)		(2,372)		(2,302)		70		261		Reduction due to lower electricity consumption due to BCD events to Dec 2020 and staff not on site till September
Utilities	(1,903)		(1,690)		(1,690)		-		213		No change to insurance premium and event insurance held separately
Insurance	(426)		(426)		(426)		-		-		No change as includes audit, payroll, recruitment fees and possible legal fees
Facilities Management (VF fixed costs)	(2,894)		(2,894)		(2,894)		250		250		No change to software/maintenance licences
Finance & Legal	(90)		(90)		(90)		-		-		No change as includes office/work from home equip., mobile phone contracts, taxis and mail/couriers
IT	(375)		(375)		(375)		-		-		Savings expected against reactive maintenance
Office	(50)		(50)		(50)		-		-		Service levels maintained, with additional patrols to maintain premises security
Technical	(283)		(200)		(200)		-		83		Pitch maintenance costs with savings on renovation
Safety/Security (24/7 G4S costs)	(785)		(785)		(785)		-		-		No change as recharges are a net nil group cost
Pitch Maintenance	(147)		(147)		(147)		5		5		Reduction in discretionary spend, remaining spend includes retained marketing, website services
LLDC Recharges	(210)		(210)		(210)		-		-		
Marketing & Commercial	(120)		(120)		(100)		20		20		
<b>TOTAL OVERHEADS</b>	<b>(9,846)</b>		<b>(9,358)</b>		<b>(9,013)</b>		<b>345</b>		<b>833</b>		
<b>TOTAL OVERHEADS AND SEAT MOVE COSTS</b>	<b>(16,154)</b>		<b>(11,366)</b>		<b>(11,021)</b>		<b>345</b>		<b>5,133</b>		
Grantor Share of Net Commercial Revenue	(2,835)		(3,339)		(3,339)		-		(504)		Reduced grantor share of NCR (95% contract) due to better informed match costs and loss of Heineken commercial bonus
<b>NET OPERATING DEFICIT</b>	<b>(1,139)</b>		<b>(1,007)</b>		<b>(662)</b>		<b>345</b>		<b>477</b>		
Extraordinary Costs											
IT Migration/New Finance System	(50)		(42)		(42)		-		8		New finance system project cost agreed
Tax/Depreciation	-		-		-		-		-		
EBITDA	(1,189)		(1,049)		(704)		345		485		
E20 RECOGNISED SAVINGS FROM LS185 P&L											
LOWER RECHARGE FOR SEAT MOVES							-		4,300		Seating transition costs reduced as stadium remains in football mode with the introduction of new N&S stands
REDUCTION RECHARGE FOR LLW							-		558		Due to no catering at events, no tours and no meetings and events until 31.12.2020
LOWER RECHARGE FOR UTILITIES							-		213		Electricity consumption efficiencies
HIGHER NCR FROM LS185							-		504		Savings from WHU BCD matches partially offset by the loss of events (MLB, Concert, Rugby) and no catering at events for 9 months
LS185 REDUCTION IN DEFICIT							345		485		Overhead savings on staffing, 6.43 and marketing partially offset by a reduction on connected stadium revenues
							345		6,060		

RISKS	CATEGORY	CATEGORY
-------	----------	----------

s.43

s.43

KEY CHANGES v BUDGET	Scenario 1 No activity or events until end of financial year	Scenario 2 No activity or events until end of calendar year	Scenario 3 BCD events only until end of financial year	Scenario 4 BCD events until end of calendar year
Net Event Revenue	s.43 [REDACTED]	s.43 [REDACTED]	s.43 [REDACTED]	s.43 [REDACTED]
Net Other Income	s.43 [REDACTED]	s.43 [REDACTED]	s.43 [REDACTED]	s.43 [REDACTED]
Fixed Revenue	no change	no change	no change	no change
Rechargeable Revenue	seat transition savings and electricity savings	seat transition savings and electricity savings	seat transition savings and electricity savings	seat transition savings and electricity savings
Grantor Share of Net Commercial Revenue	s.43 [REDACTED] "-£0.4m	s.43 [REDACTED] "-£1.2m	s.43 [REDACTED] "+£1.8m	s.43 [REDACTED] "+£0.5m

# s.43

## Marketing Budget 2020/21

Line	Agency(s)	Value	Status
Website Hosting & Supp	3bit	£20,000.00	Contract
CRM Tool / Marketing S	Two Circles	£36,000.00	Contract

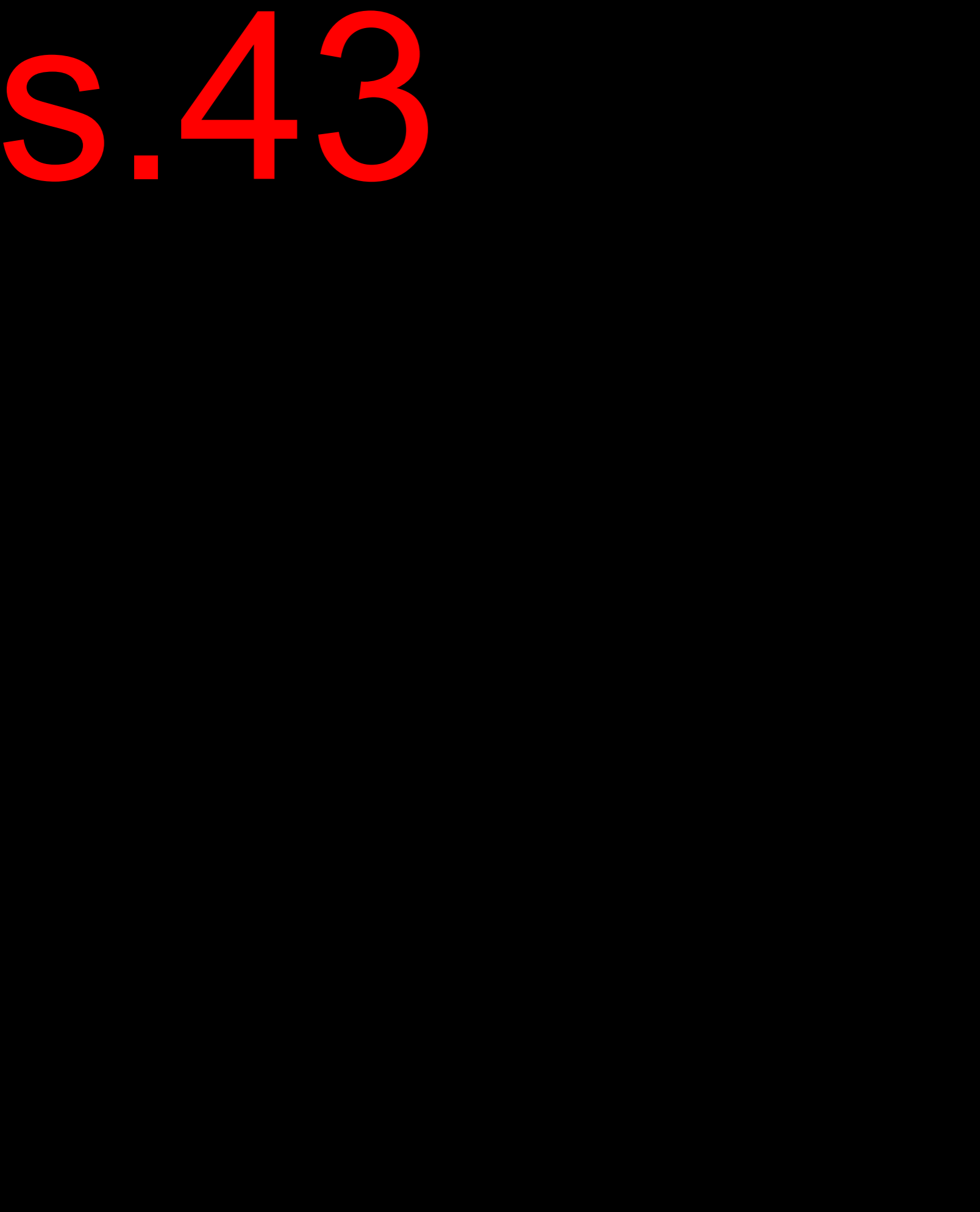
Content Production	Affixious	£24,000.00		Informal
Branding Projects	TBC	£20,000.00		Ad-hoc
Other	TBC	£20,000.00		Ad-hoc
				saving!
Total		£120,000.00		

S.43

London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20	
	Budget		Q3 Forecast	
	£000	No. of Events	£000	No. of Events
Fixed Revenue	7,256		7,121	
Rechargeable Revenue	721		821	
<b>TOTAL NET REVENUE</b>	<b>10,587</b>		<b>10,474</b>	
Seat Move Costs	-		-	
Overheads	(8,967)		(8,667)	
<b>TOTAL OVERHEADS AND SEAT MOVE COSTS</b>	<b>(8,967)</b>		<b>(8,667)</b>	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)	
<b>NET OPERATING DEFICIT</b>	<b>(587)</b>		<b>(381)</b>	
Extraordinary Costs	(50)		(50)	
EBITDA	(637)		(431)	

s.43

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20	
	Budget		Q3 Forecast	
	£000	No. of Events	£000	No. of Events



<b>OTHER INCOME</b>				
Revenue	2,088		1,874	
Costs	(235)		(358)	
<b>TOTAL NET OTHER INCOME</b>	<b>1,853</b>		<b>1,516</b>	
<b>FIXED REVENUE</b>				
E20 Annual Covered Fixed Costs	7,194		7,181	
E20 Additional Fixed Costs	121		-	
UKA Maintenance Fee	40		40	
Deferred Income Allocation to Reserve	(100)		(100)	
<b>TOTAL FIXED REVENUE</b>	<b>7,256</b>		<b>7,121</b>	
<b>RECHARGEABLE REVENUE</b>				
NET E20	681		779	
NET WHU	20		45	
NET DNC	-		(0)	
NET OTHER	20		(2)	
<b>TOTAL NET RECHARGEABLE REVENUE</b>	<b>721</b>		<b>821</b>	
<b>TOTAL NET REVENUE</b>	<b>10,587</b>		<b>10,474</b>	
<b>SEAT MOVE COSTS</b>				
Seat Moves	-		-	
Seat Maintenance	-		-	
<b>TOTAL SEAT MOVE COSTS</b>	<b>-</b>		<b>-</b>	
<b>OVERHEADS</b>				
Staffing	(2,139)		(1,883)	
Utilities	(1,799)		(1,799)	
Insurance	(400)		(400)	
Facilities Management (VF fixed costs)	(2,843)		(2,859)	
Finance & Legal	(90)		(87)	
IT	(375)		(357)	
Office	(57)		(49)	
Technical	(283)		(194)	
Safety/Security (24/7 G4S costs)	(770)		(788)	
Pitch Maintenance	(111)		(184)	
LLDC Recharges	-		-	
Marketing & Commercial	(120)		(67)	
<b>TOTAL OVERHEADS</b>	<b>(8,967)</b>		<b>(8,667)</b>	
<b>TOTAL OVERHEADS AND SEAT MOVE COSTS</b>	<b>(8,967)</b>		<b>(8,667)</b>	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)	
<b>NET OPERATING DEFICIT</b>	<b>(587)</b>		<b>(381)</b>	
Extraordinary Costs				
IT Migration/New Finance System	(50)		(50)	
Tax/Depreciation	-		-	
EBITDA	(637)		(431)	

GRANTOR SHARE CALCULATION

<b>s.43</b>		
95% payable to E20		2,188

Grantor Share calc. check (excludes connected stadium rev)

(2,208)

(2,188)

**From:** [Richard Irish](#)  
**To:** [Lyn Garner](#); [Gerry Murphy](#)  
**Subject:** Investment Committee 24 June - Budget Review slides  
**Date:** 23 June 2020 08:05:36  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Budget Review - 24.06.20 IC.PDF](#)

---

Morning Lyn/Gerry,

Attached are the slides that I propose to present to the Investment Committee tomorrow, to update them on the budget review.

These are the slides that Gerry and I presented to David Bellamy last Friday and taken from the 17 June update to EMT.

I have added Slide 3, which was from my 18 May EMT presentation, for additional context.

Please let me know any comments/changes/additions.

Thanks,

Richard

**Richard Irish**  
**Finance Director**

Direct: 0203 288 **s.40**

Mobile: **s.40**

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



For more information please visit [www.QueenElizabethOlympicPark.co.uk](http://www.QueenElizabethOlympicPark.co.uk)




# BUDGET REVIEW

## Investment Committee

Gerry Murphy and Richard Irish  
24/06/2020

**CONFIDENTIAL**

# SUMMARY

- LLDC has **delivered significant revenue savings** in recent years and does not have much flexibility remaining.
- Significant year-on-year **savings are already assumed** within baseline budgets across the four-year budget period, particularly at the London Stadium.
- However, **work to identifying additional savings well-progressed** with LLDC Executive Team and LS185 Senior Management Team, including 1:1 detailed budget reviews with LLDC CEO.
- **Key working assumptions:**
  - LLDC can continue to retain flexibility through annual rollover principle
  - Direct COVID-19 costs and loss of income are covered by GLA funding (LLDC to minimise)
  - Government restrictions are eased and operations are ‘back to normal’ from December 2020
- **Initial outcomes** from savings review show that:
  - **First two years of savings target broadly achievable** (based on worst-case ‘Scenario 2’ in draft Mayor’s Budget guidance); however, this relies heavily on savings from the London Stadium closure this year
  - Savings **beyond 2021/22 cannot be delivered without fundamental** (‘radical’) strategic solutions – **s.43**  

- The above reflects recent written and verbal briefings provided to the GLA, including response to the draft budget guidance on 28 May
- This presentation covers LLDC’s **revenue position only**

# REVENUE FUNDING GAP – TIMELINE

## Budget submission – November 2019

Revenue Budget	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Plan £m	2022/23 Plan £m	2023/24 Plan £m	Total Budget/Plan £m
Total Revenue Income	14.0	15.2	16.3	18.2	19.2	69.0
Total Revenue Expenditure	(52.4)	(52.7)	(46.7)	(47.1)	(47.8)	(194.3)
Net Revenue Expenditure	(38.4)	(37.5)	(30.4)	(28.9)	(28.6)	(125.3)
Total GLA funding	38.4	37.5	28.3	27.1	26.8	119.6
Funding gap	-	-	(2.1)	(1.8)	(1.8)	(5.7)

Funding gap of £5.7m across the 4-year budget period

## Budget rollovers – April 2020

Revenue Budget	2019/20 Actuals £m	2020/21 Budget £m	2021/22 Plan £m	2022/23 Plan £m	2023/24 Plan £m	Total Budget/Plan £m
Total Revenue Income	15.2	15.2	16.3	18.2	19.2	69.0
Total Revenue Expenditure	(52.8)	(54.5)	(46.7)	(47.1)	(47.8)	(196.1)
Net Revenue Expenditure	(37.6)	(39.3)	(30.4)	(28.9)	(28.6)	(127.1)
Total GLA funding	37.6	39.3	30.1	27.1	26.8	123.2
Funding gap	-	-	(0.3)	(1.8)	(1.8)	(3.9)

Funding gap reduced to £3.9m in April 2020

# MAYOR'S DRAFT BUDGET GUIDANCE

- Draft budget guidance issued for comment on 22 May, LLDC responded on 28 May
- Introduces three funding scenarios for functional body funding for 2020/21 and 2021/22:
  1. 'Baseline' business rates funding with council tax losses
  2. 'Safety net' business rates funding with council tax losses
  3. Business rates maintained but with council tax losses

Scenario 1 is to be used from 2021/22 onwards for planning purposes.

The impact for LLDC is set out below:

	Budget Period (£m)				Total £m
	2020/21	2021/22	2022/23	2023/24	
Additional savings requirement	Budget £m	Plan £m	Plan £m	Plan £m	
Previous understanding	(3.5)	(3.5)	(3.5)	(3.5)	<b>(14.0)</b>
Scenario 1	(3.1)	(3.8)	(3.6)	(3.3)	<b>(13.8)</b>
Scenario 2	(4.5)	(5.5)	(3.6)	(3.3)	<b>(16.9)</b>
Scenario 3	(1.5)	(1.0)	(3.6)	(3.3)	<b>(9.4)</b>

## LLDC feedback to draft guidance:

- Discretionary cost base is small and has delivered substantial savings over the last five years
- Substantial savings, in particular at the London Stadium, assumed in current cost base and an existing funding gap across budget period
- London Stadium is a substantial element of net resource funding requirement and largely based on contractual obligations
- s.43 [redacted]
- s.43 [redacted] – work undertaken since shows this could be met in first two years but relies on significant Stadium savings this year and ability to rollover at year-end

**Scenario 2 is being used as LLDC's working position**

(note that 2022/23 onwards is based on Scenario 1 per the draft budget guidance)

GLA is to fund the impact of COVID-19 in 2020/21 (estimated £5.9m) s.43 [redacted]

LLDC's objective is to minimise the impact as far as possible.

# LLDC SAVINGS TARGET – UPDATE

The table below shows the change in funding between the baseline budget position and the draft Mayor’s budget guidance (May).

SCENARIO 2		Budget Period (£m)				Total	
		2020/21	2021/22	2022/23	2023/24		
		Budget	Plan	Plan	Plan		
BASELINE	<b>Net expenditure</b>	<b>(39.3)</b>	<b>(30.4)</b>	<b>(28.9)</b>	<b>(28.6)</b>	<b>(127.2)</b>	
	<b>GLA Funding:</b>						
	Core	16.0	16.0	16.0	16.0	64.0	
	Stadium	16.6	11.3	11.1	10.8	49.8	
	Carried-forward (incl Rollovers)	6.7	2.8	0.0	0.0	9.5	
	<b>Total GLA Funding</b>	<b>39.3</b>	<b>30.1</b>	<b>27.1</b>	<b>26.8</b>	<b>123.3</b>	
REVISED	<b>Revised GLA Funding:</b>						<b>Change vs Baseline</b>
	Core	11.5	10.5	12.4	12.7	47.1	(16.9)
	Stadium	16.6	11.3	11.1	10.8	49.8	0.0
	Carried-forward funding (incl Rollovers)	6.7	2.8	0.0	0.0	9.5	0.0
	<b>Revised GLA Funding</b>	<b>34.8</b>	<b>24.6</b>	<b>23.5</b>	<b>23.5</b>	<b>106.4</b>	<b>(16.9)</b>
	Funding gap (existing)	0.0	(0.3)	(1.8)	(1.8)	(3.9)	
	Funding gap (new)	(4.5)	(5.8)	(5.4)	(5.1)	(20.8)	
	<b>Change in Funding Gap</b>	<b>(4.5)</b>	<b>(5.5)</b>	<b>(3.6)</b>	<b>(3.3)</b>	<b>(16.9)</b>	

Core funding is reduced by £16.9m

Funding gap is increased to £20.8m on a baseline of £127.2m (16%)

2022/23 onwards – s.43

# BUDGET REVIEW MEETINGS – UPDATE

Base assumption in savings review is that a vaccine will be in place and social distancing measures reduced by 2021/22.

- First round meetings now held with all directorates (with revenue budgets); good levels of engagement
- LS185 meeting to be held on Friday 12 June
- Focussing on 2020/21 and 2021/22, the below table provides an update on where savings could be made against the revised targets
- Broadly, LLDC could deliver the majority of the required savings, after allowing for a risk/optimism bias factor

	£m			
Targeted savings:	2020/21	2021/22	Total	Notes:
E20 Stadium	5.3	0.0	5.3	s.43 Further savings to be discussed with LS185 Friday 12 June 2020
s.43				s.43
s.43				s.43
s.43				s.43
Capitalisation of staff costs	0.2	0.2	0.4	£Amounts TBC
Reduction in discretionary spend across directorates	1.4	0.4	1.8	Initial output from first round
Income opportunities	0.5	1.0	1.5	Initial output from first round
Risk/Optimism bias adjustment	(0.5)	(0.5)	(1.0)	
<b>Total</b>	<b>7.4</b>	<b>2.1</b>	<b>9.5</b>	
Target (GLA 'Scenario 2')	(4.5)	(5.8)	(10.3)	
Carry-forward	-	2.9	0.0	
<b>(Under)/Over delivery</b>	<b>2.9</b>	<b>(0.8)</b>	<b>(0.8)</b>	
Net revenue cost base (£m)	39.3	30.4	69.7	
Target Savings as a % of net revenue cost base	11%	19%	15%	
Total identified Savings as a % of net revenue cost base	19%	7%	14%	
Total Savings as at 18 May 2020 EMT presentation (£m)	5.7	1.1	6.8	
Change (£m)	1.7	1.0	2.7	

Includes:

- IT reductions
- Park operations, including utilities, security and spend on Park HQ
- Reduction in spend on AMO marketing and at 3 Mills
- Release of rollovers

Includes:

- Additional income in 2020/21 from extended use of car parks
- Increases in 2021/22 largely due 3 Mills Studios

# 2022/23 ONWARDS

- Incremental savings not sufficient to be able to deliver the GLA targets in 2022/23 and 2022/24 – see below

SCENARIO 2	Budget Period (£m)				Total
	2020/21	2021/22	2022/23	2023/24	
	Budget	Plan	Plan	Plan	
Funding gap (new)	(4.5)	(5.8)	(5.4)	(5.1)	(20.8)
Savings identified	7.4	2.1	0.0	0.0	9.5
Use of carry-forward	0.0	2.9	0.0	0.0	2.9
Carry-forward	(2.9)	0.0	0.0	0.0	(2.9)
<b>Funding Gap</b>	<b>0.0</b>	<b>(0.8)</b>	<b>(5.4)</b>	<b>(5.1)</b>	<b>(11.3)</b>

- More fundamental (‘radical’) strategic solutions will be required
- List for discussion:
  - s.43 [redacted]
  - s.43 [redacted]
  - s.43 [redacted]
  - s.43 [redacted]
  - s.43 [redacted]

# TIMETABLE/NEXT STEPS

Task	Timescale	Complete
EMT presentation	18 May	✓
Written update to GLA Finance	20 May	✓
First round directorate review	28 May – 3 June	✓
EMT update	9 June	✓
LS185 first round review	12 June	✓
CEO 1:1 reviews with EMT members	15 – 22 June	✓
Update to Mayor's Chief of Staff	19 June	✓
Update to GLA Finance	23 June	✓
Investment Committee verbal update	24 June	
EMT roundup	30 June	
Management Forum	9 July	
Adjustments made to budgets	w/c 13 July	
Monthly reporting to GLA	July onwards	



# APPENDIX 1 – E20

	May	June	Change
	£m	£m	£m
<b>Targeted saving</b>			
Higher net commercial revenues from LS185	0.4	0.5	0.1
Lower recharges for seat moves	4.3	4.3	0.0
Reduction in recharges for LLW	0.6	0.6	0.0
Utilities recharge savings	0.1	0.2	0.1
Insurance	0.1	0.1	0.0
<b>s.43</b>			
<b>Total E20 Group estimated savings</b>	<b>s.43</b>		
<b>s.43</b>			
<b>Total E20 Group estimated savings (net)</b>	<b>5.0</b>	<b>5.3</b>	<b>0.3</b>
<b>s.43</b>			

# APPENDIX 2 – COVID-19 IMPACT

Based on 20 May 2020 update paper to GLA Finance

Heading	2019/20	2020/21			Total Impact £000
	Impact £000	COVID-19 Forecast Apr - Jun	COVID-19 Forecast Jul - Mar	Total	
<b>Income</b>					
Commercial sponsorship/advertising					
Events and programmes					
Car park income					
Community Infrastructure Levy admin					
<i>Trading:</i>					
- Timber Lodge	0	42	104	146	146
- ArcelorMittal Orbit	35	519	949	1,468	1,502
- The Last Drop café	0	86	215	301	301
- London Aquatics Centre	21	105	270	375	396
- CopperBox Arena	5	42	67	109	114
- 3 Mills Studios	0	178	360	538	538
- PML/RRW interim uses	14	208	520	729	743
- Off Park Properties	0	37	93	131	131
- Kiosks	0	15	37	52	52
- Attraction Income	0	28	83	111	111
Here East Rental Income	0	39	116	155	155
Other	0	7	3	10	10
<b>Total Income</b>	<b>133</b>	<b>1,684</b>	<b>3,580</b>	<b>5,264</b>	<b>5,397</b>
<b>Expenditure</b>					
Security	0	136	136	272	272
Estates and Facilities Management	0	(89)	0	(89)	(89)
<i>Trading:</i>					
- ArcelorMittal Orbit	0	(155)	(193)	(348)	(348)
- 3 Mills Studios	0	160	325	485	485
Visitor Experience	0	(5)	0	(5)	(5)
<b>Total Expenditure</b>	<b>0</b>	<b>47</b>	<b>268</b>	<b>315</b>	<b>315</b>
<b>Total</b>	<b>133</b>	<b>1,731</b>	<b>3,848</b>	<b>5,579</b>	<b>5,712</b>

s.43

# APPENDIX 3 – REVENUE BUDGETS

Revenue Budget	2019/20 Actual £m	2020/21 Budget £m	2021/22 Plan £m	2022/23 Plan £m	2023/24 Plan £m	Total Budget/Plan £m
<b>Income</b>						
Development	0.1	0.2	0.5	1.0	1.3	<b>3.1</b>
Executive Office	0.0	0.0	0.0	0.0	0.0	<b>0.1</b>
Finance, Commercial and Corporate Services	0.3	0.4	0.2	0.2	0.2	<b>0.9</b>
Park Operations and Venues (excl Trading)	3.5	3.9	4.3	6.2	7.2	<b>21.7</b>
Planning Policy and Decisions	2.3	1.6	1.4	1.1	1.0	<b>5.1</b>
Regeneration and Community Partnerships	-	0.1	0.1	0.1	0.1	<b>0.3</b>
Trading	9.0	9.0	9.8	9.6	9.4	<b>37.8</b>
<b>Total Revenue Income</b>	<b>15.2</b>	<b>15.2</b>	<b>16.3</b>	<b>18.2</b>	<b>19.2</b>	<b>69.0</b>
<b>Expenditure</b>						
Communications, Marketing and Strategy	(1.6)	(1.9)	(1.9)	(2.0)	(2.1)	<b>(8.0)</b>
Development	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	<b>(0.5)</b>
Executive Office	(2.3)	(2.6)	(2.5)	(2.7)	(2.7)	<b>(10.5)</b>
Finance, Commercial and Corporate Services	(5.6)	(6.5)	(6.0)	(6.1)	(6.2)	<b>(24.7)</b>
Park Operations and Venues (excl Trading)	(8.3)	(9.8)	(9.7)	(10.1)	(10.3)	<b>(39.9)</b>
Planning Policy and Decisions	(3.4)	(3.1)	(2.6)	(2.3)	(2.3)	<b>(10.3)</b>
Regeneration and Community Partnerships	(2.1)	(2.9)	(2.4)	(2.4)	(2.4)	<b>(10.1)</b>
Stadium	(20.2)	(16.6)	(11.3)	(11.1)	(10.8)	<b>(49.8)</b>
Trading	(9.1)	(9.9)	(9.8)	(9.9)	(10.5)	<b>(40.1)</b>
Contingency	-	(1.1)	(0.4)	(0.4)	(0.4)	<b>(2.2)</b>
<b>Total Revenue Expenditure</b>	<b>(52.8)</b>	<b>(54.5)</b>	<b>(46.7)</b>	<b>(47.1)</b>	<b>(47.8)</b>	<b>(196.1)</b>
<b>Net Revenue Expenditure</b>	<b>(37.6)</b>	<b>(39.3)</b>	<b>(30.4)</b>	<b>(28.9)</b>	<b>(28.6)</b>	<b>(127.1)</b>
<b>GLA Funding</b>	<b>37.6</b>	<b>39.3</b>	<b>30.1</b>	<b>27.1</b>	<b>26.8</b>	<b>123.2</b>