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Cc: [Nicky Dunn](#); [Lyn Garner](#); [Gerry Murphy](#)
Subject: LLDC Audit Committee papers
Date: 24 February 2020 16:42:01
Attachments: [image001.png](#)
[image002.png](#)
[LS185 2018-19 Audit results report 19.02.20 \(LS 185 Results Appendix 2\).pdf](#)
[LS185 Management Letter 2018-19 \(LS 185 Results Appendix 3\).pdf](#)
[PRIVATE DCE Update LS185 controls.pdf](#)

Afternoon Graham/Ash,

The LLDC Audit Committee is scheduled for 5 March, which, Ash, I believe you are attending.

There are three papers going that relate to LS185:

- EY's 2018/19 audit results report – this follows the conclusion of the LS185 audit in December
- EY's 2018/19 management letter – covers their observations on LS185 financial controls, which arose from the audit (note the same content is included in the results report, above)
- Financial Processes and Controls Improvement Plan update – as we discussed last week Ash, this is an update against the report presented to the Audit Committee (and E20 Board) in November

These papers will be sent to the GLA tomorrow for publishing on Wednesday.

Appreciate the timing is tight, but if you have any significant comments, please can I have them by tomorrow morning.

I can be available for a phone call if helpful.

Nicky – for info as E20 Chair.

Thanks,

Richard

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**Subject: Appendix 1 to the Deputy Chief Executive's Report: LS185
financial processes and controls update**
Meeting date: 5 March 2020
Report to: Audit Committee
Report of: Richard Irish, Finance Director

The attached Appendix to Deputy Chief Executives Report will be considered in private Subject to the decision of the Audit Committee under Item 16 on the agenda for this meeting, this report is exempt and is therefore not for publication to the public or press by virtue of Part 1, paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the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).

Attached is Appendix 1 to the Deputy Chief Executive's Report – LS185 financial processes and controls update

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Appendix 1 to the Deputy Chief Executive's Update – LS185 financial processes and controls update

This appendix provides updates to the Audit Committee on the London Stadium 185 (LS185) financial processes and controls improvement plan, which was presented to the Audit Committee at the 18 November 2019 meeting.

1 UPDATE

Background

- 1.1 Following the acquisition of London Stadium 185 Limited (LS185) in January 2019, members of the LLDC Finance Team worked alongside the LS185 Chief Financial Officer and LS185 Finance Team to understand and assess the LS185 key financial processes and controls.
- 1.2 Overall, gaps and weaknesses were identified in the financial processes and controls at LS185, which require addressing across the following areas:
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED] and
 - s.31 [REDACTED]
- 1.1. To support LS185 in achieving the required improvements, LLDC has recruited an interim resource ('Financial Controls Project Lead'). This resource formally reports to the LLDC Finance Director but works on a day-to-day basis at the London Stadium to the LS185 Chief Financial Officer.

Finance System

- 1.3 As reported to the Audit Committee in November 2019, the LS185 finance system (inherited from Vinci) is not fit-for-purpose. Since joining, the Financial Controls Project Lead (who has extensive experience in finance system implementations) has undertaken a review of the current system (Sage X3) and confirmed that there are a range of weaknesses and constraints in the current system, which will be costly and time-consuming to fix.
- 1.4 The Financial Controls Project Lead has completed an options review, which recommends that it would be more cost-efficient and effective to implement a new cloud-based finance system. Doing so, will not only enable better coding of transactions and financial reporting by LS185 but will also address a number of the underlying process and control weaknesses identified in LLDC's November 2019 review (see update later in this paper). Two particular solutions have therefore been explored:

¹ Note that separate tax due diligence follow-up work is to be undertaken by the LLDC Group tax advisors (originally intended for Quarter 3 but timing to be reviewed, subject to capacity on the LS185 Finance Team)

- Oracle Fusion Financials – this is the system currently used by LLDC, which could provide a platform to support LS185; and
 - Microsoft Dynamics 365 Business Central – similar to Oracle Fusion Financials, this is a cloud-based system and would integrate well to LS185's use of the Microsoft 365 suite of products.
- 1.5 The options appraisal is being finalised to seek the necessary approvals for the new system implementation, which will focus on the core elements as a priority (General Ledger, Accounts Receivable, Accounts Payable and Procurement). The anticipated timeline for implementation of a new system will be c9 months, reflective of the inherent risks and challenges involved with any new system implementation and, furthermore, the other corporate priorities to be delivered by LS185 over the coming 3 to 6 months (including 2020/21 budget setting, year-end management and statutory reporting and the year-end accounts audit by EY). Further updates will be provided to the Audit Committee in due course.

Financial processes and controls update


- 1.6 Whilst progress has been made against the process and control improvement areas identified in the November 2019 report, it has been slower than planned. This is mainly due to an initial lack of resource in the LS185 Finance Team (now improved through interim recruitments) and a greater than expected volume of work required to bring the 2019/20 in-year position (e.g. journals and balance sheet reconciliations) up to date.
- 1.7 The Financial Controls Project Lead is supporting the LS185 Finance Team to help bring the 2019/20 year-to-date position for journals and balance sheet reconciliations up to date. This work, which is significant in its volume, is ongoing at the time of writing and a high-priority to enable LS185 to produce their year-end statutory accounts and service the EY audit; at present, there is a significant risk to this being achieved due to volume and capacity within the LS185 Finance Team.
- 1.8 A fuller update against each of the financial process and control improvements is provided in the following table:

ASSESSMENT OF KEY CONTROLS			
Supplier creation and amendment			
Expected Control	Improvement	Timescale	Status
Adequate supporting documentation is obtained (and retained) prior to new suppliers being recorded in the finance system.	Some documentation is filed; however, improvements are required as detailed below.	N/A	
Supplier bank details are independently verified by the finance team with at least one senior officer/director from the new supplier organisation.	<ul style="list-style-type: none"> • s.31 [REDACTED] • s.31 [REDACTED] • Evidence of the above check should be retained on file. 	<u>Immediate</u>	<ul style="list-style-type: none"> • New supplier form created. s.31 [REDACTED] • New process being based upon LLDC's established process; however not yet implemented. Minimal new suppliers set up since November 2019.
Suppliers are checked for validity and appropriateness. A Companies House check is performed. This guards against the risk of engaging with bogus or disreputable organisations; credit worthiness guards against insolvency/risk to supply.	<ul style="list-style-type: none"> • All new suppliers should be checked against Companies House records and HMRC for VAT registration details. • In addition, there should be a credit worthiness check, for example using a credit checking service such as Dun and Bradstreet. 	<u>Immediate</u>	<ul style="list-style-type: none"> • New process being based upon LLDC's established process; however not yet implemented. Minimal new suppliers set up since November 2019.

<p>Supplier details are captured in a standard form and the process for checking those details is consistent and well-defined. There are designated authorisers for approving the creation of new suppliers in the finance system.</p>	<p>s.31 [REDACTED]</p> <p>Therefore:</p> <ul style="list-style-type: none"> • The supplier creation process should be documented and agreed – and this should also include who can authorise the creation of new suppliers. • A standard supplier form should be implemented. 	<p><u>Immediate</u></p>	<p>●</p> <p>New supplier form created.</p> <p>New process being based upon LLDC's established process; however not yet implemented.</p> <p>Minimal new suppliers set up since November 2019.</p>
<p>Supplier bank details are recorded in the finance system, with these details checked back to the original form. These details are unable to be changed unilaterally by any one officer or there is an automated process in place to alert when changes to bank details are made.</p>	<p>The system requires authorisation of new supplier details (including bank details) entered onto the system before they are finalised. s.31 [REDACTED]</p> <p>Therefore:</p> <ul style="list-style-type: none"> • New supplier details should be checked back to source documentation before being approved on the finance system. • A process should be implemented to perform routine checks of the supplier data held in the system. <p>s.31 [REDACTED]</p> <p>There should also be a check at the time of payment to ensure no unauthorised changes to bank details have been made.</p>	<p><u>Immediate</u></p>	<p>●</p> <p>s.31 [REDACTED]</p> <p>Minimal new suppliers set up since November 2019.</p> <p>Verification (and database cleanse) of existing suppliers' details underway as part of preparations for new finance system.</p>

<p>Payments are generated by the finance system, using verified bank details.</p>	<p>s.31 [redacted] therefore:</p> <ul style="list-style-type: none"> • s.31 [redacted] • s.31 [redacted] 	<p>1 – 3 months</p> <p><u>Immediate</u></p>	<ul style="list-style-type: none"> • Additional check of all payments to source documentation by AR Manager now introduced. <p>s.31 [redacted]</p> <p>Current system cannot be enhanced in the way recommended; this is, however, capable by both new system options being considered.</p>
<p>Banking</p>			
<p>Payments are approved by two different officers who both verify bank details for each payment and review the supporting documentation (e.g. invoices) prior to authorisation.</p>	<p>s.31 [redacted]</p> <ul style="list-style-type: none"> • s.31 [redacted] 	<p>1 – 3 months</p>	<ul style="list-style-type: none"> • s.31 [redacted]
<p>Purchase orders (and 3-way matching)</p>			
<p>There is segregation of duties – i.e. no one person should be able to raise a PO, approve</p>	<ul style="list-style-type: none"> • s.31 [redacted] 	<p><u>Immediate</u></p>	<ul style="list-style-type: none"> • s.31 [redacted]

<p>a PO, raise a goods receipt and create and match an invoice.</p>	<p>s.31 [Redacted]</p>		<p>s.31 [Redacted]</p> <p>s.31 [Redacted]</p> <p>s.31 [Redacted]</p>
<p>The system will block the approval for payment of invoices that exceed the value of the matching PO value and goods receipt value.</p>	<ul style="list-style-type: none"> • S.31 	<p>1 month</p>	<ul style="list-style-type: none"> • [Redacted]
<p>There is a defined scheme of delegations that determines the seniority of approval required for purchases – depending on the value and nature of each purchase.</p>	<ul style="list-style-type: none"> • A scheme of delegations should be drafted, agreed with management and implemented. 	<p>1 – 3 months</p>	<ul style="list-style-type: none"> • Expenditure approval matrix in place (by position and value). This needs to be expanded into a fuller scheme of delegation document.
<p>Once approved, a purchase order document is generated (containing relevant information and standard terms and conditions), that can be sent to suppliers.</p>	<ul style="list-style-type: none"> • There is no standard purchase order document for the company. This should be established and should include the company's key terms and conditions. 	<p>3 – 6 months</p>	<ul style="list-style-type: none"> • Purchase Order documents are created

<p>Purchase orders are raised prior to instructions (to begin work, provide services or release goods) being issued to suppliers.</p>	<ul style="list-style-type: none"> • s.31  	<p>1 – 3 months</p>	<p>●</p> <p>Instructions given to all staff with further dedicated reminders to those staff more heavily involved in the Purchase Order process.</p> <p>Further correspondence and training will happen as part of new system implementation.</p>
<p>Purchase orders provide authorisation to commence with purchases and are raised to cover the known duration and value that the authorisation is required for.</p>	<ul style="list-style-type: none"> • Purchase orders are almost always raised to cover specific invoices – this is very inefficient and time-consuming. <p>See above</p>	<p>1 – 3 months</p>	<p>●</p> <p>No change but to be addressed through new system</p> <p>Review of open purchase orders being undertaken for year-end; advice on raising new purchase orders to be provided to staff thereafter.</p>
<p>Goods receipts are raised when work or services have been satisfactorily completed or when goods have been received. Where appropriate, goods receipts are raised after an invoice is received – in such circumstances where the invoice needs to be reviewed first.</p>	<ul style="list-style-type: none"> • Currently, action is taken to raise receipts after work is performed, but too often receipting is delayed until invoices are received. Goods receipts should be raised promptly to recognise costs as they are incurred and to reduce delays to payments. 	<p>3 – 6 months</p>	<p>●</p> <p>Instructions given to all staff with further dedicated reminders to those staff more heavily involved in the purchase order process.</p> <p>Improvements noted by the LS185 Finance Team.</p>
<p>Invoices should be sent directly to the shared finance mailbox.</p>	<p>Invoices are often sent directly to officers – which can lead to delays in payments being processed and a</p>	<p><u>Immediate</u></p>	<p>●</p>

	<p>lack of visibility for the finance team of all the invoices that are due.</p> <ul style="list-style-type: none"> Suppliers should be instructed to send invoices directly to the finance mailbox. 		<p>Instructions given to all staff and contact made with existing suppliers.</p> <p>Exceptions reported at weekly team meetings and at senior executive team meetings.</p> <p>Significant improvements noted.</p>
Invoice control			
It is possible to review a complete listing of unpaid invoices (whether approved for payment or not).	<ul style="list-style-type: none"> Linked to the item above, currently it is not possible to obtain a full creditor listing from the finance system. This should be rectified to ensure the efficient operation of accounts payable and to enable effective cash forecasting. 	<u>Immediate</u>	<p>●</p> <p>In process and linked to work to bring 2019/20 position up to date.</p>
Where a purchase order and goods receipt is in place prior to an invoice being received, the invoice is logged and matched in the system without delay.	<ul style="list-style-type: none"> In addition to managing the overall creditors position, it is essential that complete listings of invoices ready for payment can be readily accessed from the finance system. To enable this, all invoices with applicable POs and goods receipts should be matched without delay. 	<u>Immediate</u>	<p>●</p> <p>New Accounts Payable Manager (Interim) has helped to improve the timeliness and completeness of invoices posted/matched on the system.</p>
Payment metrics are monitored and reported.	<ul style="list-style-type: none"> Metrics should be captured to show the number days elapsed between the date of each invoice and the payment date for each invoice. This enables oversight of the accounts payable function and performance can be tracked against targets to drive better performance. 	1 – 3 months	<p>●</p> <p>Not yet implemented (not likely until new finance system is implemented).</p>

<p>Once paid, invoices are automatically marked as 'paid' in the finance system to prevent duplicate payments of the same invoice.</p>	<ul style="list-style-type: none"> • s.31 [REDACTED] 	<p><u>Immediate</u></p>	<p>• [REDACTED]</p>
<p>Accounts receivable</p>			
<p>Customers are checked for credit worthiness and appropriateness prior to commitments being made and prior to being set up within the finance system.</p>	<p>Standard details should be requested from new customers. This should include:</p> <ul style="list-style-type: none"> • Registered and trading names • Address • Company registration number (if applicable) • VAT registration number (if applicable) <p>These details should be used to perform a credit check with a credit agency.</p> <p>The results of this check will inform whether to proceed with the engagement with the customer.</p>	<p><u>Immediate</u></p>	<p>• Customer form captures the standard details.</p> <p>s.31 [REDACTED]</p>
<p>Appropriate arrangements are put in place for customers with poor credit ratings (e.g. demand payment in advance).</p>	<ul style="list-style-type: none"> • The credit check above should inform the credit terms given to each customer (e.g. payment in advance or instalments). 	<p><u>Immediate</u></p>	<p>• [REDACTED]</p>
<p>The process for making requests to raise sales invoices is well-defined and a standard form is used. This request should be filed following processing.</p>	<ul style="list-style-type: none"> • A standard sales invoice request form should be introduced with all future sales requests utilising this method. This will ensure that complete and accurate records are kept and can be accessed by any member of the team. 	<p><u>Immediate</u></p>	<p>• Implemented. Standard sales invoice request form in use; requests are rejected by the</p>

			Finance Team if the form is not used.
Each sales invoice request includes details of the amount of the sale, the description, the ledger coding and customer contact.	<ul style="list-style-type: none"> The above sales invoice request form should include all the relevant details required to generate the sales invoice and successfully realise cash from that sale thereafter. The finance team will then determine the VAT treatment for the invoice. 	<u>Immediate</u>	<ul style="list-style-type: none"> Implemented.
Each sales invoice request or supported by a signed contract, customer purchase order or similar documentation – recharges need full backup	<ul style="list-style-type: none"> Backing documentation is essential for every sales invoice as this facilitates the resolution of queries from customers and supports the debt collection process. 	<u>Immediate</u>	<ul style="list-style-type: none"> Implemented. Supporting documentation is attached to form – e.g. extract from agreements.
Sales invoices are sent to the customer by the finance team.	<ul style="list-style-type: none"> The finance team should distribute all sales invoices and keep records of when invoices were sent and to whom. This centralises control of the debt management process and means that outstanding debt can always be pursued by the finance, where necessary. 	<u>Immediate</u>	<ul style="list-style-type: none"> Implemented – sales invoices are sent out by LS185 Finance Team. <p>s.31 [REDACTED]</p>
The finance team track the age of all debt and there is a clear escalation policy in place for overdue balances.	<p>Linked to the point above, the finance team should track the timing of debt of being settled. Where debts exceed payment terms, there should be a clear process to escalate the recovery of that debt. For example:</p> <ul style="list-style-type: none"> Debt 30 to 45 days old – finance team member calls 	1 – 3 months	<ul style="list-style-type: none"> [REDACTED] <p>s.31 [REDACTED]</p>

	<ul style="list-style-type: none"> Over 45 days old – Chief Financial Officer contacts customer Over 60 days – a formal letter is issued 		<p>s.31 [REDACTED]</p> <p>Chief Finance Officer leads on debt recovery from major customers (e.g. West Ham United FC).</p>
Long outstanding and at-risk debt is reported at senior management or board level.	<ul style="list-style-type: none"> There should be a procedure in place to provide regular reporting of aged debt at Executive or Board level. <p>Note the requirement to regularly report aged debt at LLDC Audit Committee</p>	1 – 3 months	<ul style="list-style-type: none"> Aged debts now reported quarterly to the LLDC Audit Committee; however, not easily facilitated by current finance system.
Sales receipts received into the bank account are recorded daily in the finance system. These receipts are applied to sales invoices based on received remittance advice or other supporting information.	<ul style="list-style-type: none"> s.31 [REDACTED] 	Immediate	<ul style="list-style-type: none"> s.31 [REDACTED] s.31 [REDACTED]
These sales receipts are applied promptly to sales invoices to ensure the accuracy of the debtor records held in the finance system.	<ul style="list-style-type: none"> An accurate debtors listing is essential for effectively managing debt. Receipts should be reflected accurately on a daily basis. 	Immediate	<ul style="list-style-type: none"> As above.

General accounting			
<p>Every manual journal is raised with sufficient backup documentation attached. Each journal is printed, signed and authorised for approval in the finance system by the Chief Financial Officer, before being posted.</p>	<p>Currently there is no journal template in place, nor is there a process to ensure that each journal is approved prior to posting.</p> <p>Therefore:</p> <ul style="list-style-type: none"> • A standard journal template should be implemented and its use mandated for all journals. • Each journal should have to be approved in the finance system before being posted. • Each journal template should be populated and signed prior to posting. 	<p><u>Immediate</u></p>	<p style="text-align: center;">●</p> <p>Journal template in place and being used as part of 2019/20 year-to-date catch-up work.</p> <p>Chief Finance Officer reviewing all journals before they are posted.</p>
<p>Each posted journal is supported by a hard-copy signed template, which also shows the system-generated document number. These are then filed by month, with appropriate supporting documentation attached to each journal.</p>	<ul style="list-style-type: none"> • Each journal should be supported by documentation that supports the entries being made. • The populated, signed templates and backing documentation of posted journals should be filed away and be easily accessible to aid the accounts and audit process, as well as other internal queries. 	<p><u>Immediate</u></p>	<p style="text-align: center;">●</p> <p>Supporting documentation being attached as part of 2019/20 year-to-date catch-up work; these (and future journals) will be filed.</p>
<p>There is a schedule of regular manual journals required (such as payroll, VAT, regular accruals, prepayments and deferred income), which should be maintained, and other manual journals, which should be kept to a minimum.</p>	<ul style="list-style-type: none"> • A schedule of standard journals should be maintained to help with knowledge sharing provide resilience within the finance team. This schedule will also ensure completeness at period-end and reduce the number of piecemeal adjustments. 	<p>1 – 3 months</p>	<p style="text-align: center;">●</p> <p>Not yet implemented; to be created once the 2019/20 position is up to date.</p>

<p>Bank reconciliations (between the ledger bank balance and the bank account balance) are performed promptly after the end of the period, with the minimum of reconciling items.</p>	<ul style="list-style-type: none"> • s.31 [REDACTED] 	<p><u>Immediate</u></p>	<p>• s.31 [REDACTED]</p>
<p>A timetable of other balance sheet reconciliations is in place. This includes regular reconciliations of the payroll control account, and monthly or quarterly reconciliations of other key control accounts and VAT accounts. Lower risk balance sheet accounts, such as fixed assets, are reconciled quarterly or half-yearly, with every balance sheet account covered at least once during the year.</p>	<ul style="list-style-type: none"> • To ensure the ongoing integrity of the company's balance sheet and to reduce the number of year-end adjustments required, which will also aid the efficiency of the annual external audit. 	<p>1 – 3 months</p>	<p>• In progress</p>
<p>In addition to balance sheet reconciliations, income and expenditure accounts are monitored against budgets, with variances analysed. These procedures help maintain the integrity balances of the company's trial balance.</p>	<ul style="list-style-type: none"> • As above, ongoing measures to ensure the accuracy and validity of income and expenditure reduces the need for adjustments for the production of statutory accounts and reduces the queries through the audit and audit corrections. 	<p>1 – 3 months</p>	<p>• In progress – undertaken as part of quarterly reporting.</p>
<p>The year-end accounts should be produced from a system-generated trial balance, with a minimum of manual adjustments. The mapping of account codes to disclosures within the accounts should be agreed in advance.</p>	<ul style="list-style-type: none"> • The finance team should set out the account codes mapping well in advance of the year-end and keep adjustments made outside of the ledger to a minimum. This will protect the integrity of the ledger balances and improve the audit process. 	<p>6 months</p>	<p>• This will be adopted for year-end.</p>
<p>The statutory accounts should be produced, as far as possible, by the finance team. The team should work to a timetable that is agreed upon in advance, with lead schedules provided to the audit team in advance of the audit.</p>	<ul style="list-style-type: none"> • Rather than relying on external accountants, the finance team should take ownership of the accounts production process. This will give members of the finance team a holistic understanding of how the in-year work affects the 	<p>6 months</p>	<p>• In progress – supported by the LLDC Finance Team.</p>

	production of accounts and improves accountability for the final accounts.		
Payroll			
Key payroll data is held centrally and is carefully protected and controlled. This includes employee details, FTEs, gross salaries, employee benefits, pension contribution proportions, other deductions and bank details.	<ul style="list-style-type: none"> Standing data should be stored and kept up to date to ensure accuracy of the monthly payroll data. This data should be protected to ensure confidentiality and GDPR compliance. This is also safeguards against error by having core data to perform checks against. This would normally be held by HR. 	<u>Immediate</u>	<ul style="list-style-type: none"> Implemented as part of transfer of payroll services to Cintra.
The monthly draft payroll data is reviewed to analyse and explain the variations in net pay, for each employee, from the current month to the previous month. In addition, there is a completeness check performed to confirm that all the payroll instructions have been implemented accurately.	Whilst monthly variance checks are undertaken, these should be provided by the payroll provider in the first instance (rather than manually calculating via Excel).	1 – 3 months	<ul style="list-style-type: none"> Implemented as part of transfer of payroll services to Cintra.
Finance system			
PO approvers receive alerts when requests for new purchase orders are submitted. Requesters receive alerts when those requests are either approved or rejected.	<ul style="list-style-type: none"> The system does not currently generate these alerts. This leads to unnecessary delays and the system should be set up to give approvers and requesters timely notifications. 	1 – 3 months	<ul style="list-style-type: none"> Not supported by current system; manual weekly updates from Finance Team to budget holders. <p>New system will facilitate this.</p>
Transactional data can easily be exported from the finance system. For each transaction,	<ul style="list-style-type: none"> The system should allow transactional data to be exported easily, with fields within that data 	3 – 6 months	<ul style="list-style-type: none">

<p>this data should include at least the transaction amount, accounting period, the project it relates to, the internal reporting heading it falls within and the balance type (usually expenditure type).</p>	<p>providing data that can be used to generate management information. Currently this is an inefficient process, which requires significant amounts of manual data manipulation.</p> <ul style="list-style-type: none"> • The system should produce transactional data with all headings in English (many are still in French). • A new system chart of accounts will likely need to be created to enable data to be exported at a meaningful level of detail so that management reporting can be produced from it. • It is recommended that a full review of the current system is undertaken, including an options appraisal, which considers a full system replacement. 		<p>Not enabled by current finance system.</p> <p>New Chart of Accounts in progress.</p> <p>Full review of system and options appraisal drafted subject to approval.</p>
<p>The system provides a separation of roles between journal preparers and journal approvers. Journals should only post once approved within the finance system.</p>	<ul style="list-style-type: none"> • The current system configuration allows journals to be posted directly by the journal preparer. This should be amended to prohibit journal preparers from posting directly and should build in a step to mandate separate journal approval prior to posting. This will help create appropriate segregation of duties. 	<p>3 – 6 months</p>	<p>●</p> <p>Not enabled by current system.</p> <p>LS185 are establishing mitigating control (quarterly reviews of posted journals).</p>
<p>Once posted, it is not possible to amend journals and other entries.</p>	<p>Currently, there is no automated control in place to prevent journals being amended once posted in the system. This increases the risk that financial information in the general ledger can be amended and, therefore, misstated.</p>	<p>1 – 3 months</p>	<p>●</p> <p>Not enabled by current system.</p> <p>LS185 are establishing mitigating control (quarterly reviews of posted journals).</p>

	<ul style="list-style-type: none"> An automated control should be established within the finance system such that, once posted, all journal entries cannot be changed. 		
Accounting periods are closed at the end of each period.	<ul style="list-style-type: none"> Linked to the point above, there should be a process in place to close the ledgers at period-end. Once closed, there should be no way of amending any postings within that period. This provides a static position upon which reporting can be based. 	1 – 3 months	<ul style="list-style-type: none"> Not enabled by current system. LS185 are establishing mitigating control (quarterly reviews of posted journals).
Tax			
For all engagements that could be seen as being contingent labour, contractor or temporary staff roles, the HMRC IR 35 assessment is performed, with appropriate actions following the result. Note this only becomes applicable to LS185 from 6 April 2020 if it meets the HMRC conditions.	<ul style="list-style-type: none"> The process for on-boarding workers who will not be remunerated through the company's payroll should be well-defined and include the HMRC IR 35 assessment. It is the responsibility of LS185 to therefore ensure that processes are controls are in place to help prevent tax evasion by its workforce. 	6 months +	<ul style="list-style-type: none"> Policy currently being drafted. Exercise undertaken with HR, one contractor identified as outside of IR35 and now recruited on a permanent basis.
All of the various types of employee benefits are collated, monitored and then assessed against HMRC guidance to determine the use of taxable benefits. Following this, P11D and PAYE settlement agreement actions are taken, where appropriate.	<ul style="list-style-type: none"> To protect against the risk of non-compliance in this area, all benefits given beyond salaries should be captured and collated. An assessment can then be performed as to whether there are any taxable benefits and whether they are currently being declared appropriately to HMRC and whether any corrective actions are required. 	<u>Immediate</u>	<ul style="list-style-type: none"> Assessment of what needs to be declared undertaken, which concluded only one item (Personal Medical Insurance).
There is a process in place for determining the VAT treatment of each sale. The core revenue streams should have clearly defined treatments with desk instructions in place to	<ul style="list-style-type: none"> Information may already be available as to how each revenue stream is treated from a VAT perspective but this should be documented and adhered to. There should also be a process in 	1 – 3 months	<ul style="list-style-type: none"> To be undertaken by Deloitte (LLDC Group tax advisors).

<p>assess individual sales. There should be a method of accessing professional advice, where required.</p>	<p>place to manage new revenue streams and instances where the treatment is not clear.</p>		
<p>There should be desk instructions for preparing VAT returns so they are produced in a consistent way. There should also be defined approach for checking and assuring those returns prior to submission.</p>	<ul style="list-style-type: none"> Similar to the point above, there may be guidance available for preparing VAT returns, but this should be documented to ensure consistency and accuracy. 	<p>1 – 3 months</p>	<ul style="list-style-type: none"> To be completed by LS185 Finance Team once 2019/20 year-to-date catch-up work is completed.
<p>Where works are being performed that HMRC classifies as construction services, the company should register as a Construction Industry Scheme (CIS) contractor with HMRC and establish a process for producing and checking the monthly CIS return. This would include tracking deductions from supplier invoices and subsequent payments to HMRC, where necessary.</p>	<ul style="list-style-type: none"> Currently it is understood that the company is not registered for the Construction Industry Scheme (CIS). An assessment should be made of ongoing works being performed to see if any are applicable to this scheme and then registration and returns should be made, if required. 	<p><u>Immediate</u></p>	<ul style="list-style-type: none"> Currently in review with support from LLDC Finance Team.
<p>An assessment is made to look at the inherent and process risks associated with supply chain fraud. This will form the basis of a Corporate Criminal Offence Act (CCO) risk assessment. Resulting actions from this assessment should be scheduled and adhered to.</p>	<ul style="list-style-type: none"> The Corporate Criminal Offence Act was introduced in 2017 to make organisations responsible for tax evasion within its supply chain. If tax fraud occurs within a supply chain, the emphasis is one whether the customer should have known that this fraud was taking place. A risk assessment should be performed to look at current processes and controls for finance operations to assess whether there are any potential weaknesses. The risk assessment will also look at where the inherent risks are and actions resulting actions from the assessment 	<p><u>Immediate</u></p>	<ul style="list-style-type: none"> To be undertaken by Deloitte (LLDC Group tax advisors).

	should be a documented with a deadline allocated to each action.		
Expenses			
An Expenses Policy and process manual is in place, has been agreed to be senior management and made available to all staff and is adhered to.	<ul style="list-style-type: none"> An expenses policy should be drafted and agreed by SMG. This policy will consider the nature of the business and will have due regard to tax consideration. This enables the finance team to properly assess expense claims against agreed standards and ensures consistency in approach. 	1 – 3 months	<ul style="list-style-type: none"> Expenses policy drafted – with senior management for review.

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: FW: SMG - E20 Board Papers Only
Date: 25 March 2020 13:45:19
Attachments: [image013.png](#)
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[image011.png](#)
[image012.png](#)
[Item X E20 Board 2020-21 Budget DRAFT FOR SMG v1.docx](#)

Hi Richard,

Draft budget paper FYI.

Are you available to speak after 5:30pm about agreeing the E20 board paper, as that is when my last meeting should finish?

Thanks



From: s.40 <s.40@londonstadium185.com>
Sent: 25 March 2020 13:33
To: Lyn Garner <LynGarner@londonlegacy.co.uk>; Gerry Murphy <GerryMurphy@londonlegacy.co.uk>; s.40 <s.40@londonstadium185.com>; s.40 <s.40@londonstadium185.com>; Alan Skewis <AlanSkewis@e20stadium.com>; Mark Camley <MarkCamley@londonlegacy.co.uk>; s.40 <s.40@londonlegacy.co.uk>; Ed Stearns <EdStearns@londonlegacy.co.uk>; s.40 <s.40@londonstadium185.com>; Ash Sharma <ash.sharma@londonstadium185.com>; Graham Gilmore <graham.gilmore@londonstadium185.com>
Subject: RE: SMG - E20 Board Papers Only

An additional paper attached.

Kind regards,

s.40

s.40
EXECUTIVE ASSISTANT TO CEO
0208 s.40



s.40 [REDACTED]@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: s.40 [REDACTED]
Sent: 25 March 2020 12:34
To: 'Lyn Garner' <LynGarner@londonlegacy.co.uk>; Gerry Murphy <GerryMurphy@londonlegacy.co.uk>; s.40 [REDACTED] <s.40 [REDACTED]@londonstadium185.com>; s.40 [REDACTED] <s.40 [REDACTED]@londonstadium185.com>; 'Alan Skewis' <AlanSkewis@e20stadium.com>; Mark Camley <MarkCamley@londonlegacy.co.uk>; s.40 [REDACTED] <s.40 [REDACTED]@londonlegacy.co.uk>; Ed Stearns <EdStearns@londonlegacy.co.uk>; s.40 [REDACTED] <s.40 [REDACTED]@londonstadium185.com>; Ash Sharma <ash.sharma@londonstadium185.com>; Graham Gilmore <graham.gilmore@londonstadium185.com>
Subject: SMG - E20 Board Papers Only

All,

Please see attached papers to go through at 2pm.

Please note, these are only draft with every day amends and updates taking place.

Kind regards,

s.40 [REDACTED]



s.40 [REDACTED]
EXECUTIVE ASSISTANT TO CEO
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Subject: 2020/21 Budget – LS185
Date: 25 March 2020
Report to: SMG
Report of: Ash Sharma
Item: x

1. SUMMARY

- 1.1. This paper sets out the proposed budgets for the financial year 2020/21 London Stadium 185 Limited (LS185).

2. RECOMMENDATIONS

- 2.1. The SMG is invited to **NOTE AND REVIEW** the LS185 budget for the financial year 2020/21.

3. BUDGET SUMMARY

Consolidated Budget

- 3.1. The proposed consolidated 2020/21 budget for E20 and LS185 (after eliminating intra-company transactions) is set out in the following table - **TBC**.

The total net cash funding requirement of **£xx.xm** is within the LLDC budget provision included in the LLDC budget submission (subject to the approval of the Mayor). - **TBC**

E20 Stadium LLP

- 3.2. The proposed E20 budget for 2020/19, including capital expenditure, is set out in the following table - **TBC**.

3.3. The proposed E20 budget for 2019/20 is based upon the following key assumptions - **TBC:**

Operator Fixed Costs

Seat moves

- No savings from installation of the new North and South stands are assumed in 2020/21 financial year. Full savings on transition of the new South stand are expected to be achieved in the following financial year (2021/22).
- The decrease in seat move costs between 2019/20 and 2020/21 **s.43**

Insurance

- The E20 insurance premium provides cover for:
 - Property on a reinstatement basis and loss of revenue/income.
 - **s.43**
 - **s.43**
 - **s.43**
 - **s.43**
- LS185 insurance costs are included in the LS185 budget.
- The renewal programme will look at consolidating LLDC, E20 and LS185 insurance requirements.

Hospitality box

- The current agreement with West Ham expires at the end of the 2019/20 football season (May 2020). **s.43**
It also includes an allowance for food and beverage within overall cost.

Professional fees

- Includes costs for external audit, tax advice and other technical consultants (e.g. transport planning).

Legal costs (Business as usual)

- Covers fees for general legal support from TfL and external legal advice on specific issues in addition to an in-house legal resource. No provision has been made for exceptional legal costs in the budget.

Restructuring costs

Includes the following **-TBC**

Capital expenditure

- The non-Transformation capital and lifecycle investment required in 2020/21 is set out in a separate paper being presented at this meeting.

London Stadium 185

3.4. The proposed LS185 budget for 2020/21, is set out in the following table (please see Appendix 1 for detail).

London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Event Net Revenue										
Other Net Income										
Fixed Revenue	7,256		7,121		7,278		7,278		(1)	
Rechargeable Revenue	721		821		694		800		106	
TOTAL NET REVENUE	10,587		10,474		11,995		11,614		(382)	
Overheads	(8,967)		(8,667)		(8,776)		(9,514)		(738)	
Exceptional Costs	(50)		(50)		-		-		-	
TOTAL OVERHEADS AND EXCEPTIONAL COSTS	(9,017)		(8,717)		(8,776)		(9,514)		(738)	
EBITDA	1,570		1,757		3,219		2,100		(1,120)	
<i>Grantor Share of Net Commercial Revenue</i>	(2,208)		(2,188)		(3,475)		(2,965)		510	
EBITDA (Contractual)	(637)		(431)		(256)		(865)		(610)	

s.43

3.5. The proposed LS185 budget for 2020/20 is based upon the following key assumptions:

- *Net Event Revenue* – s.43
- *Net Other Income* - special events, filming, WIFI connected stadium and partnership income s.43
- *Fixed Revenues* – reflects the indexation against fixed cost the Vinci agreement.
- *Rechargeable income* – includes the utilities uplift of £0.8m above the fixed cost baseline and £0.8m London Living Wage payments by LS185 to Delaware North with recovery from E20.
- *Net Connected Stadium* – net revenue at s.43 reflects the contracted DNC and Heineken fees with further revenue coming from selling the landing page to s.43
- *Overheads* – includes a proposed staffing and consultancy structure which is to be agreed.

3.6. Note that the proposed LS185 EBITDA budget for 2020/21 is worse by £0.6m (net) against year 2 of the five year plan previously submitted and approved by the Board – the explanations for the key movements are:

Net Event Revenues – a decrease of £0.5m

- Lower profits forecast from s.43 concert s.43
- Lower expectation from 2 club rugby events at s.43 for a full bowl rugby event and s.43 from a lower tier only rugby event.
- West Ham matches: increased loss due to higher average match costs at £269k against a lower expectation of £258k for the plan.
- West Ham catering revenue includes at s.43 per match and includes West Ham's catering revenue share at s.43, although note the treatment of London Living Wage costs on catering staff which is not reflected in catering revenue
- Partnerships income includes uplifts on renewals and other opportunities

Fixed revenues – in line with plan

- Reflects indexation of Vinci FM annual maintenance agreement

Net Connected Stadium income – increase of £0.1m

- To support additional staffing required to help deliver technical assistance.

Overheads – increase of £0.7m

- Largely driven by an increase to the staffing structure (to be agreed) and expected higher utility costs whilst the electricity renewal is agreed.

4. FUNDING - TBC

E20 working capital

4.1. LLDC will continue to provide working capital funding and capital investment (including non-Transformation capital expenditure funded by capital contribution) by way of a loan facility. This is subject to LLDC Board and Mayoral approval and will cover the period 1 April 2020 to 31 March 2021. The loan agreement will provide financing for up to

£xx.xm. Further details are included in the separate paper being presented to the April E20 Board.

E20 Transformation spend

- 4.2. LLDC will continue to fund E20's remaining Transformation spend by way of capital contributions. This does not require Mayoral approval as it is approved as part of the LLDC budget.
- 4.3. Total Transformation spend to date is £xxx.xm against a total project budget of £323.0m (which is in the public domain). Remaining transformation spend includes defect rectification works and the provision of a seating design warranty by Atkins.

LS185

- 4.4. LS185's funding will be via the existing contract provisions, mainly the fixed cost fee and London Living Wage supplements.

5. RISKS - TBC

- 5.1. There are a number of key risks to the proposed budgets for 2020/21. These are as follows:

West Ham match day costs

Seat move costs

Legal costs

Net Commercial Revenues

6. OPPORTUNITIES - TBC

7. E20 FIVE YEAR FORECAST - TBC

- 7.1. The E20 and LS185 five-year forecasts are being updated and will be presented to the E20 Board later in 2020.

8. APPENDICES

- APPENDIX 1

LS185 2019/20 Budget and Forecast, 2020/21 Plan and Budget (draft)

NET EVENT REVENUE -£534K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Concert	S.43									
Revenue										
Costs										
Net Revenue										
MLB										
Revenue										
Costs										
Net Revenue										
Athletics										
Revenue										
Costs										
Net Revenue										
Rugby/International Football										
Revenue										
Costs										
Net Revenue										
WHU Matches (excl. catering)										
Revenue										
Costs										
Net Revenue										
WHU Catering										
Revenue										
Costs										
Net Revenue										
TOTAL EVENTS										
Revenue	8,819		8,378		9,967		10,983		1,016	
Costs	(8,061)		(7,362)		(8,263)		(9,814)		(1,550)	
TOTAL NET EVENT REVENUE	758		1,017		1,704		1,169		(534)	

OTHER NET INCOME +£48K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Special Events/Filming	S.43									
Revenue										
Costs										
Net Revenue										
Community Track										
Revenue										
Costs										
Net Revenue										
Partnership										
Revenue										
Costs										
Net Revenue										
Connected Stadium										
Revenue										
Costs										
Net Revenue										
Meetings & Events, Tour										
Revenue										
Costs										
Net Revenue										
Other										
Revenue										
Costs										
Net Revenue										
OTHER INCOME										
Revenue	2,088		1,874		2,555		2,574		20	
Costs	(235)		(358)		(235)		(207)		28	
TOTAL NET OTHER INCOME	1,853		1,516		2,319		2,367		48	

FIXED REVENUE IN LINE WITH 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
FIXED REVENUE										
E20 Annual Covered Fixed Costs	7,194		7,181		7,338		7,338		(0)	
E20 Additional Fixed Costs	121		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		(0)	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,256		7,121		7,278		7,278		(1)	

RECHARGEABLE REVENUE +£100K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
RECHARGEABLE REVENUE										
NET E20	681		779		694		800		106	
NET WHU	20		45		-		-		-	
NET DNC	-		(0)		-		-		-	
NET OTHER	20		(2)		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	721		821		694		800		106	

OVERHEAD COSTS -£738K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
OVERHEADS										
Staffing	(2,139)		(1,883)		(1,964)		(2,514)	<i>tbc</i>	(551)	
Utilities	(1,779)		(1,799)		(1,815)		(1,889)		(74)	
Insurance	(400)		(400)		(388)		(400)		(12)	
Facilities Management (VF fixed costs)	(2,843)		(2,859)		(2,900)		(2,894)		6	
Finance & Legal	(90)		(87)		(83)		(90)		(7)	
IT	(375)		(357)		(344)		(375)		(31)	
Office	(57)		(49)		(52)		(50)		2	
Technical	(283)		(194)		(289)		(283)		6	
Safety/Security	(770)		(788)		(707)		(785)		(79)	
Pitch Maintenance	(111)		(184)		(113)		(113)		-	
Marketing & Commercial	(120)		(67)		(123)		(120)		2	
TOTAL OVERHEADS	(8,967)		(8,667)		(8,776)		(9,514)		(738)	
Exceptional Costs	(50)		(50)		-		-		-	
IT Migration Services - Vinci	(50)		(50)		-		-		-	
TOTAL OVERHEAD AND EXCEPTIONAL COSTS	(9,017)		(8,717)		(8,776)		(9,514)		(738)	

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: 2020-21 Budget Draft v1.xlsx
Date: 27 March 2020 13:19:31
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[image009.png](#)
[image010.png](#)
[image011.png](#)
[2020-21 Budget Draft v1.xlsx](#)

Hi Richard,

Please find attached the excel version of the budget tables as presented at SMG on Wednesday.

I am reviewing the numbers following the SMG meeting, and there may be minor amends.

Thanks

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
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Queen Elizabeth Olympic Park, London, E20 2ST

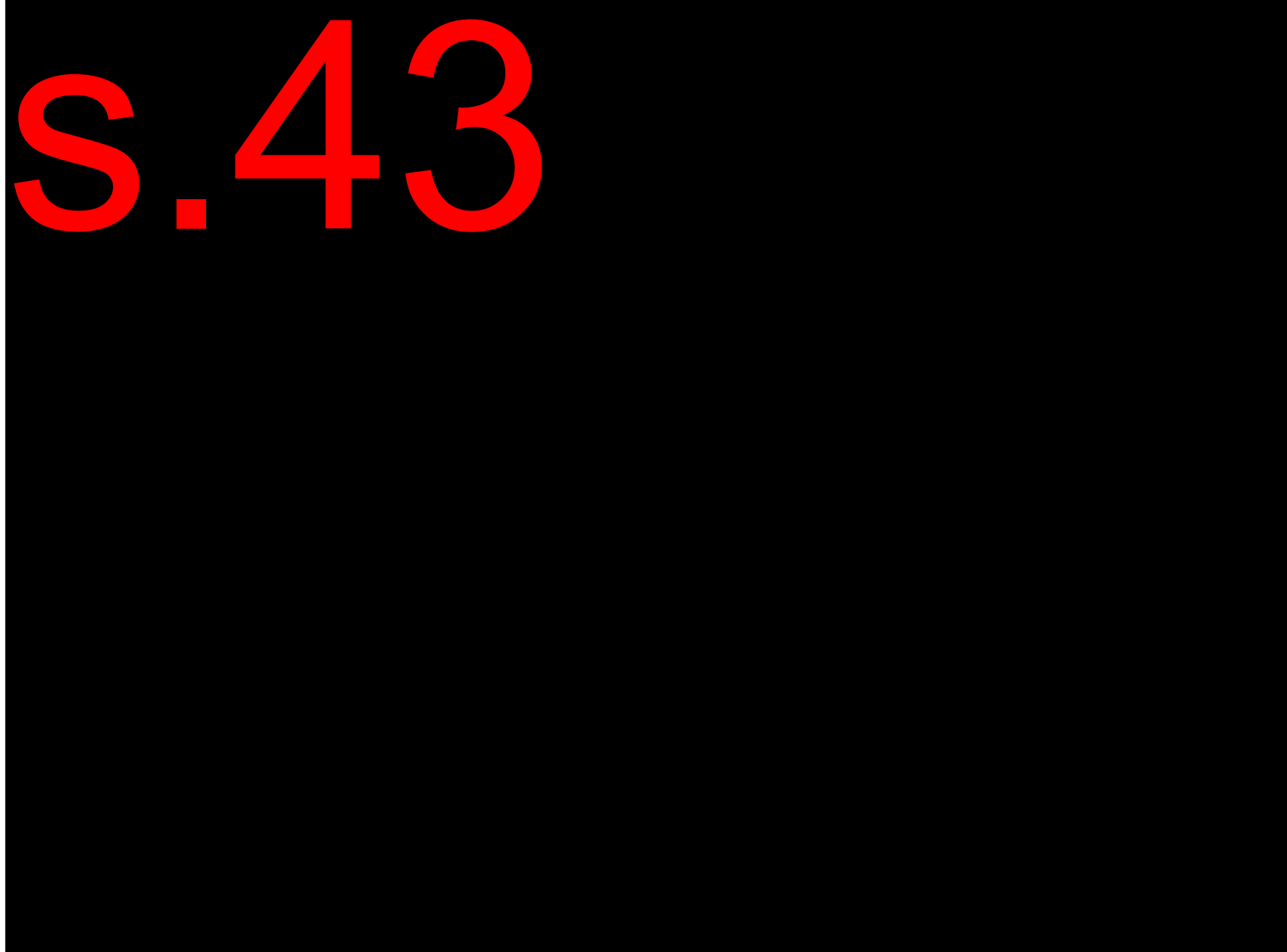
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Other Net Income																				
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Rechargeable Revenue											721		821		694		800		106	
TOTAL NET REVENUE	10,587		10,474		11,995		11,614		(382)											
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UKA Maintenance Fee	40		40		40		40		(0)	
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NET WHU	20		45		-		-		-	
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Pitch Maintenance	(111)		(184)		(113)		(113)		-	
Marketing & Commercial	(120)		(67)		(123)		(120)		2	
TOTAL OVERHEADS	(8,967)		(8,667)		(8,776)		(9,514)		(738)	
Exceptional Costs	(50)		(50)		-		-		-	
IT Migration Services - Vinci	(50)		(50)		-		-		-	
TOTAL OVERHEAD AND EXCEPTIONAL COSTS	(9,017)		(8,717)		(8,776)		(9,514)		(738)	
EBITDA	1,570		1,757		3,219		2,100		(1,120)	
<i>Grantor Share of Net Commercial Revenue</i>	(2,208)		(2,188)		(3,475)		(2,965)		510	
EBITDA (Contractual)	(637)		(431)		(256)		(865)		(610)	

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: LLW 2020-21 BUDGET.xlsx
Date: 27 March 2020 15:40:10
Attachments: [image002.png](#)
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[image011.png](#)
[LLW 2020-21 BUDGET.xlsx](#)

Hi Richard,

Please find attached my calculation behind the Â£800k LLW recharges for 2020/21.

The approach was to take current year actuals as confirmed by DNC, and add 2% indexation.

Regarding the budget – I am now only expecting the WHU match day costs to change, as I now have latest data not previously available.

Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

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

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**London Stadium
LLW**

WHU

S.43

MONTH	BEGIN	END	No	Total Cost	Total Inv #
December	22/12/2018	30/12/2018	1	23,091.00	24,868.15 SL002578
January	31/12/2018	27/01/2019	3	59,395.03	64,115.02 SL002554
February	28/01/2019	23/02/2019	2	38,837.65	45,622.72 SL002555
March	24/02/2019	30/03/2019	3	74,079.96	109,241.89 SL002579
April	31/03/2019	27/04/2019	1	19,720.35	28,410.65 SL002470
May	28/04/2019	25/05/2019	1	23,504.32	30,696.19 SL002471
June	26/05/2019	29/06/2019			153,805.99 SL002574
July	30/06/2019	27/07/2019			50,988.74 SL002473
August	28/07/2019	31/08/2019	3	60,214.50	66,098.78 SL002575
September	01/09/2019	28/09/2019	1	26,837.44	32,399.07 SL002576
October	29/09/2019	26/10/2019	2	44,082.99	61,325.07 SL002577
			17	369,763.25	667,572.27
Av.				21,750.78	

2020/21 LLW BUDGET (recharged to E20)			
Event	No.	Cost per Event	Sub-total
S.43			
Athletics	2	11,581.14	23,162.27
S.43			
WHU	22	22,185.79	488,087.48
C&B/Tours	n/a	n/a	68,711.18
S.43			

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: 2020-21 Budget Draft v2.xlsx
Date: 31 March 2020 16:52:07
Attachments: [image002.png](#)
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[image011.png](#)
[2020-21 Budget Draft v2.xlsx](#)

Hi Richard,

Numbers amended following our catch up this morning plus further tweaks, only the WHU match day costs remain to be confirmed.

Speak later

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

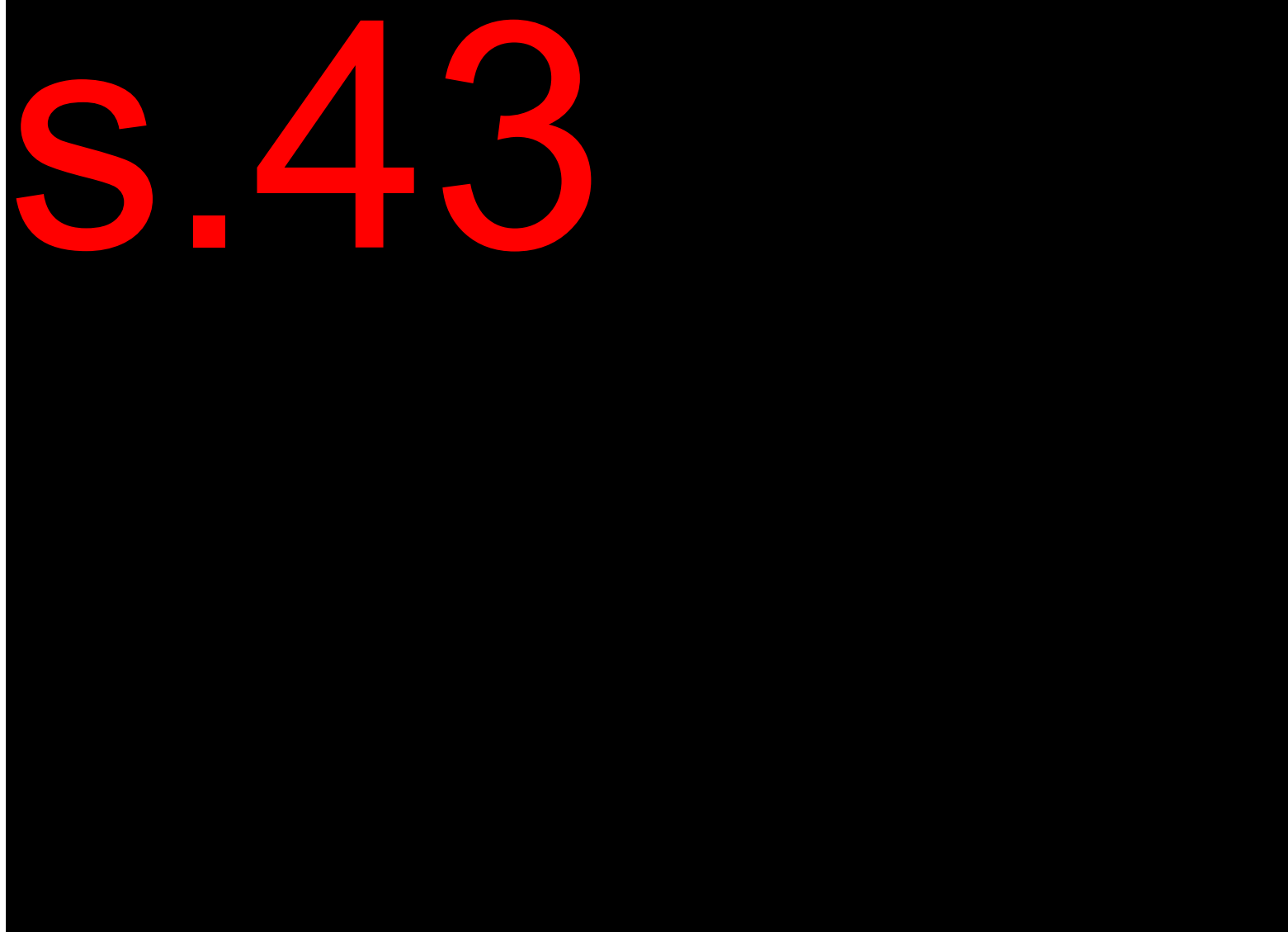
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London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Event Net Revenue	7,256		7,121		7,278		7,278		(1)	
Other Net Income	721		821		694		7,108		6,414	
Fixed Revenue										
Rechargeable Revenue										
TOTAL NET REVENUE	10,587		10,474		11,995		17,987		5,991	
Seat Move Costs	-		-		-		(6,308)		(6,308)	
Overheads	(8,967)		(8,667)		(8,776)		(9,877)		(1,101)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,185)		(7,409)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,965)		510	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,164)		(908)	
Extraordinary Costs	(50)		(50)		-		(50)		(50)	
EBITDA	(637)		(431)		(256)		(1,214)		(958)	

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events



OTHER INCOME										
Revenue	2,088		1,874		2,555		2,574		20	
Costs	(235)		(358)		(235)		(142)		93	
TOTAL NET OTHER INCOME	1,853		1,516		2,319		2,432		113	
FIXED REVENUE										
E20 Annual Covered Fixed Costs	7,194		7,181		7,338		7,338		(0)	
E20 Additional Fixed Costs	121		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		(0)	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,256		7,121		7,278		7,278		(1)	
RECHARGEABLE REVENUE										
NET E20	681		779		694		7,108		6,414	
NET WHU	20		45		-		-		-	
NET DNC	-		(0)		-		-		-	
NET OTHER	20		(2)		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	721		821		694		7,108		6,414	
TOTAL NET REVENUE	10,587		10,474		11,995		17,987		5,991	
SEAT MOVE COSTS										
Seat Moves	-		-		-		(6,000)		(6,000)	
Seat Maintenance	-		-		-		(308)		(308)	
TOTAL SEAT MOVE COSTS	-		-		-		(6,308)		(6,308)	
OVERHEADS										
Staffing	(2,139)		(1,883)		(1,964)		(2,601)		(637)	
Utilities	(1,779)		(1,799)		(1,815)		(1,889)		(74)	
Insurance	(400)		(400)		(388)		(450)		(62)	
Facilities Management (VF fixed costs)	(2,843)		(2,859)		(2,900)		(2,894)		6	
Finance & Legal	(90)		(87)		(83)		(90)		(7)	
IT	(375)		(357)		(344)		(375)		(31)	
Office	(57)		(49)		(52)		(50)		2	
Technical	(283)		(194)		(289)		(283)		6	
Safety/Security	(770)		(788)		(707)		(785)		(79)	
Pitch Maintenance	(111)		(184)		(113)		(130)		(17)	
LLDC Recharges	-		-		-		(210)		(210)	
Marketing & Commercial	(120)		(67)		(123)		(120)		2	
TOTAL OVERHEADS	(8,967)		(8,667)		(8,776)		(9,877)		(1,101)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,185)		(7,409)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,965)		510	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,164)		(908)	
Extraordinary Costs	(50)		(50)		-		(50)		(50)	
IT Migration/New Finance System	(50)		(50)		-		(50)		(50)	
EBITDA	(637)		(431)		(256)		(1,214)		(958)	

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: 2020-21 Budget Draft v3.xlsx
Date: 31 March 2020 20:45:07
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[2020-21 Budget Draft v3.xlsx](#)

Hi Richard,

Updated LS185 Budget attached, the change is the WHU match day costs have increased following a review against latest actuals to inform the trend.

Updated cost figure is £6,059,781.

Thanks

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 s.40
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

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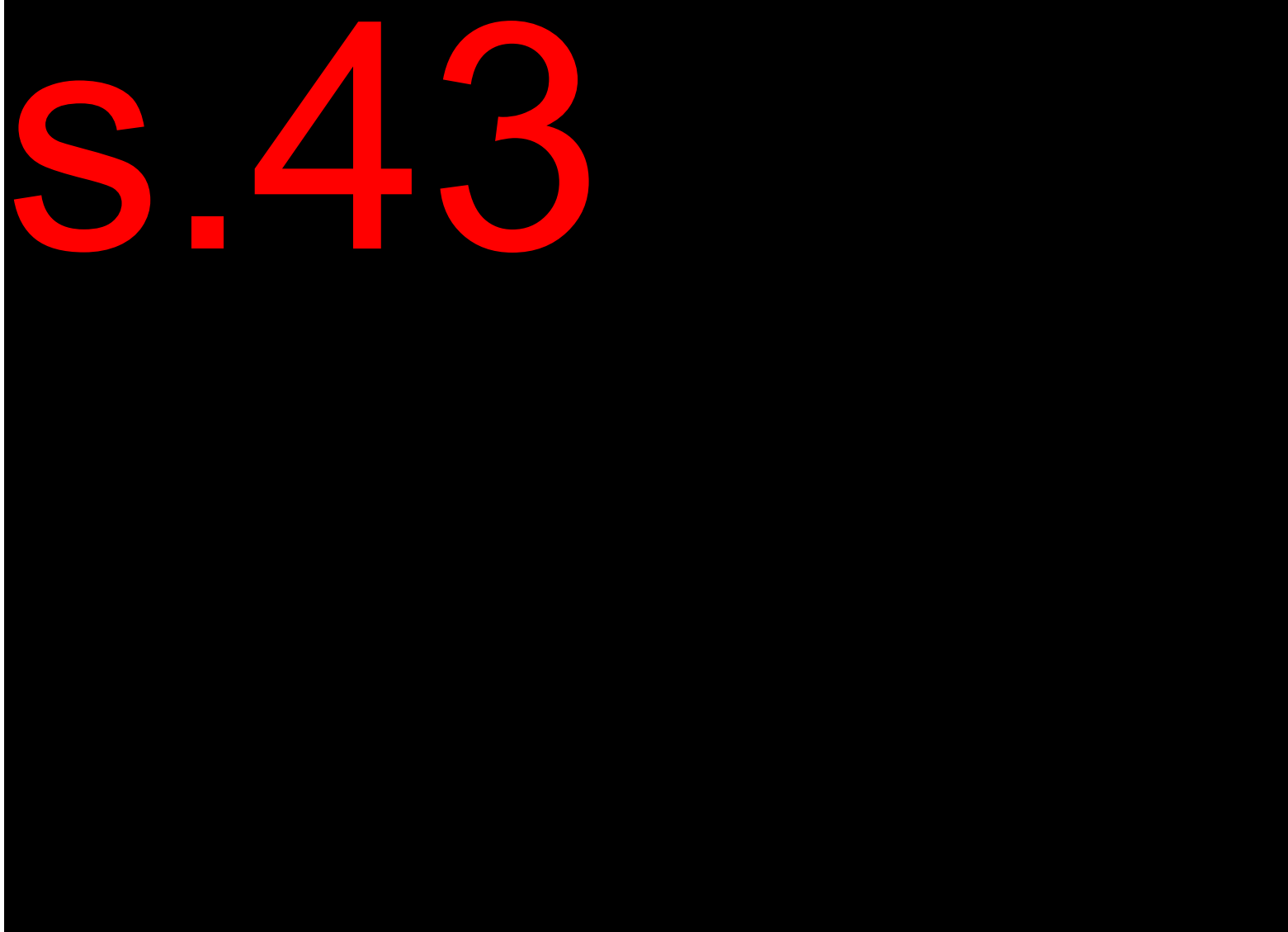
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London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Event Net Revenue	7,256		7,121		7,278		7,278		(1)	
Other Net Income	721		821		694		7,108		6,414	
Fixed Revenue										
Rechargeable Revenue										
TOTAL NET REVENUE	10,587		10,474		11,995		17,848		5,852	
Seat Move Costs	-		-		-		(6,308)		(6,308)	
Overheads	(8,967)		(8,667)		(8,776)		(9,832)		(1,056)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,140)		(7,364)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,833)		642	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,126)		(870)	
Extraordinary Costs	(50)		(50)		-		(50)		(50)	
EBITDA	(637)		(431)		(256)		(1,176)		(920)	

S.43

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events



OTHER INCOME										
Revenue	2,088		1,874		2,555		2,574		20	
Costs	(235)		(358)		(235)		(142)		93	
TOTAL NET OTHER INCOME	1,853		1,516		2,319		2,432		113	
FIXED REVENUE										
E20 Annual Covered Fixed Costs	7,194		7,181		7,338		7,338		(0)	
E20 Additional Fixed Costs	121		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		(0)	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,256		7,121		7,278		7,278		(1)	
RECHARGEABLE REVENUE										
NET E20	681		779		694		7,108		6,414	
NET WHU	20		45		-		-		-	
NET DNC	-		(0)		-		-		-	
NET OTHER	20		(2)		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	721		821		694		7,108		6,414	
TOTAL NET REVENUE	10,587		10,474		11,995		17,848		5,852	
SEAT MOVE COSTS										
Seat Moves	-		-		-		(6,000)		(6,000)	
Seat Maintenance	-		-		-		(308)		(308)	
TOTAL SEAT MOVE COSTS	-		-		-		(6,308)		(6,308)	
OVERHEADS										
Staffing	(2,139)		(1,883)		(1,964)		(2,563)		(600)	
Utilities	(1,779)		(1,799)		(1,815)		(1,889)		(74)	
Insurance	(400)		(400)		(388)		(426)		(38)	
Facilities Management (VF fixed costs)	(2,843)		(2,859)		(2,900)		(2,894)		6	
Finance & Legal	(90)		(87)		(83)		(90)		(7)	
IT	(375)		(357)		(344)		(375)		(31)	
Office	(57)		(49)		(52)		(50)		2	
Technical	(283)		(194)		(289)		(283)		6	
Safety/Security	(770)		(788)		(707)		(785)		(79)	
Pitch Maintenance	(111)		(184)		(113)		(147)		(33)	
LLDC Recharges	-		-		-		(210)		(210)	
Marketing & Commercial	(120)		(67)		(123)		(120)		2	
TOTAL OVERHEADS	(8,967)		(8,667)		(8,776)		(9,832)		(1,056)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,140)		(7,364)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,833)		642	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,126)		(870)	
Extraordinary Costs	(50)		(50)		-		(50)		(50)	
IT Migration/New Finance System	(50)		(50)		-		(50)		(50)	
EBITDA	(637)		(431)		(256)		(1,176)		(920)	

From: [Ash Sharma](#)
To: [Richard Irish](#)
Cc: [Gerry Murphy](#)
Subject: LS185 2020-21 Budget Draft
Date: 01 April 2020 09:19:17
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[image012.png](#)
[2020-21 Budget Draft v4.xlsx](#)
[Item X E20 Board 2020-21 LS185 Budget DRAFT v2.docx](#)

Hi Richard,

Please find attached the excel file for my numbers, it may be helpful to talk through to ensure our numbers are consistent.

Please also find attached the Board budget paper.

I need to append (appendix 3) the staff organisation chart which I am currently working on and will have ready today.

Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

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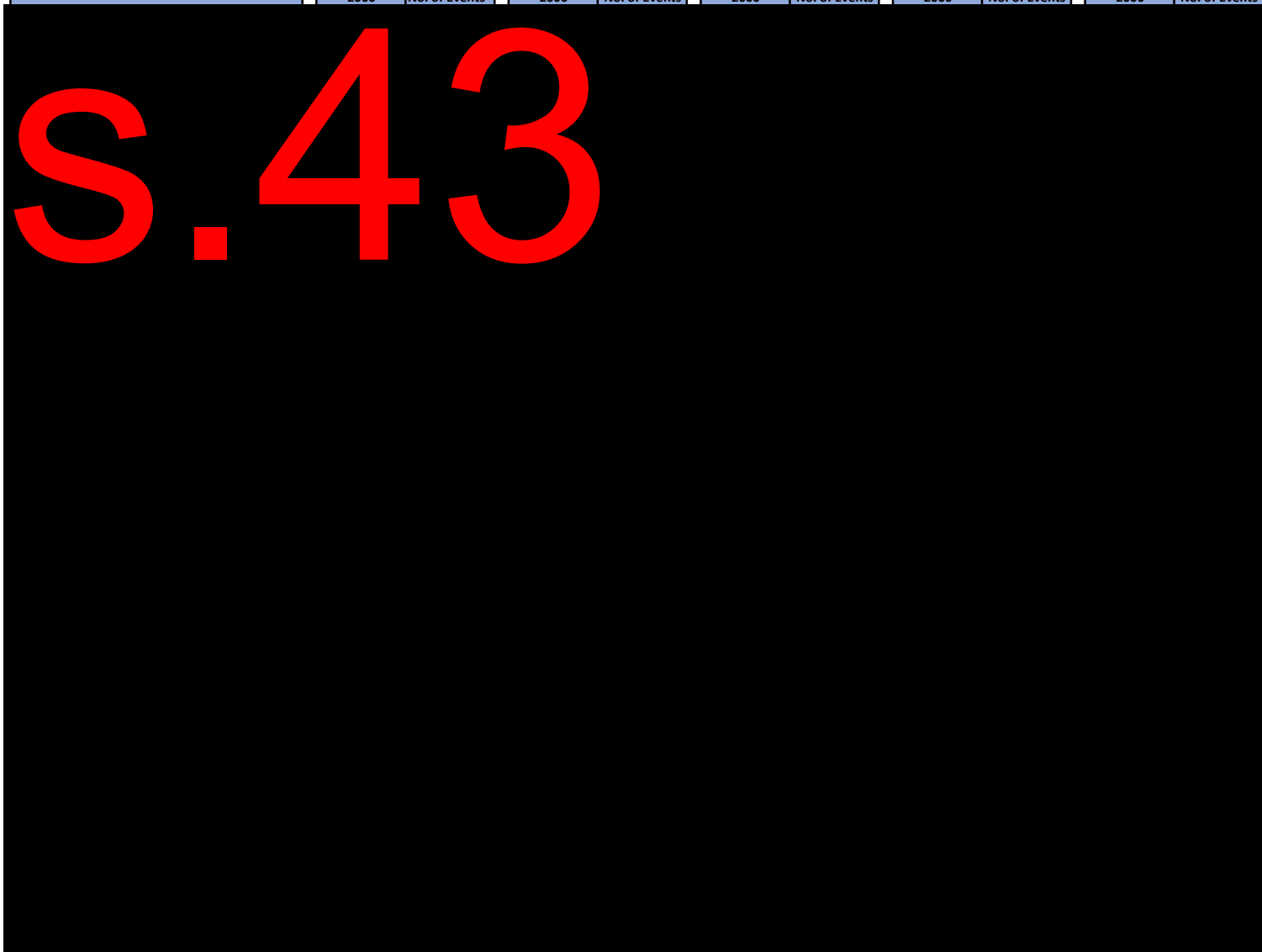
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	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Net Event Revenue										
Net Other Income										
Fixed Revenue	7,256		7,121		7,278		7,278		(1)	
Rechargeable Revenue	721		821		694		7,108		6,414	
TOTAL NET REVENUE	10,587		10,474		11,995		17,850		5,854	
Seat Move Costs	-		-		-		(6,308)		(6,308)	
Overheads	(8,967)		(8,667)		(8,776)		(9,846)		(1,070)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,154)		(7,378)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,835)		640	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,139)		(884)	
Extraordinary Costs	(50)		(50)		-		(50)		(50)	
EBITDA	(637)		(431)		(256)		(1,189)		(934)	

S.43

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events



OTHER INCOME										
Revenue	2,088		1,874		2,555		2,576		22	
Costs	(235)		(358)		(235)		(142)		93	
TOTAL NET OTHER INCOME	1,853		1,516		2,319		2,434		115	
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E20 Additional Fixed Costs	121		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		(0)	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,256		7,121		7,278		7,278		(1)	
RECHARGEABLE REVENUE										
NET E20	681		779		694		7,108		6,414	
NET WHU	20		45		-		-		-	
NET DNC	-		(0)		-		-		-	
NET OTHER	20		(2)		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	721		821		694		7,108		6,414	
TOTAL NET REVENUE	10,587		10,474		11,995		17,850		5,854	
SEAT MOVE COSTS										
Seat Moves	-		-		-		(6,000)		(6,000)	
Seat Maintenance	-		-		-		(308)		(308)	
TOTAL SEAT MOVE COSTS	-		-		-		(6,308)		(6,308)	
OVERHEADS										
Staffing	(2,139)		(1,883)		(1,964)		(2,563)		(600)	
Utilities	(1,779)		(1,799)		(1,815)		(1,903)		(88)	
Insurance	(400)		(400)		(388)		(426)		(38)	
Facilities Management (VF fixed costs)	(2,843)		(2,859)		(2,900)		(2,894)		6	
Finance & Legal	(90)		(87)		(83)		(90)		(7)	
IT	(375)		(357)		(344)		(375)		(31)	
Office	(57)		(49)		(52)		(50)		2	
Technical	(283)		(194)		(289)		(283)		6	
Safety/Security	(770)		(788)		(707)		(785)		(79)	
Pitch Maintenance	(111)		(184)		(113)		(147)		(33)	
LLDC Recharges	-		-		-		(210)		(210)	
Marketing & Commercial	(120)		(67)		(123)		(120)		2	
TOTAL OVERHEADS	(8,967)		(8,667)		(8,776)		(9,846)		(1,070)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,154)		(7,378)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,835)		640	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,139)		(884)	
Extraordinary Costs										
IT Migration/New Finance System	(50)		(50)		-		(50)		(50)	
Tax/Depreciation	-		-		-		-		-	
EBITDA	(637)		(431)		(256)		(1,189)		(934)	



Subject: LS185 2020/21 Draft Budget

Date: 7 April 2020

Report to: E20 Stadium LLP Board

Report of: Ash Sharma

Item: xxx

1. SUMMARY

1.1. This paper sets out the proposed budget for the financial year 2020/21 for London Stadium 185 Limited (LS185).

2. RECOMMENDATIONS

2.1. The Board is invited to **APPROVE** the LS185 budget for the financial year 2020/21.

3. BUDGET SUMMARY

3.1. The following table shows the LS185 2020/21 budget against the 2019/20 budget, 2019/20 Q3 forecast and the 2020/21 position as included in the Five Year Plan.

Private and Confidential – Legally Privileged

London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Net Event Revenue	7,256		7,121		7,278		7,278		(1)	
Net Other Income										
Fixed Revenue	721		821		694		7,108		6,414	
Rechargeable Revenue										
TOTAL NET REVENUE	10,587		10,474		11,995		17,850		5,854	
Seat Move Costs	-		-		-		(6,308)		(6,308)	
Overheads	(8,967)		(8,667)		(8,776)		(9,846)		(1,070)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,154)		(7,378)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)		(3,475)		(2,835)		640	
NET OPERATING DEFICIT	(587)		(381)		(256)		(1,139)		(884)	
Extraordinary Costs	(50)		(50)		-		(50)		(50)	
EBITDA	(637)		(431)		(256)		(1,189)		(934)	

s.43

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3.2. The proposed LS185 budget for 2020/21 is based upon the following key assumptions:

- *Net Event Revenue* – s.43 events, comprising:
 - s.43
 - s.43
 - s.43
 - s.43
 - Twenty-two West Ham matches providing for a net loss of £2,277k after catering income.
- *Net Other Income*:
 - Special Events/Filming from location filming, pitch hires and non-major bowl events to return s.43 a s.43 increase on the 2019/20 forecast;
 - Community Track hire expected to return a net revenue of s.43 in line with 2019/20;
 - Partnership net revenue of s.43 of which s.43 is not contracted
 - WIFI connected stadium net revenue of s.43, which includes the contracted Delaware North and Heineken revenues, leaving s.43 revenue as not contracted.
- *Fixed Revenues* – reflects the indexation against the fixed cost Vinci facilities management agreement.
- *Net Rechargeable Revenue* – includes the additional utilities cost of £800k, which is in excess of the Annual Covered Fixed Cost of £1,103k receivable from E20, and £807k London Living Wage cost for catering staff, payable to Delaware North and funded by E20.
- *Seat Move Costs previously payable by E20, are to be managed by LS185 and funded by E20, these include*:
 - No savings from the installation of the new North and South stands are assumed in the 2020/21 financial year. Full savings on transition of the new South stand are expected to be achieved in the following financial year (2021/22).
 - The decrease in seat move costs between 2019/20 and 2020/21 is driven by the exclusion of the additional seating hire required to host the Major League Baseball (MLB) in 2020 s.43 this is now budgeted directly within the event.
- *Overheads* – includes a proposed staffing structure and LLDC recharges for licensing authority, HR, Legal, Tax, Governance and IT costs and resources.
- *Extraordinary costs* – include the estimated cost of a new finance system.

3.3. Note that the proposed LS185 EBITDA budget for 2020/21 is worse by £934k against year 2 of the five year plan as previously approved by the Board – the explanations for the key movements are:

Net Event Revenues – lower by £674k

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- Lower number of concerts, s.43 in the plan;
- Lower net revenues expected from each of the two rugby events, now at s.43 for a full bowl rugby event and s.43 from a lower tier only rugby event, the plan expected two full bowl events with higher revenues.
- Higher West Ham match day costs due to higher average match costs at £275k against the lower expectation of £258k for the plan (a £17k per match difference).
- The West Ham match day catering revenue is improved at s.43 per match against the current 2019/20 forecast of s.43 per match, the costs include West Ham's catering revenue share at s.43, although please note that the incremental London Living Wage costs for catering staff are not included against the event, these are directly recharged to E20.

Net Other Income – higher by s.43

- Higher WIFI connected stadium net income from the sponsorship opportunities, and the costs are reduced by £65k as a staff post previously budgeted here has been reclassified to overheads under staffing costs.

Fixed Revenues – in line with plan

- **Reflects the indexation of Vinci FM annual maintenance agreement.**

Rechargeable Revenues – increased costs by £6,414k

- Reflects the funding for the seat move costs of £6,308k.
- Higher utility costs expected as electricity is due for renewal in May, £106k.

Overheads – increased costs by £1,070k

- Largely driven by an increase to the staffing structure by £600k.
- Higher insurance costs at £38k.
- Expected higher utility costs with the electricity renewal to be agreed from May 2020 at £88k.
- Unrealistic expectation within the plan to reduce 24/7 security costs by £79k.
- Additional pitch maintenance costs required to maintain an ageing pitch which includes improvements to the drainage capability and the inclusion of equipment servicing costs (including pitch grow lights) that were previously included within the purchase price for the first three years of the asset life at £33k.
- LLDC Recharges for licensing authority costs and corporate services not previously included at £210k

Seat Move Costs – £6,208k

- Previously budgeted by E20 now transferred to LS185 to manage.

Extraordinary Costs - £50k

- Expected cost of a new finance system, this excludes licence costs which are budgeted within overheads (finance).

4. RISKS

4.1. The key risks to the LS185 2020/21 budget are:

The impact of COVID-19 on:

- The 2020 summer scheduled events
- The completion of the 2019/20 Premier League season.

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- The management of the seat move costs with regards to events being rescheduled will need to be carefully managed to ensure costs are mitigated where possible.
- Partnership revenue not yet contracted impacted by a reduction in events.

5. E20 FIVE YEAR FORECAST

- 5.1. The E20 and LS185 five-year forecasts are being updated and will be presented to the E20 Board later in 2020.

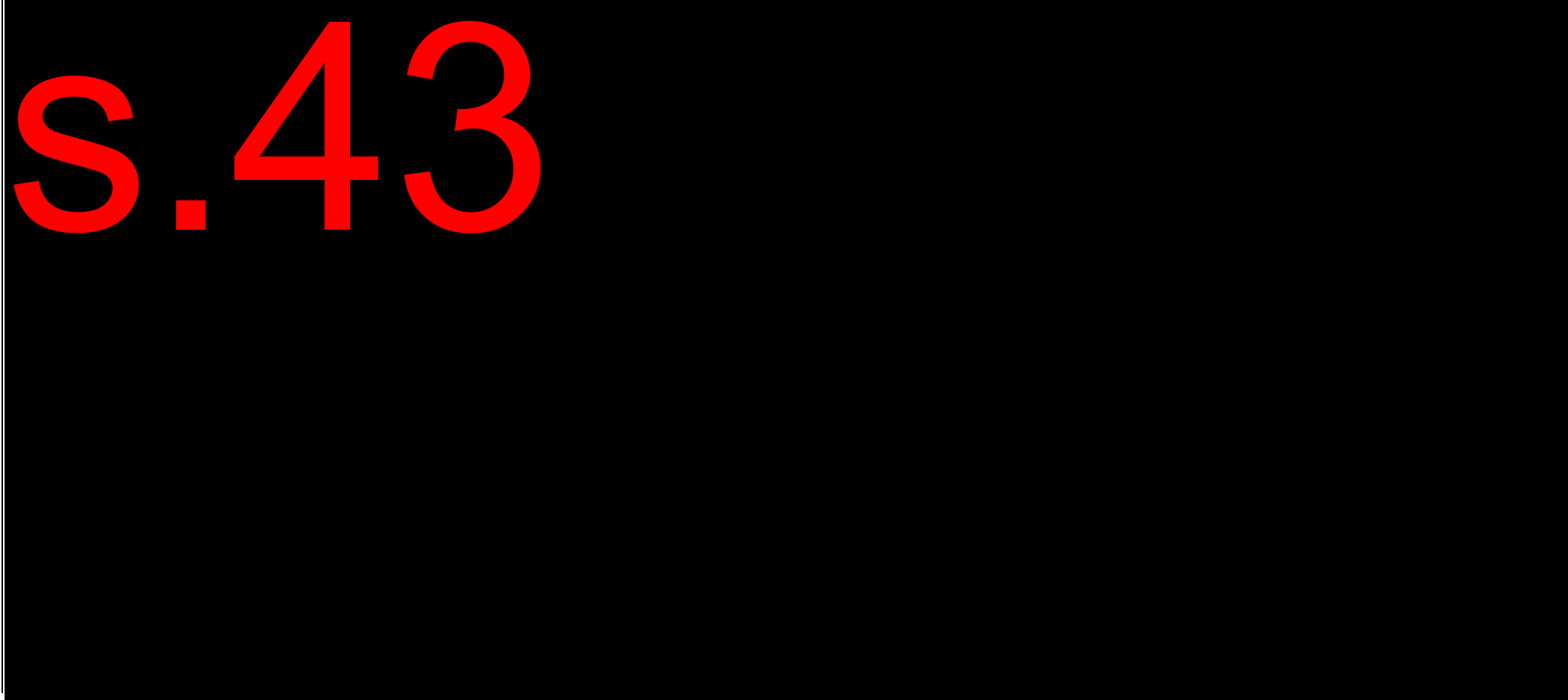
6. APPENDICES

- Appendix 1 - LS185 2019/20 Budget and Forecast, 2020/21 Plan and Budget
- Appendix 2 – WHU Match Day costs
- Appendix 3 – Staffing Organisation Chart

APPENDIX 1

NET EVENT REVENUE -£674K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events



OTHER NET INCOME +£115K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events

S.43

OTHER INCOME										
Revenue	2,088		1,874		2,555		2,576		22	
Costs	(235)		(358)		(235)		(142)		93	
TOTAL NET OTHER INCOME	1,853		1,516		2,319		2,434		115	

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FIXED REVENUE IN LINE WITH 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
FIXED REVENUE										
E20 Annual Covered Fixed Costs	7,194		7,181		7,338		7,338		(0)	
E20 Additional Fixed Costs	121		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		(0)	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,256		7,121		7,278		7,278		(1)	

RECHARGEABLE REVENUE +£6,414K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
RECHARGEABLE REVENUE										
NET E20	681		779		694		7,108		6,414	
NET WHU	20		45		-		-		-	
NET DNC	-		(0)		-		-		-	
NET OTHER	20		(2)		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	721		821		694		7,108		6,414	

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SEAT MOVE AND OVERHEAD COSTS -£7,378K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
SEAT MOVE COSTS										
Seat Moves	-		-		-		(6,000)		(6,000)	
Seat Maintenance	-		-		-		(308)		(308)	
TOTAL SEAT MOVE COSTS	-		-		-		(6,308)		(6,308)	
OVERHEADS										
Staffing	(2,139)		(1,883)		(1,964)		(2,563)		(600)	
Utilities	(1,779)		(1,799)		(1,815)		(1,903)		(88)	
Insurance	(400)		(400)		(388)		(426)		(38)	
Facilities Management (VF fixed costs)	(2,843)		(2,859)		(2,900)		(2,894)		6	
Finance & Legal	(90)		(87)		(83)		(90)		(7)	
IT	(375)		(357)		(344)		(375)		(31)	
Office	(57)		(49)		(52)		(50)		2	
Technical	(283)		(194)		(289)		(283)		6	
Safety/Security	(770)		(788)		(707)		(785)		(79)	
Pitch Maintenance	(111)		(184)		(113)		(147)		(33)	
LLDC Recharges	-		-		-		(210)		(210)	
Marketing & Commercial	(120)		(67)		(123)		(120)		2	
TOTAL OVERHEADS	(8,967)		(8,667)		(8,776)		(9,846)		(1,070)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)		(8,776)		(16,154)		(7,378)	

EXTRAORDINARY COSTS -£50K v 2020/21 PLAN

London Stadium 185 - DETAILED	FY 2019/20		FY 2019/20		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		Q3 Forecast		Plan		Budget		Variance - Budget v Plan	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Extraordinary Costs										
IT Migration/New Finance System	(50)		(50)		-		(50)		(50)	

APPENDIX 2

WEST HAM MATCH DAY COSTS FOR FINANCIAL YEAR 2020/21

S.43

APPENDIX 3

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: 2020-21 Budget COVID-19 DRAFT v4 APPENDIX.xlsx
Date: 07 April 2020 17:26:59
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[2020-21 Budget COVID-19 DRAFT v4 APPENDIX.xlsx](#)

Hi Richard,

LS185's Covid-19 Forecast attached.

Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

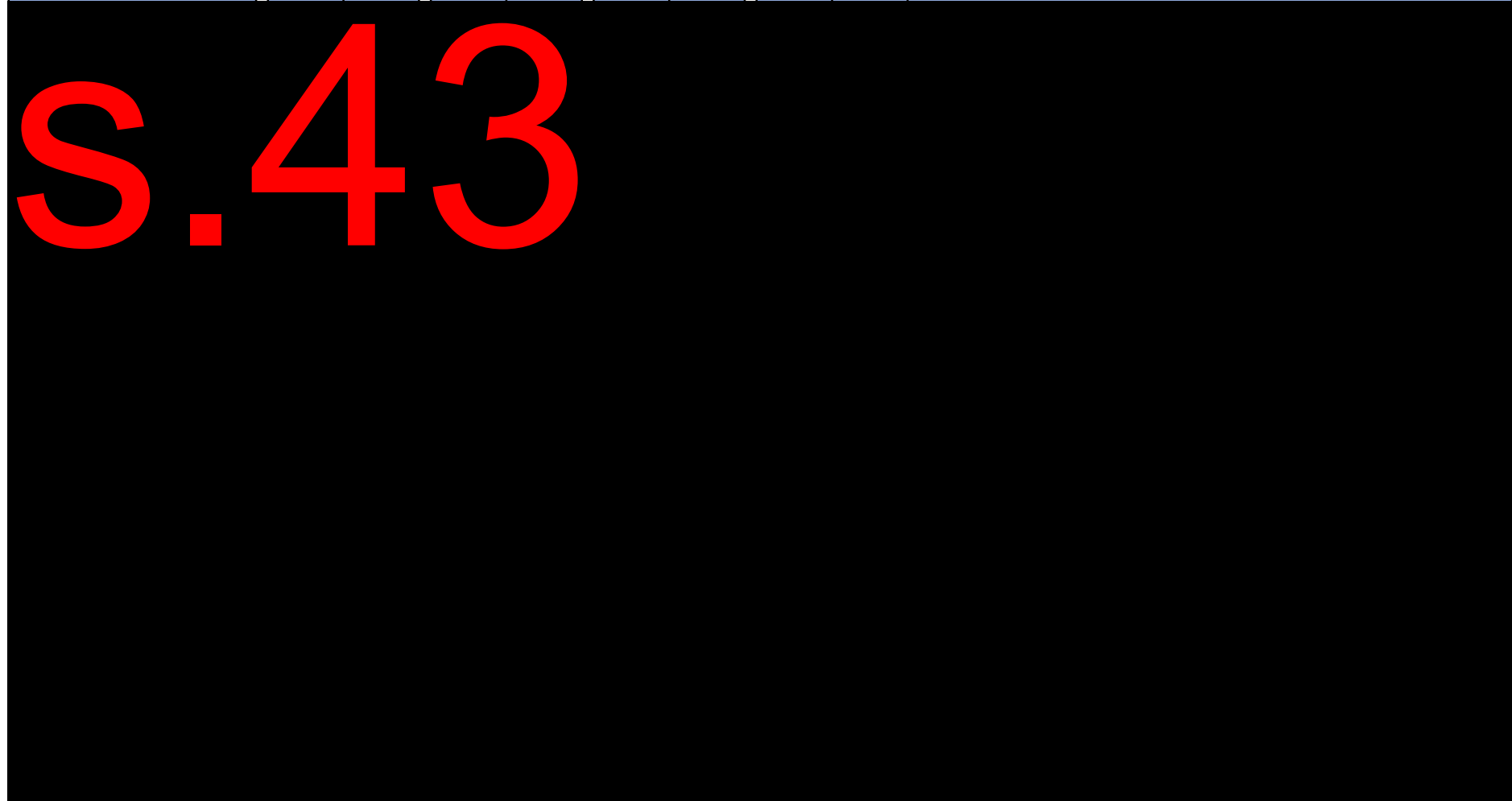
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London Stadium 185 - SUMMARY	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Explanation (C-19 assumptions)
	Budget		C-19 Forecast		Variance - C-19 v Budget		Variance - C-19 v 5 Yr Plan		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	
Net Event Revenue									
Net Other Income									
Fixed Revenue	7,278		7,278		-		(1)		Annual Fixed Costs payable by E20
Rechargeable Revenue	7,108		2,708		(4,400)		2,014		Utilities efficiencies and seats to remain in football mode with introduction of new N&S stands
TOTAL NET REVENUE	17,850		12,319		(5,530)		324		
Seat Move Costs	(6,308)		(2,008)		4,300		(2,008)		S.43
Overheads	(9,846)		(9,663)		183		(887)		Staffing recruitment to continue
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,671)		4,483		(2,895)		
Grantor Share of Net Commercial Revenue	(2,835)		(1,859)		976		1,616		
NET OPERATING DEFICIT	(1,139)		(1,211)		(71)		(955)		
Extraordinary Costs	(50)		(50)		-		(50)		Implementation of new finance system
EBITDA	(1,189)		(1,261)		(71)		(1,005)		

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Explanation (C-19 assumptions)
	Budget		C-19 Forecast		Variance - C-19 v Budget		Variance - C-19 v Plan		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	



OTHER INCOME									
Revenue	2,576		1,945		(632)		(610)		
Costs	(142)		(127)		16		109		
TOTAL NET OTHER INCOME	2,434		1,818		(616)		(501)		
FIXED REVENUE									<i>Assumed per contractual obligation</i>
E20 Annual Covered Fixed Costs	7,338		7,338		-		(0)		<i>Per agreement</i>
E20 Additional Fixed Costs	-		-		-		-		
UKA Maintenance Fee	40		40		-		(0)		<i>Per agreement to maintain the track</i>
Deferred Income Allocation to Reserve	(100)		(100)		-		-		
TOTAL FIXED REVENUE	7,278		7,278		-		(1)		
RECHARGEABLE REVENUE									<i>Assume seats remain in football mode with introduction of new stand:</i>
NET E20	7,108		2,708		(4,400)		2,014		<i>S.43</i>
NET WHU	-		-		-		-		<i>and reduced additional utilities cost expected (£0.7m)</i>
NET DNC	-		-		-		-		
NET OTHER	-		-		-		-		
TOTAL NET RECHARGEABLE REVENUE	7,108		2,708		(4,400)		2,014		
TOTAL NET REVENUE	17,850		12,319		(5,530)		324		
SEAT MOVE COSTS									<i>Assume seats remain in football mode with introduction of new N&S stand:</i>
Seat Moves	(6,000)		(1,700)		4,300		(1,700)		<i>Move costs to replace North and South seating with new stands</i>
Seat Maintenance	(308)		(308)		-		(308)		<i>annual seat maintenance to continue</i>
TOTAL SEAT MOVE COSTS	(6,308)		(2,008)		4,300		(2,008)		
OVERHEADS									
Staffing	(2,563)		(2,563)		-		(600)		<i>Staff recruited per proposed structure and no staff put into furlough as not applicable</i>
Utilities	(1,903)		(1,803)		100		12		<i>Reduction due to staff not on site till August 2020 (estimate)</i>
Insurance	(426)		(426)		-		(38)		<i>No change to insurance premium as event insurance held separately</i>
Facilities Management (VF fixed costs)	(2,894)		(2,894)		-		6		<i>Service levels maintained, with additional deep cleaning and maintenance works</i>
Finance & Legal	(90)		(90)		-		(7)		<i>No change as includes audit, payroll and recruitment fees</i>
IT	(375)		(375)		-		(31)		<i>No change to software/maintenance licences</i>
Office	(50)		(50)		-		2		<i>No change as includes office/work from home equip., mobile phone contracts, taxis and mail/couriers</i>
Technical	(283)		(200)		83		89		<i>potential for savings against reactive maintenance (estimate)</i>
Safety/Security (24/7 G4S costs)	(785)		(785)		-		(79)		<i>Service levels maintained, with additional deep cleaning and maintenance works</i>
Pitch Maintenance	(147)		(147)		-		(33)		<i>Pitch maintenance continued</i>
LLDC Recharges	(210)		(210)		-		(210)		<i>No change as recharges are a net nil group cost</i>
Marketing & Commercial	(120)		(120)		-		2		<i>No change as includes retained marketing, website services</i>
TOTAL OVERHEADS	(9,846)		(9,663)		183		(887)		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,671)		4,483		(2,895)		
Grantor Share of Net Commercial Revenue	(2,835)		(1,859)		976		1,616		<i>Reduced grantor share of NCR due to loss of summer events (MLB and concert,</i>
NET OPERATING DEFICIT	(1,139)		(1,211)		(71)		(955)		
Extraordinary Costs									
IT Migration/New Finance System	(50)		(50)		-		(50)		<i>New finance system project to continue</i>
Tax/Depreciation	-		-		-		-		
EBITDA	(1,189)		(1,261)		(71)		(1,005)		

From: Ash Sharma
To: Richard Irish; s.40
Subject: RE: London Stadium Procurement - URGENT Advice Required
Date: 09 April 2020 17:10:57
Attachments: [image015.png](#)
[image016.png](#)
[image017.png](#)
[image018.png](#)
[image019.png](#)
[image020.png](#)
[image021.png](#)
[image022.png](#)
[image023.png](#)
[image024.png](#)
[image026.png](#)

Hi Richard and s.40

Have a great long weekend!

On Tuesday, next week, it would be helpful if you could advise what letter of support could be offered s.43
[REDACTED]

Thanks

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 s.40
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: Ash Sharma
Sent: 07 April 2020 13:27
To: Richard Irish <RichardIrish@londonlegacy.co.uk>
Cc: s.40 <s.40@londonlegacy.co.uk>
Subject: FW: London Stadium Procurement - URGENT Advice Required

Hi Richard,

Following our earlier conversation, please find below the email I received from VFM, who are undertaking our procurement of electricity supplier for a 6 to 12 month deal.

The request:

"To complete this exercise and get you best value, we need to give the suppliers confidence in your structure and financial position (possibly LLDC/parent structure?) so they can overrule the previous credit checks and/or run the checks on your wider parent organisation etc to give the certainty they need to make offers and avoid security deposits if possible."

Please would you confirm the appropriate letter of comfort that may be provided to allow us to undertake the procurement and appoint a supplier in time for 1 May 2020, as after this period we will be in a deemed rate position with regards to electricity rates, which could double our cost.

I have indicated to VFM that they will receive a response from our parent co by the end of this working week (Thursday).

Best regards

Ash

|



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 s.40
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: s.40 <s.40@vincifacilities.com>
Sent: 07 April 2020 10:55
To: s.40 <s.40@londonstadium185.com>; s.40 <s.40@londonstadium185.com>; Ash Sharma <ash.sharma@londonstadium185.com>
Cc: s.40 <s.40@vincifacilities.com>
Subject: London Stadium Procurement - URGENT Advice Required

Hi s.40, s.40, Ash,

s.40 and I have just spoken and agreed I should email you all to raise this urgent issue (detailed below) so you can discuss and come back to me with your advice/further info ASAP.

s.43
[Redacted]

To complete this exercise and get you best value, we need to give the suppliers confidence in your structure and financial position (possibly LLDC/parent structure?) so they can overrule the previous credit checks and/or run the checks on your wider parent organisation etc to give the certainty they need to make offers and avoid security deposits if possible.

Time is of the essence here as there is now an added step to take, so please can you advise ASAP whether there is any further info you can give us that will support the credit checks. If so, we will move as quickly as possible to get the info out to suppliers and work with you closely to field any further enquiries from suppliers.

S.43

I look forward to hearing back from you ASAP.

Best regards,

s.40

s.40

Head of Energy & Water Management

VINCI Facilities
Millennium House
Progress Way
Denton
MANCHESTER
M34 2GP

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: RE: London Stadium Procurement - URGENT Advice Required
Date: 15 April 2020 17:50:44
Attachments: [image015.png](#)
[image016.png](#)
[image017.png](#)
[image018.png](#)
[image019.png](#)
[image020.png](#)
[image021.png](#)
[image022.png](#)
[image023.png](#)
[image024.png](#)
[image026.png](#)

Hi Richard,



Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **S.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: Ash Sharma
Sent: 07 April 2020 13:27
To: Richard Irish <RichardIrish@londonlegacy.co.uk>
Cc: **S.40** <**S.40**@londonlegacy.co.uk>
Subject: FW: London Stadium Procurement - URGENT Advice Required

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Please would you confirm the appropriate letter of comfort that may be provided to allow us to undertake the procurement and appoint a supplier in time for 1 May 2020, as after this period we will be in a deemed rate position with regards to electricity rates, which could double our cost.

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Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 s.40
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: s.40 <s.40@vincifacilities.com>
Sent: 07 April 2020 10:55
To: s.40 <s.40@londonstadium185.com>; s.40 <s.40@londonstadium185.com>; Ash Sharma <ash.sharma@londonstadium185.com>
Cc: s.40 <s.40@vincifacilities.com>
Subject: London Stadium Procurement - URGENT Advice Required

Hi s.40, s.40, Ash,

s.40 and I have just spoken and agreed I should email you all to raise this urgent issue (detailed below) so you can discuss and come back to me with your advice/further info ASAP.

s.43
[Redacted]

To complete this exercise and get you best value, we need to give the suppliers confidence in your structure and financial position (possibly LLDC/parent structure?) so they can overrule the previous credit checks and/or run the checks on your wider parent organisation etc to give the certainty they need to make offers and avoid security deposits if possible.

Time is of the essence here as there is now an added step to take, so please can you advise ASAP whether there is any further info you can give us that will support the credit checks. If so, we will move as quickly as possible to get the info out to suppliers and work with you closely to field any further enquiries from suppliers.

S.43

I look forward to hearing back from you ASAP.

Best regards,

s.40

s.40

Head of Energy & Water Management

VINCI Facilities
Millennium House
Progress Way
Denton
MANCHESTER
M34 2GP

Direct: s.40
Mobile: s.40
www.vincifacilities.com

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From: [Richard Irish](#)
To: [Ash Sharma](#)
Subject: RE: Letter of support
Date: 17 April 2020 15:26:09
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[LLDC LS185 letter of support 17.04.2020.pdf](#)

Ash – please see attached; I’ll call.

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

From: Ash Sharma [mailto:ash.sharma@londonstadium185.com]
Sent: 17 April 2020 09:33
To: Richard Irish <RichardIrish@londonlegacy.co.uk>
Subject: RE: Letter of support

Thanks Richard.



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: Richard Irish <RichardIrish@londonlegacy.co.uk>
Sent: 17 April 2020 09:32
To: Ash Sharma <ash.sharma@londonstadium185.com>
Subject: RE: Letter of support

Hi Ash – I’ve got a response; am just about to go on a call until 11:00 so will be in touch after that.

Thanks,

Richard

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

From: Ash Sharma [<mailto:ash.sharma@londonstadium185.com>]
Sent: 17 April 2020 09:29

To: Richard Irish <RichardIrish@londonlegacy.co.uk>

Subject: Letter of support

Hi Richard,

I know you are waiting on GLA's response and support to respond with an appropriate letter, and I'm sure you are chasing them, I received a chaser email (extract below) giving me a final deadline of this Monday to get the letter to potential suppliers.

Many thanks

Ash



Best regards,

s.40

s.40

*Head of Energy & Water Management
VINCI Facilities*



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
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17 April 2020

**London Legacy Development Corporation
Financial support for London Stadium 185 Limited**

To whom it may concern,

London Legacy Development Corporation (LLDC) is a Mayoral Development Corporation and a functional body of the Greater London Authority (GLA).

London Stadium 185 Limited (LS185) and E20 Stadium LLP (E20) are both part of the LLDC Group; LLDC is therefore the ultimate parent of LS185.

LLDC operates on a going concern basis and its net revenue requirements are funded by the GLA, as approved through the annual GLA statutory budgeting process.

The Mayor of London approved LLDC's 2020/21 budget in February 2020 – see [link](#); this budget includes provision to fund the operations of the London Stadium, including utility costs, for the financial year ended 2020/21.

Funding for the Stadium beyond 2020/21 is earmarked within LLDC's budget submission but will not be approved until February 2021.

I trust that this satisfies your requirements; please let me know if you require anything further.

Yours faithfully,

s.40

**Gerry Murphy
Deputy Chief Executive, LLDC**

From: [Ash Sharma](#)
To: [Gerry Murphy](#); [Richard Irish](#)
Cc: [s.40](#); [s.40](#); [Graham Gilmore](#)
Subject: Stadium Finance System Review
Date: 28 April 2020 11:01:21
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[image012.png](#)
[LS185 Finance System Review Project - April 2020 SR_AS.docx](#)
[G-Cloud - MD365BC Supplier Selection Search Results - 2020.docx](#)

Hi Gerry and Richard,

In advance of our meeting tomorrow to review and agree the options for the stadium finance system, please find attached our paper that details the options and a recommendation to implement Microsoft Dynamics 365 Business Central.

Following on from the recommendation, please also find attached confirmation of suppliers of on the G-Cloud procurement framework that are able to provide this implementation.

Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

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

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3 results found containing **business central, Office 365, ERP, CRM** in **Cloud software** in the category **Accounting and finance**

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Keyword search

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- < All categories
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Accounting and finance

- Accounts payable (1)
- Accounts receivable (1)
- Asset management (0)
- Billing and invoicing (2)
- Budgeting (0)
- Contract management (3)
- Debt collection (0)
- Enterprise resource planning (ERP) (3)
- Expense management, expense reporting (0)
- Farming and farm management (0)
- Financial compliance (0)
- Financial management (2)

Microsoft Dynamics 365 Business Central Services

Incremental Group
 Dynamics **365 Business Central** is Microsoft's all in one **business** application. Dynamics **365 Business Central** unifies **ERP** and **CRM** capabilities allowing you to run your entire **business** with intelligent applications that work seamlessly together in the cloud. Dynamics **365 Business Central** also integrates with Windows, **Office 365**, PowerBI and PowerApps.
 Cloud software G-Cloud 11

Microsoft Dynamic 365 / Business Central

Synergi Software Limited
 For organisations wishing to implement Microsoft Dynamics **365** for Customer Engagement, customer services, sales and marketing, operations, financials.
 Cloud software G-Cloud 11

TenderEyes®

Tradax Group Ltd
 TenderEyes is an end-to-end digital solution which fully supports the formal processes of tendering and contract management throughout an organisation, including those processes governed by national or supra-national legislation relating to the procurement of goods and services such as OJEU procurement guidelines in Europe.
 Cloud software G-Cloud 11

1. **Incremental Group – Awarded Membership of Microsoft Inner Circle – Top 1% of Global Partner network, one of only a few in the UK – hence highly trusted partner.**
2. **Synergi Software Ltd** – Mainly only a Silver Partner for Microsoft.
3. **Tradax Group Ltd** – Small partnership company mainly specialising in tendering software(!).

Subject: LS185 – Finance System Options Appraisal
Meeting date: 29 April 2020
Report to: Gerry Murphy, Richard Irish
Report of: Ash Sharma, Chief Financial Officer (LS185),
s.40 (LS185)

1. PURPOSE OF REPORT

- 1.1. The purpose of this paper is to seek approval on a preferred option for the delivery of a new Finance System at LS185.
- 1.2. Key points are:
- The current finance system, Sage X3, is not considered to be fit for purpose and does not have the required functionality, even at a basic level.
 - It has significant sections in French (a legacy from when LS185 were part of Vinci) and is difficult, and uneconomical, to retro-fit.
 - It is an 'on-premise' system (i.e. based on servers held at the London Stadium) and currently all data is not being backed-up – this presents a significant risk to LS185's business continuity/disaster recovery plans.

2. RECOMMENDATIONS

- 2.1. **AGREE** to the implementation of the full package of Microsoft Dynamics 365 Business Central as the recommended solution. Based on price, product features and both its 'fit' with LS185's IT architecture and superior inbuilt capabilities - which will address a large number of LS185's identified control and process weaknesses.

3. BACKGROUND

- 3.1. Sage X3 was inherited following LS185's acquisition from Vinci in 2019. As a result of the acquisition, **s.31**. The key objective at the time was recuding the impact on business continuity, particularly given the tight timescales in which the acquisition was completed.
- 3.2. Since the acquisition, the LS185 team have noted a number of issues with the Sage X3 system:
- A poorly configured Chart of Accounts (i.e. the way in which transactions are coded within the system) is severely impairing LS185's ability to produce accurate, timely and complete financial reporting;
 - Poor audit trails within this system leading to increased workload during year-end audits;
 - **s.31**
 - Increasing amount of time and resource needed to get data/check and manipulate data/produce reports;
 - Ongoing cost of server maintenance, server software license cost, resources to implement and maintain appropriate back-up software;
 - Increasing likelihood of data input errors as there are no 'business rules' (e.g. automated controls on transaction coding), impacting the above points;
 - Too many manual 'layers' of interactions within the system – tracing a transaction from a report to its original source is extremely complex; and

- General lack of 'normal' functionality that exists even in many cheaper finance systems, such as the generating, processing, posting and allocating of payment runs – this is all an entirely manual task or being able to control what is coded to which account, team or project.

4. KEY STAKEHOLDERS

4.1. Key stakeholders are identified as follows:

- Internal non-finance staff: Individuals in the business who rely on the financial system to help fulfil their job roles – e.g. budget and expenditure reports, raising purchase orders and raising sales invoices to customers.
- Internal finance staff: Individuals that administer and use the financial system on a daily basis to fulfil their job roles – they both enter data into the system and utilise data extracted from it.
- Board/Senior management: Decision-makers who rely on robust and timely financial reporting.

5. FINANCE SYSTEM REVIEW – OPTIONS

5.1. There are two possibilities to review:

- to re-engineer Sage X3 (e.g. new Chart of Accounts etc); or
- implement a new 'cloud-based' system – of which two have been identified as possible solutions – Oracle Fusion or Microsoft Dynamics 365 Business Central.

5.2. Key points of each are:

- **Sage X3** – As part of the aforementioned carve-out of Sage X3, LS185 also inherited the coding structure from Vinci, which not only has an inappropriate Chart of Accounts but also has restrictions on the coding 'dimensions' that can be used – one such limitation is a main reporting category reserved exclusively for use on French airports. It is possible to attempt to bridge some of the feature gaps that are present – however to address its shortcomings is costly and would still leave the package some way short of cheaper, more modern products. It would also still be an on-premise system, so a solution to perform regular back-ups and data storage would have to be specified and purchased in addition.
- **Oracle Fusion** – This is the system used by LLDC, which has been in place for around 3 years and, whilst Oracle offer it as a full Enterprise Resource Planning (ERP) system, LLDC only uses it for core functionality – i.e. Accounts Payable (including the purchase order processes), Accounts Receivable and General Ledger. The system has extensive financial reporting capabilities although, for simplicity, much of LLDC's reporting is Excel based using robust data downloads from the system. The upside of this option is that it is already established at (and understood by) LLDC and is available to extend to LS185.
- **Microsoft Dynamics 365 Business Central** – This system, which is also offered as a full ERP product by Microsoft, has embedded reporting functionality and includes features such as Fixed Assets, Human Resources and Project Management tools natively, as well as the added-value features like bank account feeds into the system, cash flow forecasting and late payment prediction as standard; these being additional functionality beyond the core requirements. The upside of this option is that, as a Microsoft product, it would integrate well with LS185's existing IT software (Office 365) without the need for any middleware or App integration as would be required by any other system.

5.3. Both the Oracle Fusion and Microsoft Dynamics 365 Business Central products are cloud-based solutions, which offer the following benefits:

- **Easy accessibility** – cloud-based systems can be accessed via the internet anywhere, anytime and works on any mobile device – including laptops, phones, and tablets. This is particularly useful when users desire flexibility in their schedules and work environment.
- **Automatic upgrades** – cloud-based systems receive continuous, automatic software updates whereas upgrading on-premises systems require significantly greater time and effort from the IT team.
- **Business continuity** – Data back-ups are undertaken by the provider and held securely in compliance with industry standards. This significantly reduces the risk, cost and burden of managing data-back ups (and business continuity) locally.

- **Best practice** – procuring an ‘off-the-shelf’ product within minimal tailoring to LS185 helps the finance system (and finance team therefore) to become more resilient and flexible in how it manages and produces financial information.

5.4. A new finance system will be better aligned to, and a key enabler of, the organisation’s current strategy of financial controls/process improvement. Increased functionality provided by a new system will also enable the production of more fit-for-purpose financial information for the wider organisation. Such information will allow budget holders to better administer their financial duties and achieve value for money in their work. It will also allow for a full re-design of the Chart of Accounts, which is fundamental to the success of any financial system.

5.5. A ‘do nothing’ option has been discounted on the basis that continuing without any intervention, particularly around financial reporting, is not sustainable for the LS185 finance team nor for the business to fulfil its statutory reporting duties (including annual accounts audits) and meet its stakeholders’ needs.

5.6. A summary Feature and Cost Comparison table for the identified options is attached in Appendix 1.

6. COSTS

6.1. Indicative costs are included in Appendix 1. These are either based on provided quotes or published pricing as at January 2020. Formal pricing will be sought subject to a decision being made but it is not believed that they will vary significantly from what is presented.

6.2. Clarification has been sought from LS185’s current Sage partner regarding this project but they have been reluctant to engage so timescale for any re-engineering is not yet available. With regard to an Oracle Fusion implementation Oracle themselves have been contacted and they have provided the information quoted. I have engaged with one of the largest Microsoft Dynamics 365 Business Central providers in the UK, Incremental Group (whom are also members of Microsoft’s Inner Circle – meaning they are in the top 1% of providers globally) and they have indicated that a December 2020 Go-Live would be achievable.

7. INDICATIVE TIMELINES

7.1. Potential timings for re-engineering the current Sage X3 have not been sought due to the incompatibility of the product to be cloud-based, and hence is ruled out as an option.

7.2. Indicative timelines for either an implementation of Oracle Fusion or Microsoft Dynamics 365 Business Central are included in Appendix 2 for information. Both indicate that a Go Live date by end of Q3 2020 (December) should be readily achievable.

8. CONCLUSION AND NEXT STEPS

8.1. Whilst the existing Sage X3 product is not fully redundant, it does have a number of issues that would need to be rectified in order to proceed with its use, and whilst some of these tasks will inevitably need to be performed (for any update or migration, whether onto a refreshed Sage X3 installation or any other new system) there will be time and cost savings to be gained by using a new solution instead, in addition to the enhanced functionality available. It would therefore be much cleaner to implement a more modern cloud-based product, removing the current risk of having a finance system that has poor data quality and reporting features, as well as business continuity/disaster recovery risks.

8.2. Based on features, fit and pricing it is recommended that **Microsoft Dynamics 365 Business Central** is selected as the product to be implemented. If this product is selected, the implementation of the Full Package would address at least 18 out of the 37 process and control deficiencies that were identified in November 2019 for rectification, and costs less than the Basic functions that the Oracle Fusion system provides.

9. COVID-19

9.1. Both product suppliers have indicated that despite the current pandemic this would have minimal effect on any implementation as the vast majority of any delivery is Cloud based. There are elements of implementation that would be preferable to do face-to-face, like initial discovery/workshops but these are also possible over a product such as Microsoft Teams or Zoom. Currently both have sufficient staffing levels to not adversely affect our project in our estimated timeline.

Appendix 1: ERP Product Feature and Cost Comparison Table

Main Feature		Sage X3	Microsoft Dynamics 365 Business Central	Oracle Fusion *
Accounts payable (creditors)	Basic Functions	Yes	Yes	Yes
Purchase invoicing		Yes	Yes	Yes
Requisition management		Yes	Yes	Yes
Purchase ordering and management		Yes - Basic	Yes	Yes
Direct Debit/payments handling		No	Yes	Yes
Accounts receivable (debtors)		Yes	Yes	Yes
Sales invoicing		Yes	Yes	Yes
Sales ordering and management		Yes	Yes	Yes
Budgets		No	Yes	No
General Ledger (reporting)		Yes	Yes	Yes
VAT (with Making Tax Digital)		No	Yes	Yes
Workflow		Yes	Yes	Yes
Fixed Assets		Value Added	No	Yes
Human Resources	No		Yes	No
Project Management (Timesheets, Quotes etc)	No		Yes	No - £5,701 ^{-yr}
Analysis Reporting	No		Yes	No - £1,267 ^{-yr}
OCR (Automated invoice input)	No		No - £936 ^{-yr}	No - £5,443 ^{-yr}
Late Payment Prediction	No		Yes	No
Cash Flow Forecasting	No		Yes	No
Allocations (automatic recharge facility)	No		Yes	No
Bank Account feed direct into system	No		Yes	No
Bank Reconciliation inbuilt process	No		Yes	No
Unlimited Dimensions (fully flexible reporting)	No		Yes	No
Embedded Power BI	No		Yes	No
API (process to bring data from other systems)	No		No - £1,099 ^{-yr}	No - £2,850 ^{-yr} est
<u>Indicative Basic Function Costs</u>	Implementation	90,350**	39,186	25,000
	Annual Cost	28,303	9,890	21,739
	Cost - 3 years	175,259	68,656	90,216
<u>Indicative Full Package Costs</u>	Implementation	90,350**	40,186	32,601
	Annual Cost	28,303	15,100	40,564
	Cost - 3 years	175,259	85,486	154,293

All pricing is based on an assumed total of 31 Users (6 'Full' and 25 'Basic'). In some cases the Oracle features have had to be priced based on this number of users, however the Oracle pricing conditions highlight that the cost should be based on minimum user numbers. Prices are for comparison only. Pricing source: oracle.com/uk/pricing/#managed-cloud.

* The Oracle solution shown here is as has been implemented in LLDC. Features in **blue** are shown so as to give a much nearer comparison.

Microsoft Dynamics 365 Business Central has no minimum, it is possible to register just 1 user.


** The Year 1 cost for Sage X3 includes £60k for the implementation of a new Chart of Accounts and £24k for patches, scoping and migration

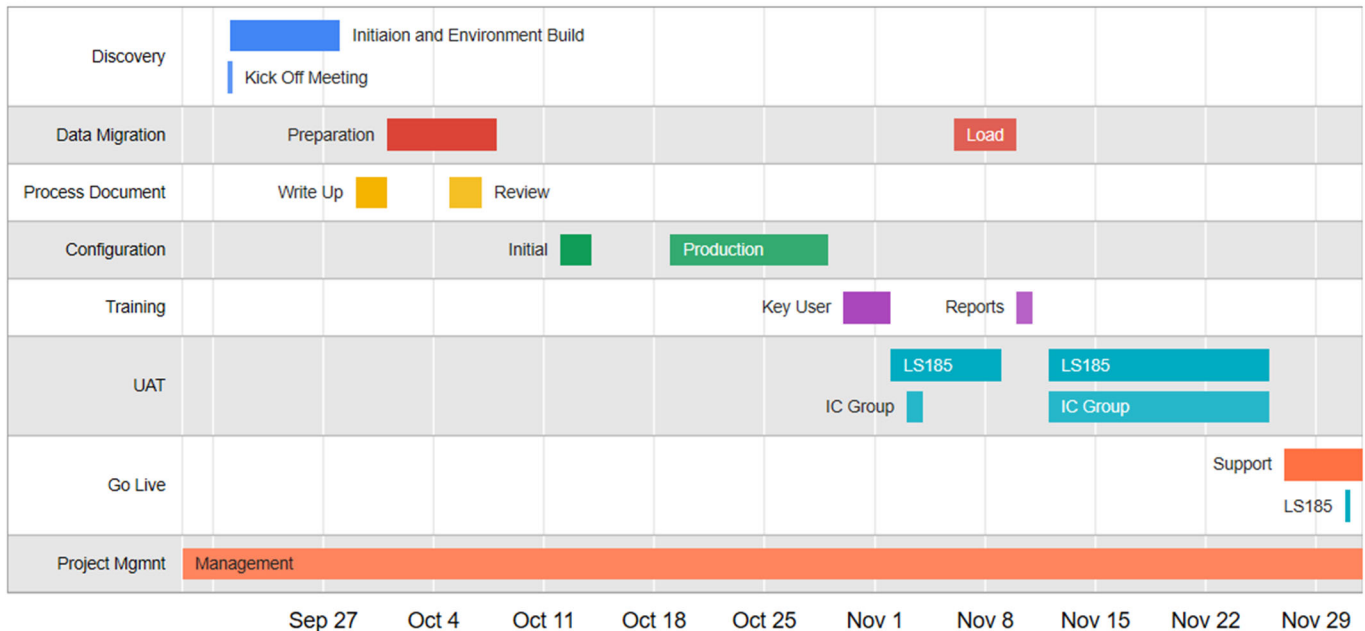
Other Product Considerations (discounting Sage X3 as unsuitable):

Consideration	Microsoft Dynamics 365 Business Central	Oracle Fusion
Fit with Office 365 Architecture	Seamless, native integration with O365 as part of same product set. Connects with Sharepoint (likely for intranet, document storage and electronic form capability). SSO too as utilises the same user account as O365.	Links to Outlook and Excel through middleware App integration, which requires IT resource set up and ongoing maintenance (user creation, certificate update, domain maintenance, SSO testing and any App updates).
Reporting Capabilities	Inbuilt reporting plus Power BI with OOTB dashboards and analytical reporting. Create drag and drop reports and inbuilt ability to produce Statutory reporting using account schedules.	Not utilised in current implementation used by LLDC – data is downloaded into Excel and manipulated from there. Priced into ‘full package’ based on estimated cost.
Support Requirement Post Go-Live	Incremental Group charge a day rate (£950) and recommend up to 1 day a month for product support, however as the CFO is a previous Dynamics user and myself and s.40 (IT) are either Microsoft trained or Super Users it is anticipated we will be able to reduce this significantly. (In light of the above 5 days support per year have already been included within the annual costs in Appendix 1).	Support from Oracle is not separately charged – it is included in yearly licence cost and cannot be deselected (nb licence cost is still £16k more per year than MD365BC despite 5 days support cost already being included).

Appendix 2: Indicative Implementation Timelines – Oracle and Business Central

Microsoft Dynamics 365 Business Central:

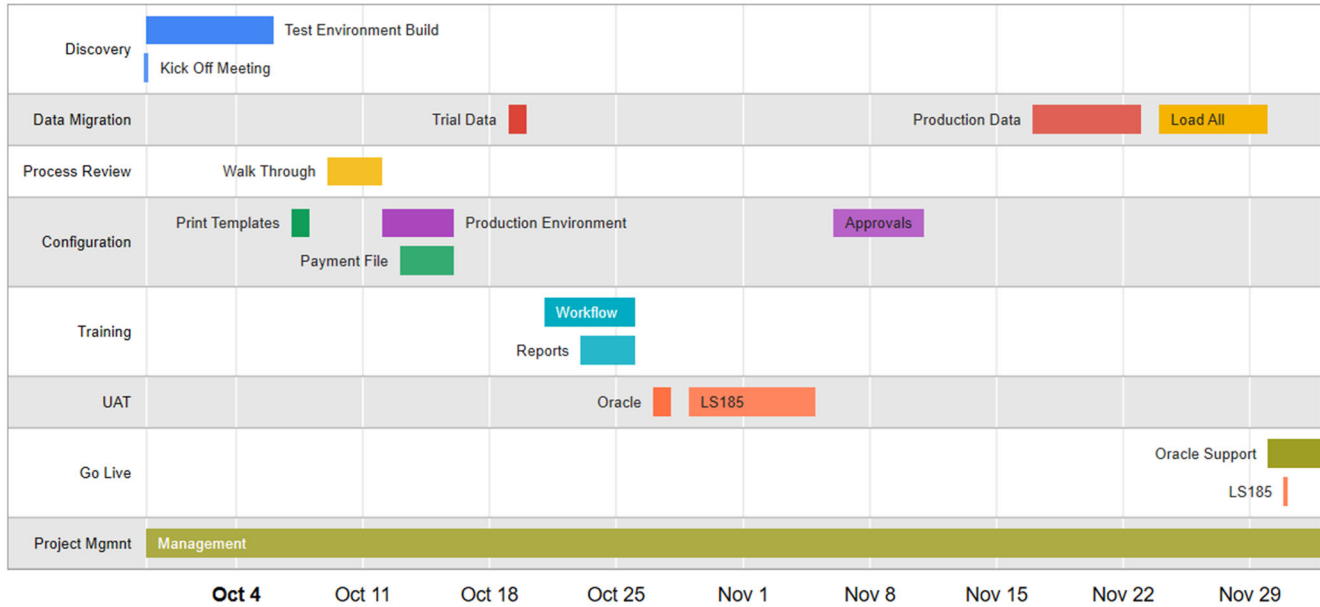
 Business Central Implementation Timeline



In total, the full product Business Central implementation would require approximately 86 days of effort, being 56 days of dedicated Partner resource and the remainder either joint resourcing with LS185 or solely LS185. This does not include a large amount of preparatory work and building of a new Chart of Accounts structure prior to the implementation.

Oracle Fusion:

Oracle Fusion Implementation Timeline



In total, a Basic Oracle Fusion implementation would require approximately 82 days of effort, being 58 days of dedicated Partner resource and the remainder either joint resourcing with LS185 or solely LS185. This does not include a large amount of preparatory work and building of a new Chart of Accounts structure prior to the implementation.

CONFIDENTIAL

From: [Ash Sharma](#)
To: [Richard Irish](#)
Cc: [Gerry Murphy](#)
Subject: 2020-21 Forecast COVID-19 - MAY 20 FINAL.xlsx
Date: 12 May 2020 16:06:02
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 - MAY 20 FINAL.xlsx](#)

Hi Richard,

As discussed earlier, please find attached the latest LS185 C-19 Forecast as presented at this month's E20 Board meeting, along with the previous C-19 Forecast and Budget that was presented at the April Board meeting.

I am working on forecast scenarios as requested by the E20 Chair, to be presented at the June Board Meeting, please send me the E20 Excel Budget file, and I will link my forecast as discussed, and also provide you with a forecast update for LLW costs for the E20 rechargeables line.

Best regards

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

020 **s.40**
ash.sharma@londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

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London Stadium 185 - SUMMARY	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Explanation (C-19 MAY20 assumptions)
	Five Year Plan		Budget		Variance - Budget v Plan		C-19 Forecast - APR20		C-19 Forecast - MAY20		Variance v C-19 APR20		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	
Net Event Revenue													
Net Other Income													
Fixed Revenue	7,278		7,278		(1)		7,278		7,278		-		Annual Fixed Costs payable by E20
Rechargeable Revenue	694		7,108		6,414		2,708		2,708		-		Utilities efficiencies and seating to remain in football mode with the introduction of new N&S stands
TOTAL NET REVENUE	11,995		17,850		5,854		12,319		12,249		(70)		
Seat Move Costs	-		(6,308)		(6,308)		(2,008)		(2,008)		-		
Overheads	(8,776)		(9,846)		(1,070)		(9,663)		(9,526)		137		Staffing recruitment for ten positions to pause until end August 2020
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(7,378)		(11,671)		(11,534)		137		
Grantor Share of Net Commercial Revenue	(3,475)		(2,835)		640		(1,859)		(1,792)		67		
NET OPERATING DEFICIT	(256)		(1,139)		(684)		(1,211)		(1,077)		134		
Extraordinary Costs	-		(50)		(50)		(50)		(50)		-		Implementation of new finance system
EBITDA	(256)		(1,189)		(934)		(1,261)		(1,127)		134		

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Explanation (C-19 assumptions)
	Plan		Budget		Variance - Budget v Plan		C-19 Forecast		C-19 Forecast - MAY20		Variance - C-19 v Budget		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	



OTHER INCOME													
Revenue	2,555		2,576		22		1,945		1,925		(20)		
Costs	(235)		(142)		93		(127)		(127)		-		
TOTAL NET OTHER INCOME	2,319		2,434		115		1,818		1,798		(20)		
FIXED REVENUE													
E20 Annual Covered Fixed Costs	7,338		7,338		(0)		7,338		7,338		-		Assumed per contractual obligation - NO CHANGE
E20 Additional Fixed Costs	-		-		-		-		-		-		Per agreement with E20
UKA Maintenance Fee	40		40		(0)		40		40		-		Per UKA agreement to maintain the track
Deferred Income Allocation to Reserve	(100)		(100)		-		(100)		(100)		-		For spend on small capital works and small fixtures and fittings renewals
TOTAL FIXED REVENUE	7,278		7,278		(1)		7,278		7,278		-		
RECHARGEABLE REVENUE													
NET E20	694		7,108		6,414		2,708		2,708		-		Assume seats remain in football mode with introduction of new stands - NO CHANGE
NET WHU	-		-		-		-		-		-		and additional utilities cost expected (£0.7m) - subject to rate for electricity agreement renewal
NET DNC	-		-		-		-		-		-		
NET OTHER	-		-		-		-		-		-		
TOTAL NET RECHARGEABLE REVENUE	694		7,108		6,414		2,708		2,708		-		
TOTAL NET REVENUE	11,995		17,850		5,854		12,319		12,249		(70)		
SEAT MOVE COSTS													
Seat Moves	-		(6,000)		(6,000)		(1,700)		(1,700)		-		Assume seats remain in football mode with introduction of new N&S stands
Seat Maintenance	-		(308)		(308)		(308)		(308)		-		Move costs to replace North and South seating with new stands
TOTAL SEAT MOVE COSTS	-		(6,308)		(6,308)		(2,008)		(2,008)		-		annual seat maintenance to continue
OVERHEADS													
Staffing	(1,964)		(2,563)		(600)		(2,563)		(2,426)		137		Delayed recruitment of nine positions per proposed structure and no staff are put into furlough.
Utilities	(1,815)		(1,903)		(88)		(1,803)		(1,803)		-		Reduction due to staff not on site till August 2020 (estimate)
Insurance	(388)		(426)		(38)		(426)		(426)		-		No change to insurance premium as event insurance held separately
Facilities Management (VF fixed costs)	(2,900)		(2,894)		6		(2,894)		(2,894)		-		Service levels maintained, with additional deep cleaning and maintenance works
Finance & Legal	(83)		(90)		(7)		(90)		(90)		-		No change as includes audit, payroll and recruitment fees
IT	(344)		(375)		(31)		(375)		(375)		-		No change to software/maintenance licences
Office	(52)		(50)		2		(50)		(50)		-		No change as includes office/work from home equip., mobile phone contracts, taxis and mail/couriers
Technical	(289)		(283)		6		(200)		(200)		-		potential for savings against reactive maintenance
Safety/Security (24/7 G45 costs)	(707)		(785)		(78)		(785)		(785)		-		Service levels maintained, with additional patrols to maintain premises security
Pitch Maintenance	(113)		(147)		(33)		(147)		(147)		-		Pitch maintenance continued
LIDC Recharges	-		(210)		(210)		(210)		(210)		-		No change as recharges are a net nil group cost
Marketing & Commercial	(123)		(120)		3		(120)		(120)		-		No change as includes retained marketing, website services
TOTAL OVERHEADS	(8,776)		(9,846)		(1,070)		(9,663)		(9,526)		137		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(7,378)		(11,671)		(11,534)		137		
Grantor Share of Net Commercial Revenue	(3,475)		(2,835)		640		(1,859)		(1,792)		67		Reduced grantor share of NCR (95% contract) due to better informed match costs and loss of Heineken commercial bonus
NET OPERATING DEFICIT	(256)		(1,139)		(684)		(1,211)		(1,077)		134		
Extraordinary Costs													
IT Migration/New Finance System	-		(50)		(50)		(50)		(50)		-		New finance system project remains on track to deliver by Q3
Tax/Depreciation	-		-		-		-		-		-		
EBITDA	(256)		(1,189)		(934)		(1,261)		(1,127)		134		

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: FW: E20 Board - Catch up call
Date: 05 June 2020 15:41:53
Attachments: [image013.png](#)
[image014.png](#)
[image015.png](#)
[image016.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[image012.png](#)
[Covid-19 update - 3 June 2020.pdf](#)
[2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Board update paper.xlsx](#)

Excel version, and full Board update paper attached.

Thanks



From: s.40 <s.40@londonstadium185.com>
Sent: 02 June 2020 16:11
To: Nicky Dunn <nicky@s.40>; 'Shanika.Amarasekara@s.40' <Shanika.Amarasekara@s.40>; 'shanika.amara@s.40' <shanika.amara@s.40>; Keith Edelman <keith.edelman@s.40>; 'Keith G Edelman' <keith.edelman@s.40>; Gerry Murphy <GerryMurphy@londonlegacy.co.uk>; Lyn Garner <LynGarner@londonlegacy.co.uk>; Graham Gilmore <graham.gilmore@londonstadium185.com>; David Bellamy <David.Bellamy@london.gov.uk>; s.40 <s.40@londonstadium185.com>; Ed Stearns <EdStearns@londonlegacy.co.uk>; Mark Camley <MarkCamley@londonlegacy.co.uk>; Alan Skewis <alanskewis@e20stadium.com>; Ash Sharma <ash.sharma@londonstadium185.com>; s.40 <s.40@londonstadium185.com>; s.40 <s.40@londonlegacy.co.uk>
Subject: E20 Board - Catch up call

Good afternoon all,

Hope this email finds you well.

Please find attached the Covid-19 update paper ahead of the catch up call tomorrow. As the financials are quite small and hard to read on the PDF, the excel spreadsheet has also been attached.

You will also find attached a document which has been produced around behind closed doors

which will also be discussed tomorrow.

Kind regards,

s.40



s.40
EXECUTIVE ASSISTANT TO CEO

0208 s.40
s.40 @londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

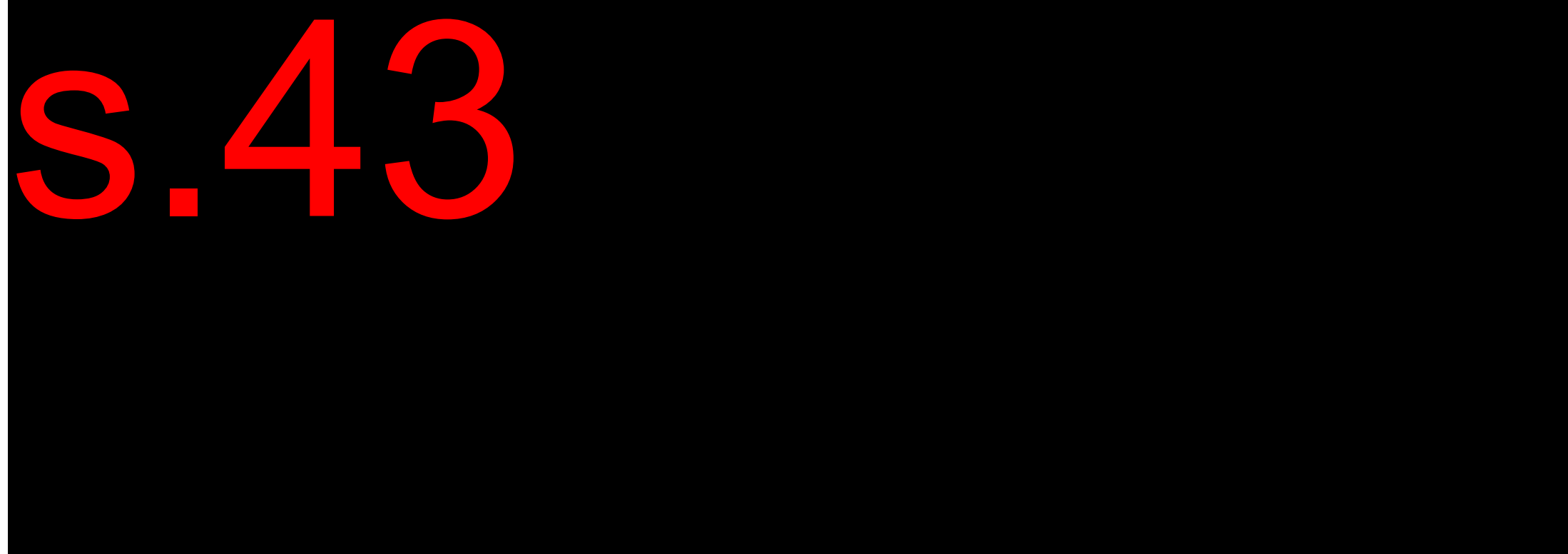
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London Stadium 185 - SUMMARY	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Scenario 4 - assumptions and variance commentary
	Budget		C-19 Forecast - MAY20		Scenario 1 No activity or events until end of financial year		Scenario 2 No activity or events until end of calendar year		Scenario 3 BCD events only until end of financial year		Scenario 4 BCD events only until end of calendar year		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	
Net Event Revenue													
Net Other Income													
Fixed Revenue	7,278		7,278		7,278		7,278		7,278		7,278		Annual Fixed Costs payable by E20 unchanged
Rechargeable Revenue	7,108		2,708		2,531		2,574		2,573		2,595		Utilities efficiencies of £213k and seating transition costs reduced as stadium remains in football mode with the introduction of new N&S stand
TOTAL NET REVENUE	17,850		12,249		12,565		11,812		14,972		13,698		
Seat Move Costs	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		
Overheads	(9,846)		(9,526)		(9,337)		(9,337)		(9,337)		(9,358)		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,534)		(11,303)		(11,345)		(11,345)		(11,366)		
Grantor Share of Net Commercial Revenue	(2,835)		(1,792)		(2,405)		(1,603)		(4,652)		(3,339)		
NET OPERATING DEFICIT	(1,139)		(1,077)		(1,143)		(1,136)		(1,025)		(1,007)		
Extraordinary Costs	(50)		(50)		(42)		(42)		(42)		(42)		Implementation of new finance system, procurement cost agreed
EBITDA	(1,189)		(1,127)		(1,185)		(1,178)		(1,067)		(1,049)		

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Scenario 4 - assumptions and variance commentary
	Budget		C-19 Forecast - MAY20		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 only until end of calendar year		
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	



OTHER INCOME													
Revenue	2,576		1,925		760		1,076		1,125		1,640		
Costs	(142)		(127)		(111)		(119)		(111)		(119)		
TOTAL NET OTHER INCOME	2,434		1,798		649		957		1,014		1,522		
FIXED REVENUE													
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		7,338		7,338		7,338		Assumed per contractual obligation - NO CHANGE
E20 Additional Fixed Costs	-		-		-		-		-		-		Per the operator agreement with E20
UKA Maintenance Fee	40		40		40		40		40		40		Per UKA agreement to maintain the track
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		(100)		(100)		For spend on small capital works and small fixtures and fittings renewal
TOTAL FIXED REVENUE	7,278		7,278		7,278		7,278		7,278		7,278		
RECHARGEABLE REVENUE													
NET E20	7,108		2,708		2,531		2,574		2,573		2,595		Assume seats remain in football mode with introduction of new stands
NET WHU	-		-		-		-		-		-		and additional utilities cost expected (£0.6m)
NET DNC	-		-		-		-		-		-		
NET OTHER	-		-		-		-		-		-		
TOTAL NET RECHARGEABLE REVENUE	7,108		2,708		2,531		2,574		2,573		2,595		
TOTAL NET REVENUE	17,850		12,249		12,565		11,812		14,972		13,698		
SEAT MOVE COSTS													
Seat Moves	(6,000)		(1,700)		(1,700)		(1,700)		(1,700)		(1,700)		Assume seats remain in football mode with introduction of new N&S stands
Seat Maintenance	(308)		(308)		(308)		(308)		(308)		(308)		Move costs to replace North and South seating with new stands
TOTAL SEAT MOVE COSTS	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		annual seat maintenance to continue
OVERHEADS													
Staffing	(2,563)		(2,426)		(2,372)		(2,372)		(2,372)		(2,372)		Savings on non-recruitment of three positions and phased recruitment for other roles
Utilities	(1,903)		(1,803)		(1,668)		(1,668)		(1,690)		(1,690)		Reduction due to lower electricity consumption due to BCD events to Dec 2020 and staff not on site till September
Insurance	(426)		(426)		(426)		(426)		(426)		(426)		No change to insurance premium as event insurance held separately
Facilities Management (VF fixed costs)	(2,894)		(2,894)		(2,894)		(2,894)		(2,894)		(2,894)		Service levels maintained, with additional deep cleaning and maintenance work
Finance & Legal	(90)		(90)		(90)		(90)		(90)		(90)		No change as includes audit, payroll and recruitment fees
IT	(375)		(375)		(375)		(375)		(375)		(375)		No change to software/maintenance licences
Office	(50)		(50)		(50)		(50)		(50)		(50)		No change as includes office/work from home equip, mobile phone contracts, taxis and mail/courier
Technical	(283)		(200)		(200)		(200)		(200)		(200)		Savings expected against reactive maintenance
Safety/Security (24/7 GAS costs)	(785)		(785)		(785)		(785)		(785)		(785)		Service levels maintained, with additional patrols to maintain premises security
Pitch Maintenance	(147)		(147)		(147)		(147)		(147)		(147)		Pitch maintenance continued
LLDC Recharges	(210)		(210)		(210)		(210)		(210)		(210)		No change as recharges are a net nil group cost
Marketing & Commercial	(120)		(120)		(120)		(120)		(120)		(120)		No change as includes retained marketing, website services
TOTAL OVERHEADS	(9,846)		(9,526)		(9,337)		(9,337)		(9,337)		(9,358)		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,534)		(11,303)		(11,345)		(11,345)		(11,366)		
Grantor Share of Net Commercial Revenue	(2,835)		(1,792)		(2,405)		(1,603)		(4,652)		(3,339)		Reduced grantor share of NCR (95% contract) due to better informed match costs and loss of Heineken commercial bonus
NET OPERATING DEFICIT	(1,139)		(1,077)		(1,143)		(1,136)		(1,025)		(1,007)		
Extraordinary Costs	(50)		(50)		(42)		(42)		(42)		(42)		New finance system project cost agreed
IT Migration/New Finance System	(50)		(50)		(42)		(42)		(42)		(42)		
Tax/Depreciation	-		-		-		-		-		-		
EBITDA	(1,189)		(1,127)		(1,185)		(1,178)		(1,067)		(1,049)		

Subject: Covid-19 Update Paper
Date: 29 May 2020
Report to: E20 Board
Report of: Graham Gilmore
Item: x

1. SUMMARY

- 1.1. This paper has been prepared as an overall update on Covid-19 and the impact this may cause. Consideration needs to be taken on the impact of the operations of the Stadium now that the Premier League have announced a resumption of matches behind closed doors. Now that MLB, Concerts and Athletes have all been cancelled or postponed, we now have a clearer indication on the impact of the Financial P&L.

2. RECOMMENDATIONS

- 2.1. To note the report

3. SAFETY, SECURITY AND COMPLIANCE

- 3.1. Covid-19 – Actions/Activity (1 May 2020 – 26 May 2020)
- Return to Domestic Competition Behind Closed Doors (BCD) plans have prepared including hygiene protocols, infection control measures, signage and revised workforce entrance plan. BCD Premier League will commence 17 June (first fixture for WHUFC 19 or 20 June 2020). Season will end 26 July 2020. Site will be locked down and staff search will include Walk Through Metal Detectors (WTMDs) or Search Wands. SAG due on 16 June. All documentation (risk assessments, Stadium Operational Plan, Staffing Dot Plan) being submitted in line with Premier League, SGSA and UK Gov guidance. Estimated up to 350 Broadcast and Media staff. Approx. s.31 [REDACTED] This figure will be subject to review after first game.
 - Return to Work Plan - Risk Assessment (all staff consulted), Operational Plan, Steward Handbook and Z info card produced for Phases 1 and 2– shared with LB Newham and WHUFC. Hazard marking plan and one-way lower ground movement plan produced.
 - Covid 19 Daily Call with Senior Management on staff wellness / key issues. Silver calls with LLDC twice weekly ended mid-May.
 - 24/7 Security monitoring stadium access and key sign out, 11 x forehead Thermometers now available ordered for 24/7 security. Twice daily handover sheets. Protective gloves for all staff delivered. Masks and visors procured for search staff. Self-declaration form updated
 - Staff Wellbeing – No major issues with health for staff or contractors – ongoing wellness communications, training opportunities and guidance.
- 3.2. Working from home – Safety and Security – Work Programme
- Senior steward team interviews x 30 to date – 55+ applications
 - Highfield online Level 3 Training for Steward supervisors – Pilot course developed
 - Ongoing discussion with Newham on BCD and Senior Staff Recruitment
 - Concert 2021 capacity recalculations

- Ingress / egress barrier procurement tender specification
- Safety Coordinator starts 26 May 2020 – other position on hold due to current situation
- Health & Safety Manager vacancy - post frozen reviewing situation
- Safeguarding training
- Egress Plan and Crowd Movement review
- s.31 [REDACTED]
- Update VenueAware manager card printing
- Review MOPAC report recommendations
- Updated Risk assessments for Grounds Team including Covid 19
- Tender Steward uniforms – 4 years old
- Update VenueAware manual and Business Process documentation
- Review Access Control - Door Systems and doors which will be tendered for supplier
- Review procurement of Thermal Image Cameras and WTMDs (Walk through metal detector)

4. LONDON STADIUM STAFF WELFARE UPDATE

4.1. CEO continues to host zoom meetings with all staff twice weekly. No specific update on the below, all just to note.

- In general, all staff s.40 [REDACTED]
- Staff s.40 [REDACTED] have the full support of the CEO and all members of the Stadium team.
- As previously reported, all staff have all equipment required to undertake their duties from PC's, monitors, desk, chairs etc. all delivered within first 2 weeks of working from home. However, now that we have gone through 12 weeks, some staff are needing more suitable equipment than temporary that was first asked for. This is minimal cost.
- We continue with exercise and social activities to keep staff morale up
- CEO continues to individually call any staff that may have personal struggles

4.2. Stadium Sickness (May 2020)

	Self-isolated –Showed symptoms	Self-isolated – No symptoms	Other sickness
LS185	s.40		
Delaware North			
Vinci Facilities			
G4S			

5. IMPACT ON SEAT TRANSITIONS AND SUMMER EVENTS

5.1. A separate note has been sent to the Board on the 2020 seat transitions. In summary:

- The 2019/2020 EPL season has been confirmed to restart from 17 June to 25 July 2020

- The 2020/2021 season is expected to start on 22 or 29 August 2020
- UKA have cancelled their July 4-5 2020 event
- Green Day have postponed their concert until 2021
- As a result of the cancellations the scope of seat transitions has reduced – there is no need to move the West or East stands for 2020 events. This reduces seat transition costs by c.£2m.
- The new North and South stands will be ready for install in early July 2020, and the intention remains to install the stands from that date. The first items have arrived on site and are being stored on the stadium island ahead of installation.
- More detailed information on the method and costs for North and South stand transition has been developed. Subject to an appropriate price being secured from the seating contractor (P7) there remain net savings from available from proceeding this summer rather than postponing to Summer 2021.
- A phased seat transition is proceeding to ensure the works are Covid 19 compliant and cost effective.
- A separate note to board last week sets out a three phased approach to removal and install. This remains the plan, although the first phase has been postponed until July for the following reasons:
 - WHU objected to the removal of the bridges and gangways, citing concerns over broadcast camera angles. This objection alone is not sufficient to stop phase 1 proceeding. However, doing so while a WHU objection was live increased the risk of legal conflict and WHU using the removal to try to justify a lower Usage Fee for the period.
 - There was insufficient time to resolve the issues with WHU and proceed before the first Premier League match on 20 June 2020.
 - If the issues are resolved, Phase 1 work will start ahead of the Phase 2 removal. A sufficient 10-day window exists between WHU matches on 15 July and 25 July. Any broadcast / camera angle issues raised by WHU will be known by then.
 - At the time of decision, the P7 price for phase 1 was above expectations. Work in underway to reduce that price.
 - The 4-week close season between 25 July and 22 August should be sufficient to deliver all three phases if necessary. WHU have been told that there is a risk that the install may not be completed before the first match on the 2020/21 season is played. In practical terms this is not a significant issue as the matches will still be behind closed doors

5.2. Pitch Surround

- A saving has been identified on the removal and install of the East and West stand claret pitch surround. As there are no events in 2020/21 the claret pitch surround can remain in place.
- The costs of annual removal and install are included in the deed of variation with WHU. The agreed increase is included in the revised Usage Fee, and WHU have no right to any reduction in the fee if we do not have to remove and install it. The saving is c.£40K

5.3. Stadium Capital Improvements and Lifecycle Projects

A review of all 2020/21 stadium capital projects is being undertaken in light of Covid19. The focus of the review is to identify:

- Works which have to take place ahead of behind closed doors events. £50k of the £100k in the capital budget for in-year Health & Safety has been earmarked to ensure the venue can stage safe behind closed doors events. Items that will be required include s.31; deployment of additional fencing to lock down the island
- The impact of Covid19 on the ability to deliver the works. In many cases the fact there are no events / only behind closed door events in the stadium makes project delivery more efficient and less risky. For example, changing over to new emergency phone systems when there are no events in the stadium involves less risk of a failure on event day
- Whether the works can be deferred: Where the facilities are being installed for

spectators (e.g. additional TVs on West Stand concourse) there is a strong case for deferring for a few months. In cases where there is a longer programme this is outweighed by the lack of a “stop-start” programme to accommodate events

- Whether works can be omitted.
- The review will feed into wider work on Covid19 budgeting

6. COMMERCIAL

6.1. New Partnership Pipeline (Draft and confidential) – As of 26.05.2020 (updates / new leads shown in red)

S.43

6.2. Commercial Budget 2020/21

S.43

6.3. Special Events/Filming – April

- Filming – Sector is beginning to return to work. Stadium reviewing options to retain agency to support to help market venue during lockdown process
- Pitch events –Future dates subject to decision on EPL restart and then identifying

options. s.43 [REDACTED]
[REDACTED]

- Other events - Wingfest s.43 [REDACTED] will reschedule to July 2021. Other events subject to guidance on mass gatherings and organizer's plans to reschedule.

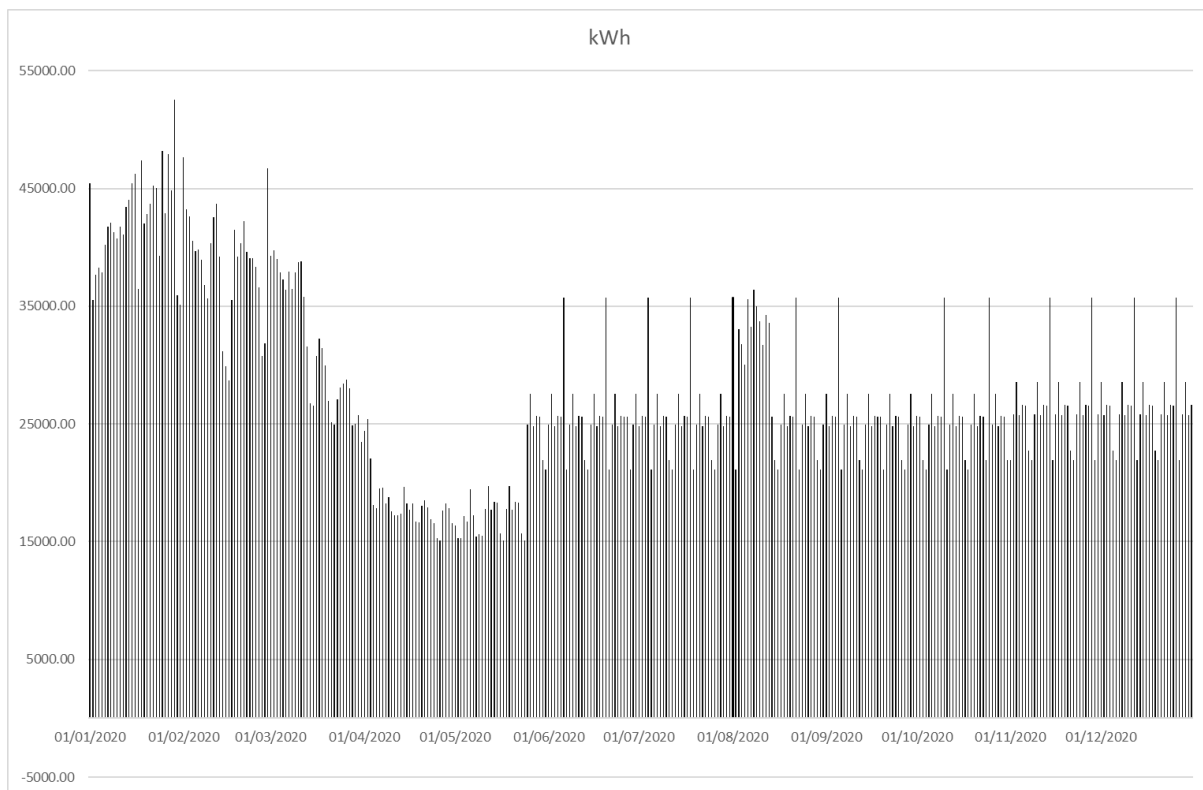
6.4. Partnerships/Advertising

- Existing partnerships - s.43 [REDACTED]
[REDACTED]
[REDACTED]
- New partnerships - new partnership pipeline remains positive, but progression is largely linked to events restarting at Stadium with fans in attendance,
- Advertising - s.43 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

6.5. Connected Stadium

- DNC/Heineken – s.43 [REDACTED]
[REDACTED]
- WHU – s.43 [REDACTED]
- Other – s.43 [REDACTED]
[REDACTED]

7. ENERGY



7.1. When reviewing the table and to help put things into context with regards to the savings we are currently making;

- On a match day our average daily consumption is 49,000 kWh

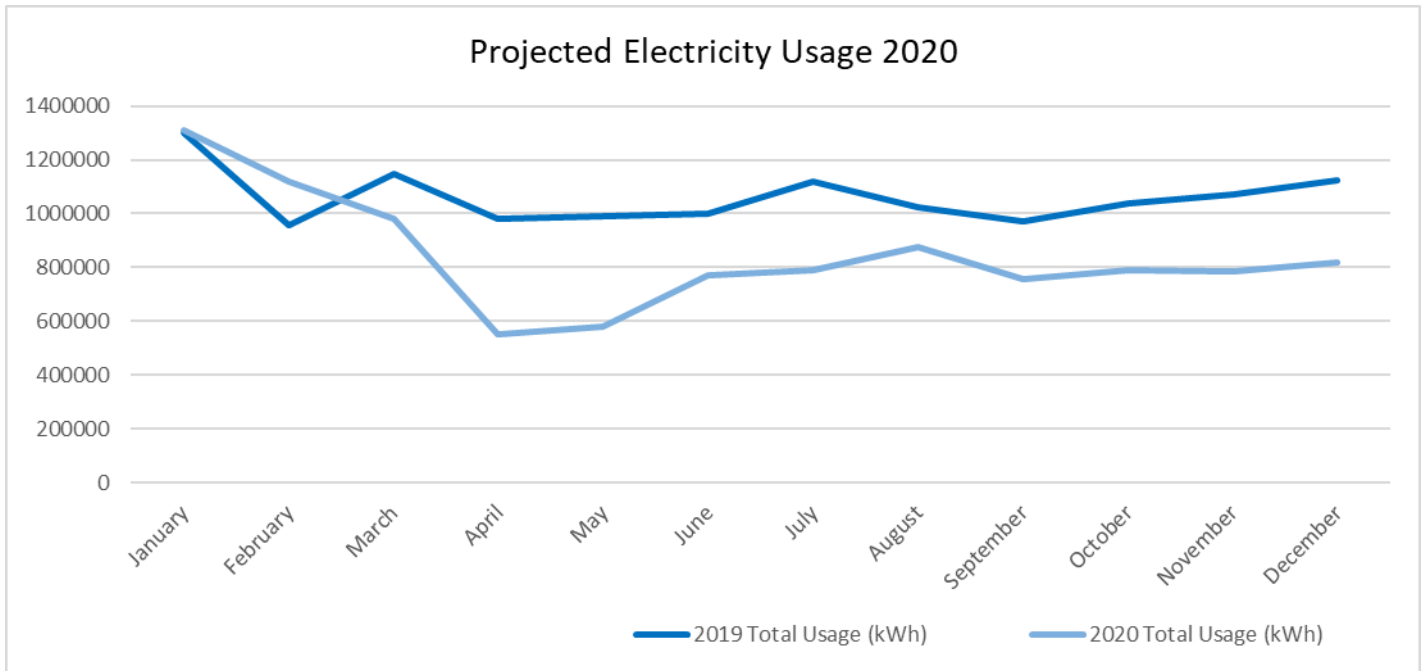
In a normal week, the average daily consumption is approximately 38,000 kWh

7.2. We are now expecting, with a phased return to increased activity at the stadium, an average daily consumption of 25,000 kWh, this is a reduction of around 30% against the normal daily consumption. The actions we have taken to reach this level are:

- The chillers have been turned off
- Plant running times have been reduced to 1 hour per day
- Toilet extract fans on the Lower Ground are running every other hour (for one hour), all other toilet extract fans are switched off.
- Lighting in non-occupied areas, where possible, has been switched off
- All TV's have been switched off
- All glass fronted fridges have been switched off.
- All walk-in fridges in hospitality and kiosks have been switched off

- All stand alone water heaters (podium toilets) have been switched off
- Plunge pools have been switched off

7.3. We continue to monitor daily usage to reduce consumption where ever possible, the current 2020 forecast against prior year is shown in the graph below –



Projected Savings

Month	2018		2019		2020		Year on Year Saving (kWh)	Savings %
	Total Usage (kWh)	Number of Events	Total Usage (kWh)	Number of Events	Total Usage (kWh)	Number of Events		
January	1,198,687.70	4.00	1,299,550.10	3.00	1,312,276.70	4.00	12,726.60	1.0%
February	1,054,431.70	1.00	958,173.00	2.00	1,121,382.60	4.00	163,209.60	17.0%
March	1,115,991.10	3.00	1,146,242.00	4.00	979,966.00	0.00	-166,276.00	-14.5%
April	939,229.00	3.00	981,756.00	3.00	576,722.48	0.00	-405,033.53	-41.3%
May	1,053,479.20	4.00	990,079.30	1.00	610,227.09	0.00	-379,852.21	-38.4%
June	994,102.10	4.00	998,303.00	4.00	809,110.47	2.00	-189,192.53	-19.0%
July	1,202,223.50	4.00	1,120,153.30	2.00	830,111.77	2.00	-290,041.53	-25.9%
August	1,094,645.40	2.00	1,025,205.00	3.00	919,797.63	2.00	-105,407.37	-10.3%
September	1,058,731.80	4.00	970,111.80	2.00	794,538.81	1.00	-175,572.99	-18.1%
October	1,087,193.00	2.00	1,037,964.30	2.00	827,947.93	2.00	-210,016.37	-20.2%
November	1,221,096.00	2.00	1,069,750.60	2.00	824,371.62	2.00	-245,378.98	-22.9%
December	1,325,123.60	3.00	1,125,399.40	2.00	859,195.30	2.00	-266,204.10	-23.7%
Grand Total	13,344,934.10	36.00	12,722,687.80	30.00	10,465,648.40	21.00	2,257,039.40	-173.68%

7.4. The reduced usage is expected to yield a £0.2m saving on electricity spend. Other utility costs have been shown in the table below for completeness.

Month	Usage (KWh)	Av Rate	Cost (£)
April	576,722	£0.143	£82,258
May	610,227	£0.119	£72,666
June	809,110	£0.119	£96,349
July	830,112	£0.119	£98,850
August	919,798	£0.119	£109,529
September	794,539	£0.119	£94,614
October	827,948	£0.119	£98,592
November	824,372	£0.119	£98,166
December	859,195	£0.119	£102,313
Jan	1,312,277	£0.119	£156,266
Feb	1,121,383	£0.119	£133,534
March	1,121,383	£0.119	£133,534
Electricity	10,607,065	£0.120	£1,276,669
Heating/Cooling			£300,000
Water			£100,000
Gas			£13,000
Total Utilities Forecast			£1,689,669
Budget			£1,903,054
Saving v Budget			£213,385

8. Finance update

8.1 Please see below the updated P&L, this incorporates a summary table, followed by a more detailed P&L.

8.2 The forecast has been updated for four specific scenarios;

- 8.2.1 Scenario 1 – No activity or events until end of financial year, this is the worse-case scenario.
- 8.2.2 Scenario 2 - No activity or events until end of calendar year, followed by open door events and activities.
- 8.2.3 Scenario 3 – BCD events only until end of financial year, with no other activities (EG tours/community track days/filming)
- 8.2.4 Scenario 4 – BCD events until end of calendar year, followed by open door events and activities

8.3 Risk against the Forecast

- s.43 [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

London Stadium 185 - SUMMARY	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		C-19 Forecast - MAY20		Scenario 1 No activity or events until end of financial year		Scenario 2 No activity or events until end of financial year		Scenario 3 BCD events only until end of financial year		Scenario 4 BCD events until end of calendar year		Variance Scenario 4 v Budget		Scenario 4 - assumptions and variance commentary	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Net Event Revenue	17,850	12,249	12,565	11,812	14,972	13,698	(4,152)									
Net Other Income	2,278	2,278	2,278	2,278	2,278	2,278	-									
Fixed Revenue	7,108	7,108	7,108	7,108	7,108	7,108	-									
Rechargeable Revenue	10,742	5,141	5,457	4,704	7,864	6,590	(4,513)									
TOTAL NET REVENUE	17,850	12,249	12,565	11,812	14,972	13,698	(4,152)									
Seat Move Costs	(6,308)	(2,008)	(2,008)	(2,008)	(2,008)	(2,008)	4,300									
Overheads	(9,846)	(9,526)	(9,295)	(9,337)	(9,337)	(9,338)	488									
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)	(11,534)	(11,303)	(11,345)	(11,345)	(11,346)	4,788									
Grantor Share of Net Commercial Revenue	(2,835)	(1,792)	(2,405)	(1,603)	(4,652)	(3,339)	(904)									
NET OPERATING DEFICIT	(1,139)	(1,077)	(1,143)	(1,136)	(1,025)	(1,007)	132									
Extraordinary Costs	(50)	(90)	(42)	(42)	(42)	(42)	8									
EBITDA	(1,189)	(1,127)	(1,185)	(1,178)	(1,067)	(1,049)	140									

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Budget		C-19 Forecast - MAY20		Scenario 1 No activity or events until end of financial year		Scenario 2 No activity or events until end of financial year		Scenario 3 BCD events only until end of financial year		Scenario 4 BCD events until end of calendar year		Variance - C-19 v Budget		Scenario 4 - assumptions and variance commentary	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events

OTHER INCOME																
Revenue	2,576	1,925	760	1,076	1,125	1,640	(996)									
Costs	(143)	(121)	(113)	(118)	(113)	(118)	24									
TOTAL NET OTHER INCOME	2,434	1,798	649	957	1,012	1,522	(912)									
FIXED REVENUE																
E20 Annual Covered Fixed Costs	7,338	7,338	7,338	7,338	7,338	7,338	-									
E30 Additional Fixed Costs	-	-	-	-	-	-	-									
UKA Maintenance Fee	40	40	40	40	40	40	-									
Deferred Income Allocation to Reserve	(100)	(100)	(100)	(100)	(100)	(100)	-									
TOTAL FIXED REVENUE	7,278	7,278	7,278	7,278	7,278	7,278	-									
RECHARGEABLE REVENUE																
NET E20	7,108	7,708	2,511	2,574	2,573	2,595	(4,513)									
NET WHU	-	-	-	-	-	-	-									
NET DNC	-	-	-	-	-	-	-									
NET OTHER	-	-	-	-	-	-	-									
TOTAL NET RECHARGEABLE REVENUE	7,108	2,708	2,531	2,574	2,573	2,595	(4,513)									
TOTAL NET REVENUE	17,850	12,249	12,565	11,812	14,972	13,698	(4,152)									
SEAT MOVE COSTS																
Seat Moves	(6,000)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	4,300									
Seat Maintenance	(308)	(308)	(308)	(308)	(308)	(308)	-									
TOTAL SEAT MOVE COSTS	(6,308)	(2,008)	(2,008)	(2,008)	(2,008)	(2,008)	4,300									
OVERHEADS																
Staffing	(2,563)	(2,426)	(2,373)	(2,373)	(2,373)	(2,373)	192									
Utilities	(1,903)	(1,813)	(1,668)	(1,668)	(1,668)	(1,668)	213									
Insurance	(426)	(426)	(426)	(426)	(426)	(426)	-									
Facilities Management (VF fixed costs)	(2,894)	(2,894)	(2,894)	(2,894)	(2,894)	(2,894)	-									
Finance & Legal	(90)	(90)	(90)	(90)	(90)	(90)	-									
IT	(375)	(375)	(375)	(375)	(375)	(375)	-									
Office	(50)	(50)	(50)	(50)	(50)	(50)	-									
Technical	(283)	(200)	(200)	(200)	(200)	(200)	83									
Safety/Security (24/7 G4S costs)	(785)	(785)	(785)	(785)	(785)	(785)	-									
Pitch Maintenance	(147)	(147)	(147)	(147)	(147)	(147)	-									
LIDC Recharges	(210)	(210)	(210)	(210)	(210)	(210)	-									
Marketing & Commercial	(120)	(120)	(120)	(120)	(120)	(120)	-									
TOTAL OVERHEADS	(9,846)	(9,526)	(9,295)	(9,337)	(9,337)	(9,338)	488									
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)	(11,534)	(11,303)	(11,345)	(11,345)	(11,346)	4,788									
Grantor Share of Net Commercial Revenue	(2,835)	(1,792)	(2,405)	(1,603)	(4,652)	(3,339)	(904)									
NET OPERATING DEFICIT	(1,139)	(1,077)	(1,143)	(1,136)	(1,025)	(1,007)	132									
Extraordinary Costs	(50)	(90)	(42)	(42)	(42)	(42)	8									
IT Migration/New Finance System	(50)	(90)	(42)	(42)	(42)	(42)	8									
Tax/Depreciation	-	-	-	-	-	-	-									
EBITDA	(1,189)	(1,127)	(1,185)	(1,178)	(1,067)	(1,049)	140									

S.43

From: [Ash Sharma](#)
To: [Richard Irish](#)
Cc: [Graham Gilmore](#); s.40; s.40
Subject: 2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Cost Savings Review Update.xlsx
Date: 12 June 2020 12:45:14
Attachments: [image002.png](#)
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[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Cost Savings Review Update.xlsx](#)

Hi Richard,

Please find attached the 20/21 cost savings review for LS185.

I will talk through the numbers on the attached workbook for our discussion at 11am.

Best regards

Ash



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CHIEF FINANCIAL OFFICER

020 s.40
ash.sharma@londonstadium185.com | www.london-stadium.com
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London Stadium 185 - SUMMARY	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Scenario 4 Cost Savings - assumptions and variance commentary		
	Budget		Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 4 Cost Savings			Variance	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events		£000	No. of Events
Net Event Revenue	7,278		7,278		7,278		7,278		7,278		7,278				
Net Other Income	7,108		7,108		7,108		7,108		7,108		7,108				
Fixed Revenue	7,108		7,108		7,108		7,108		7,108		7,108				
Rechargeable Revenue	7,108		7,108		7,108		7,108		7,108		7,108				
TOTAL NET REVENUE	17,850		12,565		11,812		14,972		13,698		13,698		(4,153)		
Seat Move Costs	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		4,300		
Overheads	(9,346)		(9,295)		(9,337)		(9,337)		(9,358)		(9,032)		814		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,303)		(11,345)		(11,345)		(11,366)		(11,040)		5,114		
Grantor Share of Net Commercial Revenue	(2,835)		(2,405)		(1,603)		(4,652)		(3,339)		(3,339)		(504)		
NET OPERATING DEFICIT	(1,139)		(1,143)		(1,136)		(1,025)		(1,007)		(681)		459		
Extraordinary Costs	(50)		(42)		(42)		(42)		(42)		(42)		8		
EBITDA	(1,189)		(1,185)		(1,178)		(1,067)		(1,049)		(723)		467		

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Scenario 4 Cost Savings - assumptions and variance commentary		
	Budget		Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 4 Cost Savings			Variance	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events		£000	No. of Events

OTHER INCOME														
Revenue	2,576		760		1,076		1,125		1,640		1,640		(936)	
Costs	(142)		(111)		(119)		(111)		(119)		(119)		24	
TOTAL NET OTHER INCOME	2,434		649		957		1,014		1,522		1,522		(912)	
FIXED REVENUE														
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		7,338		7,338		7,338		-	
E20 Additional Fixed Costs	-		-		-		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		40		40		-	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,278		7,278		7,278		7,278		7,278		7,278		-	
RECHARGEABLE REVENUE														
NET E20	7,108		2,531		2,574		2,573		2,595		2,595		(4,513)	
NET WHU	-		-		-		-		-		-		-	
NET DNC	-		-		-		-		-		-		-	
NET OTHER	-		-		-		-		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	7,108		2,531		2,574		2,573		2,595		2,595		(4,513)	
TOTAL NET REVENUE	17,850		12,565		11,812		14,972		13,698		13,698		(4,152)	
SEAT MOVE COSTS														
Seat Moves	(6,000)		(1,700)		(1,700)		(1,700)		(1,700)		(1,700)		4,300	
Seat Maintenance	(308)		(308)		(308)		(308)		(308)		(308)		-	
TOTAL SEAT MOVE COSTS	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		4,300	
OVERHEADS														
Staffing	(2,563)		(2,372)		(2,372)		(2,372)		(2,320)		(2,320)		243	
Utilities	(1,903)		(1,626)		(1,669)		(1,668)		(1,690)		(1,690)		213	
Insurance	(426)		(426)		(426)		(426)		(426)		(426)		-	
Facilities Management (VF fixed costs)	(2,894)		(2,894)		(2,894)		(2,894)		(2,644)		(2,644)		250	
Finance & Legal	(90)		(90)		(90)		(90)		(90)		(90)		-	
IT	(375)		(375)		(375)		(375)		(375)		(375)		-	
Office	(50)		(50)		(50)		(50)		(50)		(50)		-	
Technical	(283)		(200)		(200)		(200)		(200)		(200)		83	
Safety/Security (24/7 G4S costs)	(785)		(785)		(785)		(785)		(785)		(785)		-	
Pitch Maintenance	(147)		(147)		(147)		(147)		(147)		(147)		5	
LLDC Recharges	(210)		(210)		(210)		(210)		(210)		(210)		-	
Marketing & Commercial	(120)		(120)		(120)		(120)		(100)		(100)		20	
TOTAL OVERHEADS	(9,846)		(9,295)		(9,337)		(9,358)		(9,032)		(9,032)		814	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,303)		(11,345)		(11,345)		(11,366)		(11,040)		5,114	
Grantor Share of Net Commercial Revenue	(2,835)		(2,405)		(1,603)		(4,652)		(3,339)		(3,339)		(504)	
NET OPERATING DEFICIT	(1,139)		(1,143)		(1,136)		(1,025)		(1,007)		(681)		459	
Extraordinary Costs	(50)		(42)		(42)		(42)		(42)		(42)		8	
IT Migration/New Finance System	(50)		(42)		(42)		(42)		(42)		(42)		8	
Tax/Depreciation	-		-		-		-		-		-		-	
EBITDA	(1,189)		(1,185)		(1,178)		(1,067)		(1,049)		(723)		467	
E20 RECOGNISED SAVINGS FROM LS185 P&L													4,300	
LOWER RECHARGE FOR SEAT MOVES													558	
REDUCTION RECHARGE FOR LLW													213	
LOWER RECHARGE FOR UTILITIES													504	
HIGHER NCR FROM LS185													467	
LS185 REDUCTION IN DEFICIT													6,042	

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

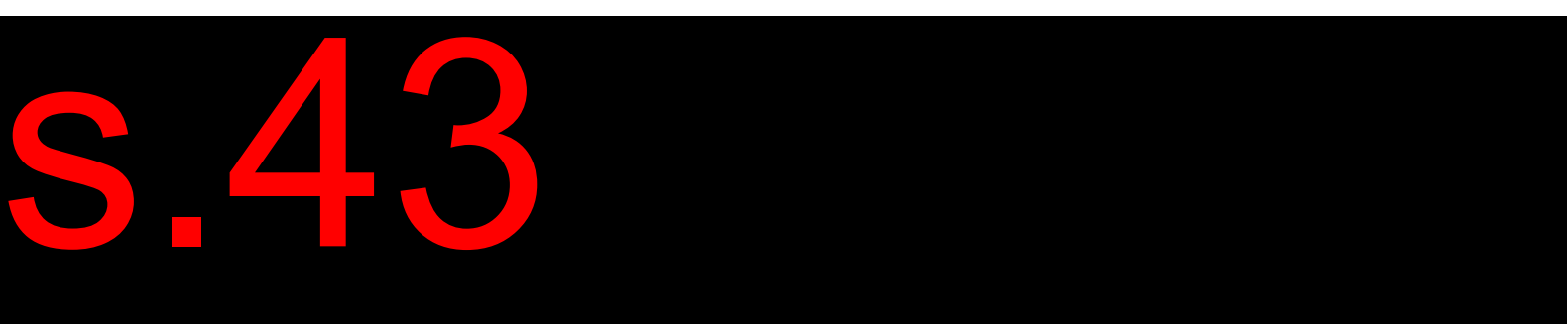
London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20	
	Budget		Q3 Forecast	
	£000	No. of Events	£000	No. of Events
Net Event Revenue				
Net Other Income				
Fixed Revenue	7,256		7,121	
Rechargeable Revenue	721		821	
TOTAL NET REVENUE	10,587		10,474	
Seat Move Costs	-		-	
Overheads	(8,967)		(8,667)	
TOTAL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



OTHER INCOME				
Revenue	2,088		1,874	
Costs	(235)		(358)	
TOTAL NET OTHER INCOME	1,853		1,516	
FIXED REVENUE				
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)	
TOTAL FIXED REVENUE	7,256		7,121	
RECHARGEABLE REVENUE				
NET E20	681		779	
NET WHU	20		45	
NET DNC	-		(0)	
NET OTHER	20		(2)	
TOTAL NET RECHARGEABLE REVENUE	721		821	
TOTAL NET REVENUE	10,587		10,474	
SEAT MOVE COSTS				
Seat Moves	-		-	
Seat Maintenance	-		-	
TOTAL SEAT MOVE COSTS	-		-	
OVERHEADS				
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)	
TOTAL OVERHEADS	(8,967)		(8,667)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)	
NET OPERATING DEFICIT	(587)		(381)	
Extraordinary Costs				
IT Migration/New Finance System	(50)		(50)	
Tax/Depreciation	-		-	
EBITDA	(637)		(431)	



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

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: FW: 2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Cost Savings Review Update.xlsx
Date: 12 June 2020 12:57:57
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[2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Cost Savings Review Update.xlsx](#)



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Sent: 12 June 2020 10:44
To: Richard Irish <RichardIrish@londonlegacy.co.uk>
Cc: Graham Gilmore <graham.gilmore@londonstadium185.com>; [s.40](#)
<[s.40](#) @londonstadium185.com>; [s.40](#)
<[s.40](#) @londonstadium185.com>
Subject: 2020-21 Forecast COVID-19 - JUN20 SCENARIOS FINAL - Cost Savings Review Update.xlsx

Hi Richard,

Please find attached the 20/21 cost savings review for LS185.

I will talk through the numbers on the attached workbook for our discussion at 11am.

Best regards

Ash



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CHIEF FINANCIAL OFFICER

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Queen Elizabeth Olympic Park, London, E20 2ST

London Stadium 185 - SUMMARY	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Scenario 4 Cost Savings - assumptions and variance commentary		
	Budget		Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 4 Cost Savings			Variance	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events		£000	No. of Events
Net Event Revenue	7,278		7,278		7,278		7,278		7,278		7,278				
Net Other Income	7,108		7,108		7,108		7,108		7,108		7,108				
Fixed Revenue	7,108		7,108		7,108		7,108		7,108		7,108				
Rechargeable Revenue	17,850		12,565		11,812		14,972		13,698		13,698		(4,513)		
TOTAL NET REVENUE	17,850		12,565		11,812		14,972		13,698		13,698		(4,513)		
Seat Move Costs	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		4,300		
Overheads	(9,346)		(9,295)		(11,345)		(11,345)		(11,346)		(11,040)		814		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,303)		(13,345)		(11,345)		(11,346)		(11,040)		5,114		
Grantor Share of Net Commercial Revenue	(2,835)		(2,405)		(1,603)		(4,652)		(3,339)		(3,339)		(504)		
NET OPERATING DEFICIT	(1,139)		(1,143)		(1,136)		(1,025)		(1,007)		(681)		459		
Extraordinary Costs	(50)		(42)		(42)		(42)		(42)		(42)		8		
EBITDA	(1,189)		(1,185)		(1,178)		(1,067)		(1,049)		(723)		467		

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		Scenario 4 Cost Savings - assumptions and variance commentary		
	Budget		Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 4 Cost Savings			Variance	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events		£000	No. of Events

OTHER INCOME														
Revenue	2,576		760		1,076		1,125		1,640		1,640		(936)	
Costs	(142)		(111)		(119)		(111)		(119)		(119)		24	
TOTAL NET OTHER INCOME	2,434		649		957		1,014		1,522		1,522		(912)	
FIXED REVENUE	7,338		7,338		7,338		7,338		7,338		7,338		-	
E20 Annual Covered Fixed Costs	-		-		-		-		-		-		-	
E20 Additional Fixed Costs	-		-		-		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		40		40		-	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		(100)		(100)		-	
TOTAL FIXED REVENUE	7,278		7,278		7,278		7,278		7,278		7,278		-	
RECHARGEABLE REVENUE	7,108		2,531		2,574		2,573		2,595		2,595		(4,513)	
NET E20	-		-		-		-		-		-		-	
NET WHU	-		-		-		-		-		-		-	
NET DNC	-		-		-		-		-		-		-	
NET OTHER	-		-		-		-		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	7,108		2,531		2,574		2,573		2,595		2,595		(4,513)	
TOTAL NET REVENUE	17,850		12,565		11,812		14,972		13,698		13,698		(4,513)	
SEAT MOVE COSTS	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		4,300	
Seat Moves	(6,000)		(1,700)		(1,700)		(1,700)		(1,700)		(1,700)		4,300	
Seat Maintenance	(308)		(308)		(308)		(308)		(308)		(308)		-	
TOTAL SEAT MOVE COSTS	(6,308)		(2,008)		(2,008)		(2,008)		(2,008)		(2,008)		4,300	
OVERHEADS	(9,846)		(9,295)		(11,345)		(11,345)		(11,346)		(11,040)		814	
Staffing	(2,563)		(2,372)		(2,372)		(2,372)		(2,372)		(2,320)		243	
Utilities	(1,903)		(1,626)		(1,669)		(1,668)		(1,690)		(1,690)		213	
Insurance	(426)		(426)		(426)		(426)		(426)		(426)		-	
Facilities Management (VF fixed costs)	(2,894)		(2,894)		(2,894)		(2,894)		(2,894)		(2,644)		250	
Finance & Legal	(90)		(90)		(90)		(90)		(90)		(90)		-	
IT	(375)		(375)		(375)		(375)		(375)		(375)		-	
Office	(50)		(50)		(50)		(50)		(50)		(50)		-	
Technical	(283)		(200)		(200)		(200)		(200)		(200)		83	
Safety/Security (24/7 G4S costs)	(785)		(785)		(785)		(785)		(785)		(785)		-	
Pitch Maintenance	(147)		(147)		(147)		(147)		(147)		(147)		5	
LLDC Recharges	(210)		(210)		(210)		(210)		(210)		(210)		-	
Marketing & Commercial	(120)		(120)		(120)		(120)		(120)		(100)		20	
TOTAL OVERHEADS	(9,846)		(9,295)		(11,345)		(11,345)		(11,346)		(11,040)		814	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,303)		(13,345)		(11,345)		(11,346)		(11,040)		5,114	
Grantor Share of Net Commercial Revenue	(2,835)		(2,405)		(1,603)		(4,652)		(3,339)		(3,339)		(504)	
NET OPERATING DEFICIT	(1,139)		(1,143)		(1,136)		(1,025)		(1,007)		(681)		459	
Extraordinary Costs	(50)		(42)		(42)		(42)		(42)		(42)		8	
IT Migration/New Finance System	(50)		(42)		(42)		(42)		(42)		(42)		8	
Tax/Depreciation	-		-		-		-		-		-		-	
EBITDA	(1,189)		(1,185)		(1,178)		(1,067)		(1,049)		(723)		467	
E20 RECOGNISED SAVINGS FROM LS185 P&L													4,300	
LOWER RECHARGE FOR SEAT MOVES													558	
REDUCTION RECHARGE FOR LLW													213	
LOWER RECHARGE FOR UTILITIES													504	
HIGHER NCR FROM LS185													467	
LS185 REDUCTION IN DEFICIT													6,042	

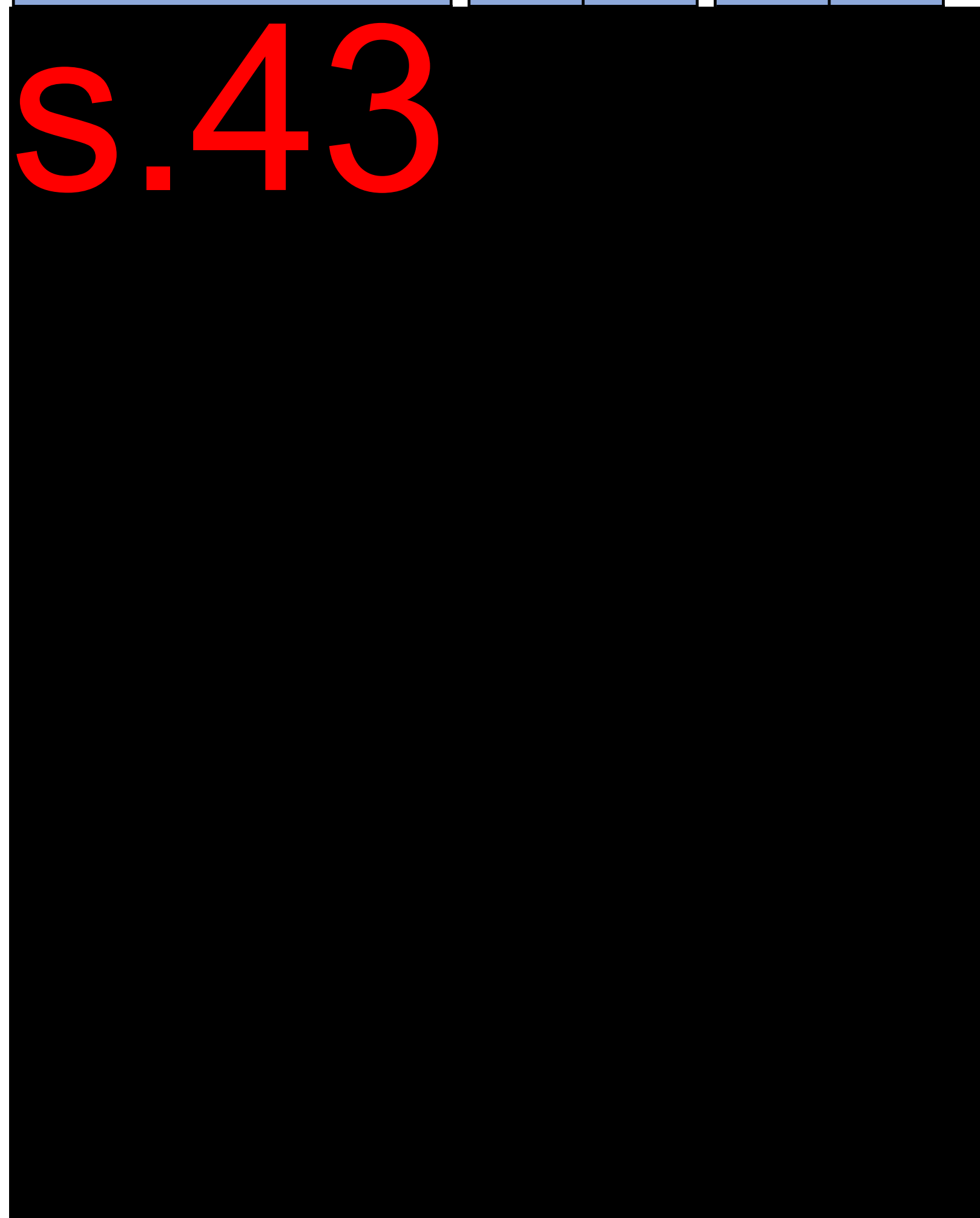
s.43

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

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



OTHER INCOME				
Revenue	2,088		1,874	
Costs	(235)		(358)	
TOTAL NET OTHER INCOME	1,853		1,516	
FIXED REVENUE				
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)	
TOTAL FIXED REVENUE	7,256		7,121	
RECHARGEABLE REVENUE				
NET E20	681		779	
NET WHU	20		45	
NET DNC	-		(0)	
NET OTHER	20		(2)	
TOTAL NET RECHARGEABLE REVENUE	721		821	
TOTAL NET REVENUE	10,587		10,474	
SEAT MOVE COSTS				
Seat Moves	-		-	
Seat Maintenance	-		-	
TOTAL SEAT MOVE COSTS	-		-	
OVERHEADS				
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)	
TOTAL OVERHEADS	(8,967)		(8,667)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)	
NET OPERATING DEFICIT	(587)		(381)	
Extraordinary Costs				
IT Migration/New Finance System	(50)		(50)	
Tax/Depreciation	-		-	
EBITDA	(637)		(431)	

S.43

Grantor Share calc. check (excludes connected stadium rev)

(2,208)

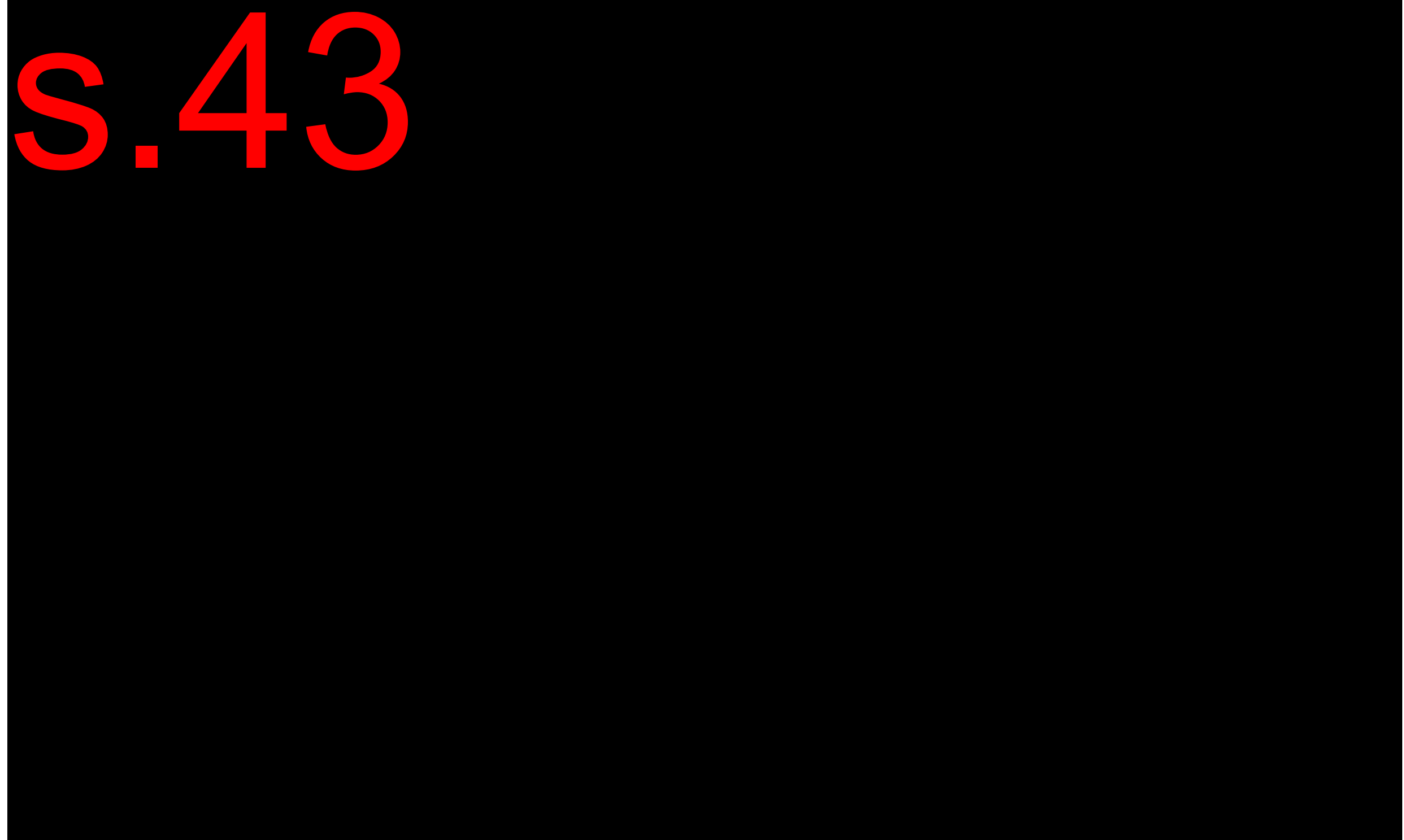
(2,188)

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

From: [Ash Sharma](#)
To: [Lyn Garner](#); [Gerry Murphy](#); [Richard Irish](#)
Cc: [Graham Gilmore](#)
Subject: Latest LS185 Forecast for review meeting
Date: 16 June 2020 16:43:47
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](#)

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”.

Further to the previous June forecast, an **additional Â£345k of cost savings** have been identified, largely **s.43** and further delayed recruitment, which provides for an overall Â£6.06m net cost reduction from LS185 against the consolidated E20 budget.

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

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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	s.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
TOTAL NET REVENUE	17,850		13,698		13,698				(4,152)		
Seat Move Costs	(6,308)		(2,008)		(2,008)		-		4,300		s.43
Overheads	(9,846)		(9,358)		(9,013)		345		833		Savings on electricity consumption, revised recruitment plan and reactive maintenance savings
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,366)		(11,021)		345		5,133		
Grantor Share of Net Commercial Revenue	(2,835)		(3,339)		(3,339)		-		(504)		
NET OPERATING DEFICIT	(1,139)		(1,007)		(662)		345		477		
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 (S4)		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	

OTHER INCOME											
Revenue	2,576		1,640		1,640		-		(936)		
Costs	(142)		(119)		(119)		-		24		
TOTAL NET OTHER INCOME	2,434		1,522		1,522				(912)		
FIXED REVENUE											
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		-		-		Assumed per contractual obligation - NO CHANGE
E20 Additional Fixed Costs	-		-		-		-		-		Per the operator agreement with E20
LKA 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
TOTAL FIXED REVENUE	7,278		7,278		7,278				-		
RECHARGEABLE REVENUE											
NET E20	7,108		2,595		2,595		-		(4,513)		Assume seats remain in football mode with introduction of new stands
NET WHU	-		-		-		-		-		and additional utilities cost expected (E0.6m)
NET DNC	-		-		-		-		-		
NET OTHER	-		-		-		-		-		
TOTAL NET RECHARGEABLE REVENUE	7,108		2,595		2,595				(4,513)		
TOTAL NET REVENUE	17,850		13,698		13,698				(4,152)		
SEAT MOVE COSTS											
Seat Moves	(6,000)		(1,700)		(1,700)		-		4,300		Assume seats remain in football mode with introduction of new N&S stands
Seat Maintenance	(308)		(308)		(308)		-		-		Move costs to replace North and South seating with new stands
TOTAL SEAT MOVE COSTS	(6,308)		(2,008)		(2,008)				4,300		annual seat maintenance to continue
OVERHEADS											
Staffing	(2,563)		(2,372)		(2,302)		70		261		Savings on non-recruitment of three positions and phased recruitment for other roles
Utilities	(1,903)		(1,690)		(1,690)		-		213		Reduction due to lower electricity consumption due to BCD events to Dec 2020 and staff not on site till September
Insurance	(426)		(426)		(426)		-		-		No change to insurance premium and event insurance held separately
Facilities Management (VF fixed costs)	(2,894)		(2,894)		(2,894)		250		250		Proposed savings from 1. Revised fixed fee for PPM, 2. LS185 assume responsibility for all lifecycle/repairs and 3. Reduced margin on reactive maintenance (By 2.5M)
Finance & Legal	(90)		(90)		(90)		-		-		No change as includes audit, payroll, recruitment fees and possible legal fees
IT	(375)		(375)		(375)		-		-		No change to software/maintenance licences
Office	(50)		(50)		(50)		-		-		No change as includes office/work from home equip., mobile phone contracts, taxis and mail/couriers
Technical	(283)		(200)		(200)		-		83		Savings expected against reactive maintenance
Safety/Security (24/7 G4S costs)	(785)		(785)		(785)		-		-		Service levels maintained, with additional patrols to maintain premises security
Pitch Maintenance	(147)		(147)		(147)		5		5		Pitch maintenance costs with savings on renovation
LLDC Recharges	(210)		(210)		(210)		-		-		No change as recharges are a net nil group cost
Marketing & Commercial	(120)		(120)		(100)		20		20		Reduction in discretionary spend, remaining spend includes retained marketing, website services
TOTAL OVERHEADS	(9,846)		(9,358)		(9,013)		345		833		
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)		(11,366)		(11,021)		345		5,133		
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
NET OPERATING DEFICIT	(1,139)		(1,007)		(662)		345		477		
Extraordinary Costs	(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	-		-		-		-		485		Overhead savings on staffing, maintenance and marketing partially offset by a reduction on connected stadium revenues
							345		6,060		

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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

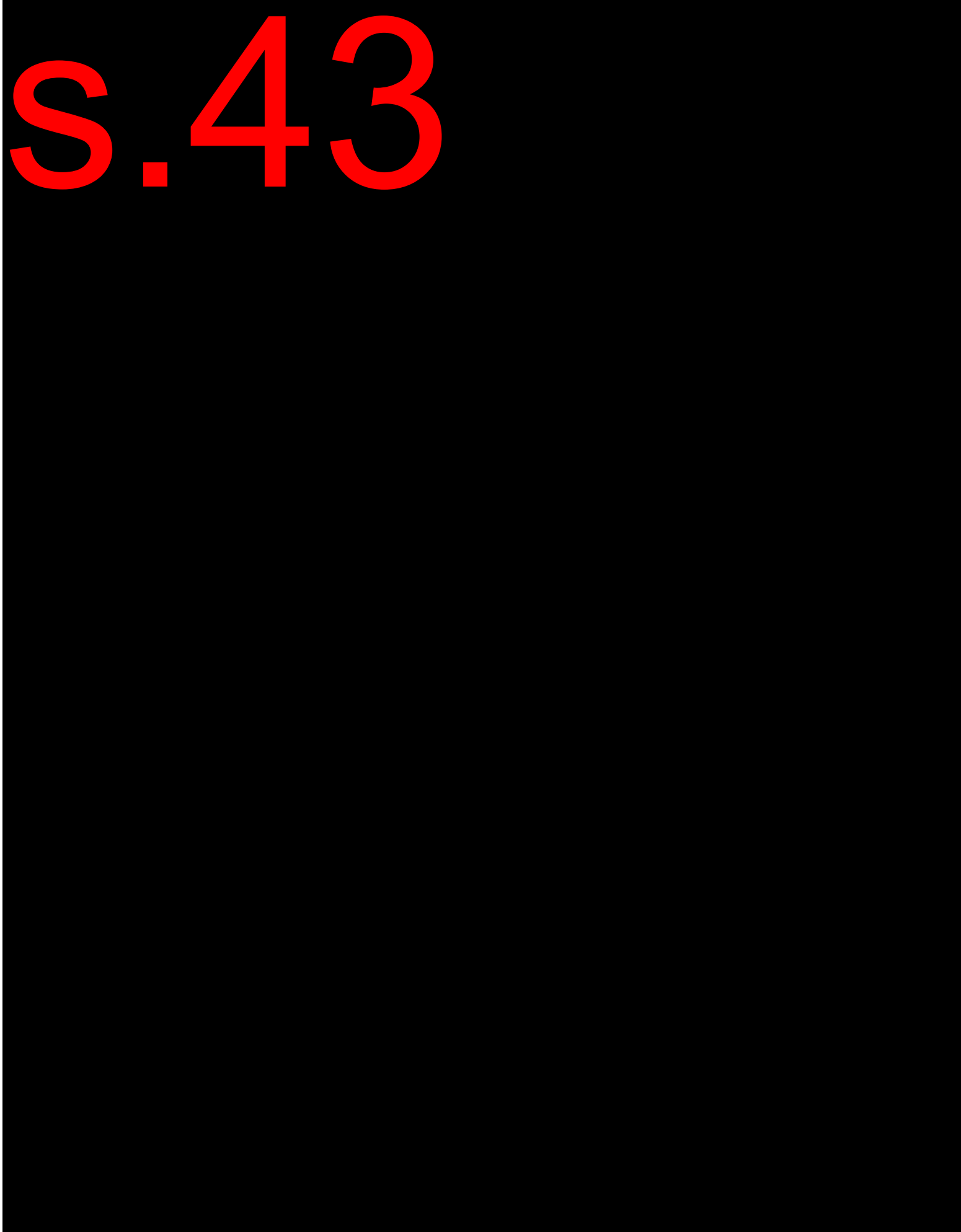
CRM Tool / Marketing S	Two Circles	£36,000.00		Contract
Content Production	Affixious	£24,000.00		Informal
Branding Projects	TBC	£20,000.00		Ad-hoc
Other	TBC	£20,000.00		Ad-hoc
				saving!
Total		£120,000.00		

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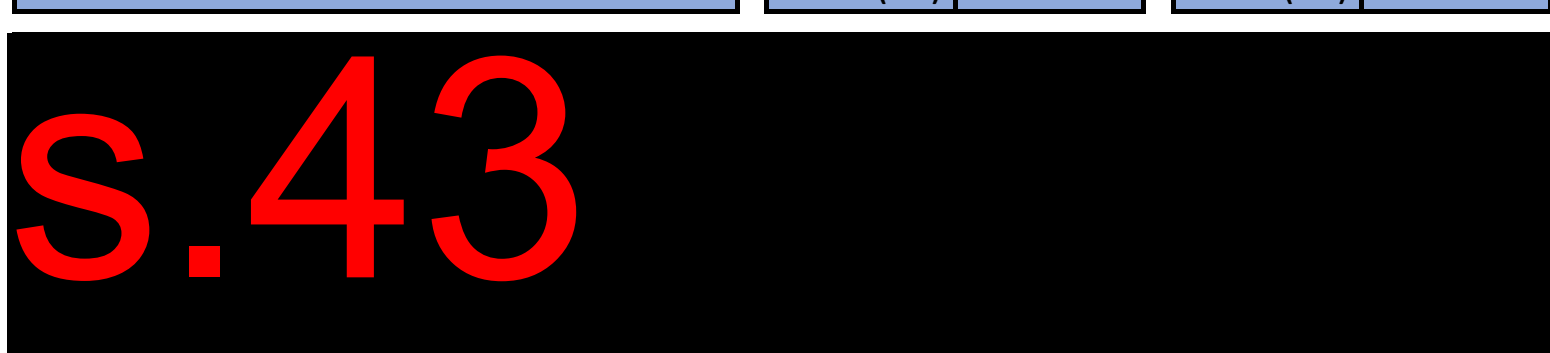
London Stadium 185 - SUMMARY	FY 2019/20		FY 2019/20	
	Budget		Q3 Forecast	
	£000	No. of Events	£000	No. of Events
Net Event Revenue				
Net Other Income				
Fixed Revenue	7,256		7,121	
Rechargeable Revenue	721		821	
TOTAL NET REVENUE	10,587		10,474	
Seat Move Costs	-		-	
Overheads	(8,967)		(8,667)	
TOTAL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



OTHER INCOME				
Revenue	2,088		1,874	
Costs	(235)		(358)	
TOTAL NET OTHER INCOME	1,853		1,516	
FIXED REVENUE				
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)	
TOTAL FIXED REVENUE	7,256		7,121	
RECHARGEABLE REVENUE				
NET E20	681		779	
NET WHU	20		45	
NET DNC	-		(0)	
NET OTHER	20		(2)	
TOTAL NET RECHARGEABLE REVENUE	721		821	
TOTAL NET REVENUE	10,587		10,474	
SEAT MOVE COSTS				
Seat Moves	-		-	
Seat Maintenance	-		-	
TOTAL SEAT MOVE COSTS	-		-	
OVERHEADS				
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)	
TOTAL OVERHEADS	(8,967)		(8,667)	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,967)		(8,667)	
Grantor Share of Net Commercial Revenue	(2,208)		(2,188)	
NET OPERATING DEFICIT	(587)		(381)	
Extraordinary Costs				
IT Migration/New Finance System	(50)		(50)	
Tax/Depreciation	-		-	
EBITDA	(637)		(431)	



From: [Richard Irish](#)
To: s.40 [redacted]; [Ash Sharma](#)
Cc: s.40 [redacted]
Subject: Updated Controls Audit Committee paper
Date: 24 June 2020 09:03:24
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[Item 18 PRIVATE DCE Update LS185 controls - 24.06.2020.docx](#)
Importance: High

Thanks s.40 [redacted], I have now been through the report – see my updated version attached.

Questions:

- s.31 [redacted]
[redacted]
- s.31 [redacted]
[redacted]
- s.31 [redacted]
[redacted]
- Can I check that the bank account reconciliations are up to date, without exception?
- Where are journal front sheets and supporting docs being saved whilst working remotely?
Network/cloud-based folder?
- We say that accounting periods are closed – is this correct?

[@Ash Sharma](#) – please can you review the draft to ensure we are reflecting matters in a way that is accurate and that you are happy to endorse.

Thanks,

Richard

Richard Irish
Finance Director
Tel: s.40 [redacted]

From: s.40 [redacted] [mailto:s.40 [redacted]@londonstadium185.com]
Sent: 23 June 2020 12:38
To: Richard Irish <RichardIrish@londonlegacy.co.uk>; Ash Sharma <ash.sharma@londonstadium185.com>
Subject: RE: Updated Controls doc (that s.40 [redacted] sent!)
Importance: High

Hi Richard (and Ash),

Thank you, I'm good thanks, I hope you and the family are too. How did drum masters go

yesterday (sorry I missed it!)

Please find attached., updated as of today.

Best regards,

s.40



s.40
FINANCIAL CONTROLS PROJECT LEAD

s.40 @londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

From: Richard Irish <RichardIrish@londonlegacy.co.uk>
Sent: 23 June 2020 11:52
To: **s.40** <**s.40** @londonstadium185.com>
Cc: Ash Sharma <ash.sharma@londonstadium185.com>
Subject: FW: Updated Controls doc (that **s.40** sent!)

Hi **s.40**

Hope that you are well.

Please can you provide the latest update on the controls paper we previously discussed (I know you sent me some items after our discussion on 22 May). I am pulling this into a draft report for the Audit Committee.

If you could get this through today that would be appreciated – let me know if that is an issue.

Thanks,

Richard

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

From: **s.40** [<mailto:s.40@londonstadium185.com>]
Sent: 21 May 2020 15:34
To: Richard Irish <RichardIrish@londonlegacy.co.uk>
Cc: Ash Sharma <ash.sharma@londonstadium185.com>
Subject: Updated Controls doc (that **s.40** sent!)

Hi Richard,

Please find attached showing the up to date position including whom has 'input' to each task and also responsibility.

Looking forward to catching up in the morning.

Best regards,

s.40



s.40
FINANCIAL CONTROLS PROJECT LEAD

s.40 @londonstadium185.com | www.london-stadium.com
Queen Elizabeth Olympic Park, London, E20 2ST

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Subject: Appendix 1 to the Deputy Chief Executive's Report: LS185
financial processes and controls update
Meeting date: 13 July 2020
Report to: Audit Committee
Report of: Richard Irish, Finance Director

The attached Appendix to Deputy Chief Executives Report will be considered in private Subject to the decision of the Audit Committee under Item 14 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).

Attached is Appendix 1 to the Deputy Chief Executive's Report – LS185 financial processes and controls update

Report originator(s): Richard Irish, Finance Director
Telephone: 020 3288 **s.40**
Email: richardirish@londonlegacy.co.uk

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Appendix 1 to the Deputy Chief Executive's Update – LS185 financial processes and controls update

This appendix provides updates to the Audit Committee on the London Stadium 185 (LS185) financial processes and controls improvement plan, which was presented to the Audit Committee at the 05 March 2020 meeting.

1 UPDATE

Background

- 1.1 Following the acquisition of London Stadium 185 Limited (LS185) in January 2019, members of the LLDC Finance Team worked alongside the LS185 Chief Financial Officer and LS185 Finance Team to understand and assess the LS185 key financial processes and controls.
- 1.2 Overall, gaps and weaknesses were identified in the financial processes and controls at LS185, which require addressing across the following areas:
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
 - s.31 [REDACTED];
- 1.1. To support LS185 in achieving the required improvements, LLDC recruited an interim resource ('Financial Controls Project Lead'). This resource formally reports to the LLDC Finance Director but works on a day-to-day basis at the London Stadium to the LS185 Chief Financial Officer.

Finance System

- 1.3 As reported to the Audit Committee in March 2020, the LS185 finance system (inherited from Vinci) is not fit-for-purpose. Since then, led the Financial Controls Project Lead, LS185 have secured the necessary approvals to implement a new cloud-based² finance system.
- 1.2. Doing so, will not only enable better coding of transactions and financial reporting by LS185 but will also address many the underlying process and control weaknesses identified in LLDC's November 2019 review (see update later in this paper).
- 1.3. The anticipated timeline for implementation of a new system will be c6 months (anticipated go-live' in December 2020 '), reflective of the inherent risks and challenges involved with any new system implementation and, furthermore, the

¹ Note that separate tax due diligence follow-up work is to be undertaken by the LLDC Group tax advisors (originally intended for Quarter 3 but timing to reviewed, subject to capacity on the LS185 Finance Team)

² Microsoft Dynamics 365 Business Central – similar to Oracle Fusion Financials used by LLDC. This is a cloud-based system and will integrate well to LS185's use of the Microsoft 365 suite of products.

other corporate priorities to be delivered by LS185 over the coming 3 to 6 months (including year-end accounts audit by EY).



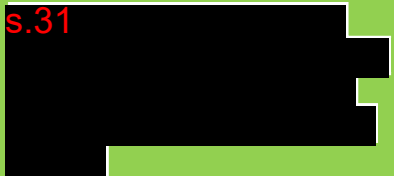

- 1.4. LLDC is involved in the new system implementation (including review of the proposed new chart of accounts and user testing) and members of the LLDC Finance Team will be trained on the new system for added resilience. Regular updates on progress will be provided to the Audit Committee.

Financial processes and controls update

- 1.4 Progress has been made against the process and control improvement areas identified in the November 2019 report. Some areas are still dependent upon enhancements that will be delivered through the new Finance System being implemented. However, where appropriate, mitigating processes/controls have been implemented to cover the interim period.
- 1.5 A full update against each of the financial process and control improvements is provided in the following table noting the progress status key below:

Complete
In progress
Not started (or still with significant risk)

Where annotated with '*' this means there are dependencies on the new Finance System.

ASSESSMENT OF KEY CONTROLS				
Supplier creation and amendment				
Expected Control	Improvement	Timescale	Status	Input/Responsibility
Adequate supporting documentation is obtained (and retained) prior to new suppliers being recorded in the finance system.	Some documentation is filed; however, improvements are required as detailed below.	N/A		
Supplier bank details are independently verified by the finance team with at least one senior officer/director from the new supplier organisation.	<ul style="list-style-type: none">   Evidence of the above check should be retained on file. 	<u>Immediate</u>	<p>Complete</p> <p>New supplier form created, which requests alternate contact details from suppliers.</p> <p></p> <p>New process implemented based upon LLDC's established process.</p> <p>New supplier bank details are now checked prior to their set-up on the system.</p>	Accounts Payable Manager and Chief Financial Officer/Financial Controls Project Lead
Suppliers are checked for validity and appropriateness. A Companies House check is performed. This guards against the risk of engaging	<ul style="list-style-type: none"> All new suppliers should be checked against Companies House records and HMRC for VAT registration details. 	<u>Immediate</u>	<p>Complete</p> <p></p>	Accounts Payable Manager/Financial Controls Project Lead

<p>with bogus or disreputable organisations; credit worthiness guards against insolvency/risk to supply.</p>	<ul style="list-style-type: none"> In addition, there should be a credit worthiness check, for example using a credit checking service such as Dun and Bradstreet. 		<p>s.31 [Redacted]</p> <p>Supplier credit checking now undertaken.</p>	
<p>Supplier details are captured in a standard form and the process for checking those details is consistent and well-defined. There are designated authorisers for approving the creation of new suppliers in the finance system.</p>	<p>s.31 [Redacted]</p> <p>Therefore:</p> <ul style="list-style-type: none"> The supplier creation process should be documented and agreed – and this should also include who can authorise the creation of new suppliers. A standard supplier form should be implemented. 	<p><u>Immediate</u></p>	<p>Complete*</p> <p>New supplier form created and implemented. s.31 [Redacted]</p>	<p>Accounts Payable Manager and Chief Financial Officer/Financial Controls Project Lead</p>
<p>Supplier bank details are recorded in the finance system, with these details checked back to the original form. These details are unable to be changed unilaterally by any one officer or there is an automated process in place to alert when changes to bank details are made.</p>	<p>The system requires authorisation of new supplier details (including bank details) entered onto the system before they are finalised. s.31 [Redacted]</p> <p>Therefore:</p> <ul style="list-style-type: none"> New supplier details should be checked back to source documentation before being approved on the finance system. A process should be implemented to perform routine checks of the supplier data held in the system. 	<p><u>Immediate</u></p>	<p>In Progress</p> <p>s.31 [Redacted]</p>	<p>Accounts Payable Manager and Chief Financial Officer/Financial Controls Project Lead</p>

	<p>s.31 [REDACTED]</p> <p>There should also be a check at the time of payment to ensure no unauthorised changes to bank details have been made.</p>			
<p>Payments are generated by the finance system, using verified bank details.</p>	<p>s.31 [REDACTED]</p> <ul style="list-style-type: none"> • s.31 [REDACTED] • s.31 [REDACTED] 	<p>1 – 3 months</p> <p><u>Immediate</u></p>	<p>Complete*</p> <p>Additional check of all payments to source documentation by Accounts Receivable Manager now introduced. s.31 [REDACTED]</p> <p>Current system cannot be enhanced in the way recommended; this is, however, capable in the Finance System being implemented.</p>	<p>Accounts Payable Manager, Accounts Receivable Manager and Chief Financial Officer/Financial Controls Project Lead</p>
Banking				
<p>Payments are approved by two different officers who both verify bank details for each payment and review the supporting</p>	<p>s.31 [REDACTED]</p>	<p>1 – 3 months</p>	<p>Complete</p> <p>s.31 [REDACTED]</p>	<p>Chief Financial Officer/Financial Controls Project Lead</p>

<p>documentation (e.g. invoices) prior to authorisation.</p>	<ul style="list-style-type: none"> • s.31 		<p>s.31</p> <p>s.31</p>	
<p>Purchase orders (and 3-way matching)</p>				
<p>There is segregation of duties – i.e. no one person should be able to raise a PO, approve a PO, raise a goods receipt and create and match an invoice.</p>	<ul style="list-style-type: none"> • There is segregation of duty in place – however, there is a member of the finance team that can input supplier details, raise Purchase Orders, raise goods receipts and match invoices. This officer cannot provide final authorisation for Purchase Orders, but their remit should be limited to ensure appropriate segregation of duties are in place. 	<p><u>Immediate</u></p>	<p>Complete*</p> <p>User rights not changed as limitation of current system is that user profiles cannot be easily amended without also removing necessary access rights.</p> <p>Mitigating controls are that this role cannot approve purchase orders, they do not prepare payment runs and have no banking approval permissions.</p>	<p>Chief Financial Officer/Financial Controls Project Lead</p>

			This will, however, be achievable in the new Finance System.	
The system will block the approval for payment of invoices that exceed the value of the matching PO value and goods receipt value.	<ul style="list-style-type: none"> s.31 [REDACTED] 	1 month	s.31 [REDACTED] s.31 [REDACTED]	Tolerance will be defined and set in new finance system. Chief Financial Officer/Financial Controls Project Lead
There is a defined scheme of delegations that determines the seniority of approval required for purchases – depending on the value and nature of each purchase.	<ul style="list-style-type: none"> A scheme of delegations should be drafted, agreed with management and implemented. 	1 – 3 months	Complete* Expenditure approval matrix in place (by position and value). Currently manual but will be automated in new Finance System.	Will be refined in new finance system. Chief Financial Officer/Financial Controls Project Lead
Once approved, a purchase order document is generated (containing relevant information and standard terms and conditions), that can be sent to suppliers.	<ul style="list-style-type: none"> There is no standard purchase order document for the company. This should be established and should include the company's key terms and conditions. 	3 – 6 months	Complete Purchase Order document is created and printed by requisitioner once approved.	Financial Accountant /Financial Controls Project Lead
Purchase orders are raised prior to instructions (to begin work, provide services or release goods) being issued to suppliers.	<ul style="list-style-type: none"> s.31 [REDACTED] 	1 – 3 months	Complete Instructions given to all staff with further dedicated reminders to those staff more	Financial Accountant and Accounts Payable Manager/Financial

	s.31		heavily involved in the Purchase Order process. Further correspondence and training will happen as part of new Finance System implementation.	Controls Project Lead
Purchase orders provide authorisation to commence with purchases and are raised to cover the known duration and value that the authorisation is required for.	<ul style="list-style-type: none"> Purchase orders are almost always raised to cover specific invoices – this is very inefficient and time-consuming. See above	1 – 3 months	Complete* Review of open purchase orders completed for year-end. Transfer of open purchase orders into the new Finance System will be minimised and further advice provided to staff as part of their training on the new system.	Probably utilising call-off orders Financial Accountant and Chief Financial Officer/Financial Controls Project Lead
Goods receipts are raised when work or services have been satisfactorily completed or when goods have been received. Where appropriate, goods receipts are raised after an invoice is received – in such circumstances where the invoice needs to be reviewed first.	<ul style="list-style-type: none"> Currently, action is taken to raise receipts after work is performed, but too often receipting is delayed until invoices are received. Goods receipts should be raised promptly to recognise costs as they are incurred and to reduce delays to payments. 	3 – 6 months	Complete Instructions given to all staff with further dedicated reminders to those staff more heavily involved in the purchase order process. Improvements noted by the LS185 Finance Team. Will be assisted by automated system notifications in the new Finance System.	Accounts Payable Manager/Financial Controls Project Lead

<p>Invoices should be sent directly to the shared finance mailbox.</p>	<p>Invoices are often sent directly to officers – which can lead to delays in payments being processed and a lack of visibility for the finance team of all the invoices that are due.</p> <ul style="list-style-type: none"> Suppliers should be instructed to send invoices directly to the finance mailbox. 	<p><u>Immediate</u></p>	<p>Complete</p> <p>Instructions given to all staff and contact made with existing suppliers. Exceptions reported at weekly team meetings and at senior executive team meetings.</p> <p>Significant improvements noted.</p>	<p>Accounts Payable Manager/Financial Controls Project Lead</p>
<p>Invoice control</p>				
<p>It is possible to review a complete listing of unpaid invoices (whether approved for payment or not).</p>	<ul style="list-style-type: none"> Linked to the item above, currently it is not possible to obtain a full creditor listing from the finance system. This should be rectified to ensure the efficient operation of accounts payable and to enable effective cash forecasting. 	<p><u>Immediate</u></p>	<p>Complete*</p> <p>Creditor position now up to date and monitored closely daily.</p> <p>Automation of aged creditor reporting limited by current system but will be enabled in the new Finance System.</p>	<p>Accounts Payable Manager/Financial Controls Project Lead</p>
<p>Where a purchase order and goods receipt is in place prior to an invoice being received, the invoice is logged and matched in the system without delay.</p>	<ul style="list-style-type: none"> In addition to managing the overall creditors position, it is essential that complete listings of invoices ready for payment can be readily accessed from the finance system. To enable this, all invoices with applicable POs and goods receipts should be matched without delay. 	<p><u>Immediate</u></p>	<p>Complete</p> <p>New Accounts Payable Manager (Interim) has helped to improve the timeliness and completeness of invoices posted/matched on the system.</p>	<p>Accounts Payable Manager/Financial Controls Project Lead</p>

<p>Payment metrics are monitored and reported.</p>	<ul style="list-style-type: none"> Metrics should be captured to show the number days elapsed between the date of each invoice and the payment date for each invoice. This enables oversight of the accounts payable function and performance can be tracked against targets to drive better performance. 	<p>1 – 3 months</p>	<p>Not yet implemented* This is not achievable within the current Finance System but will be in the new Finance System.</p>	<p>Financial Controls Project Lead/Financial Controls Project Lead</p>
<p>Once paid, invoices are automatically marked as 'paid' in the finance system to prevent duplicate payments of the same invoice.</p>	<ul style="list-style-type: none"> s.31 [REDACTED] 	<p><u>Immediate</u></p>	<p>In progress* s.31 [REDACTED] s.31 [REDACTED]</p>	<p>Accounts Payable Manager and Financial Controls Project Lead/Financial Controls Project Lead</p>
<p>Accounts receivable</p>				
<p>Customers are checked for credit worthiness and appropriateness prior to commitments being made and prior to being set up within the finance system.</p>	<p>Standard details should be requested from new customers. This should include:</p> <ul style="list-style-type: none"> Registered and trading names Address Company registration number (if applicable) VAT registration number (if applicable) 	<p><u>Immediate</u></p>	<p>Complete New customer form captures the standard details. Customer credit checking now being undertaken.</p>	<p>Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead</p>

	<p>These details should be used to perform a credit check with a credit agency.</p> <p>The results of this check will inform whether to proceed with the engagement with the customer.</p>			
Appropriate arrangements are put in place for customers with poor credit ratings (e.g. demand payment in advance).	<ul style="list-style-type: none"> The credit check above should inform the credit terms given to each customer (e.g. payment in advance or instalments). 	<u>Immediate</u>	Complete Customer credit checking now being undertaken.	Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead
The process for making requests to raise sales invoices is well-defined and a standard form is used. This request should be filed following processing.	<ul style="list-style-type: none"> A standard sales invoice request form should be introduced with all future sales requests utilising this method. This will ensure that complete and accurate records are kept and can be accessed by any member of the team. 	<u>Immediate</u>	Complete Implemented. Standard sales invoice request form in use; requests are rejected by the Finance Team if the form is not used.	Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead
Each sales invoice request includes details of the amount of the sale, the description, the ledger coding and customer contact.	<ul style="list-style-type: none"> The above sales invoice request form should include all the relevant details required to generate the sales invoice and successfully realise cash from that sale thereafter. The finance team will then determine the VAT treatment for the invoice. 	<u>Immediate</u>	Complete As above.	Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead
Each sales invoice request or supported by a signed contract, customer purchase order or similar documentation – recharges need full backup	<ul style="list-style-type: none"> Backing documentation is essential for every sales invoice as this facilitates the resolution of queries from customers and supports the debt collection process. 	<u>Immediate</u>	Complete Supporting documentation is attached to form – e.g. extract from agreements.	Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead

<p>Sales invoices are sent to the customer by the finance team.</p>	<ul style="list-style-type: none"> The finance team should distribute all sales invoices and keep records of when invoices were sent and to whom. This centralises control of the debt management process and means that outstanding debt can always be pursued by the finance, where necessary. 	<p><u>Immediate</u></p>	<p>Complete Implemented – sales invoices are sent out by LS185 Finance Team. s.31 [REDACTED]</p>	<p>Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead</p>
<p>The finance team track the age of all debt and there is a clear escalation policy in place for overdue balances.</p>	<p>Linked to the point above, the finance team should track the timing of debt of being settled. Where debts exceed payment terms, there should be a clear process to escalate the recovery of that debt. For example:</p> <ul style="list-style-type: none"> Debt 30 to 45 days old – finance team member calls Over 45 days old – Chief Financial Officer contacts customer Over 60 days – a formal letter is issued 	<p>1 – 3 months</p>	<p>Complete* s.31 [REDACTED] Manual process implemented by Accounts Receivable Manager (Interim). Chief Finance Officer leads on debt recovery from major customers (e.g. West Ham United FC).</p>	<p>Accounts Receivable Manager and Chief Financial Officer/Financial Controls Project Lead</p>
<p>Long outstanding and at-risk debt is reported at senior management or board level.</p>	<ul style="list-style-type: none"> There should be a procedure in place to provide regular reporting of aged debt at Executive or Board level. <p>Note the requirement to regularly report aged debt at LLDC Audit Committee</p>	<p>1 – 3 months</p>	<p>Complete* Aged debts now reported quarterly to the LLDC Audit Committee; however, not</p>	<p>Chief Financial Officer/Financial Controls Project Lead</p>

			easily facilitated by current finance system.	
Sales receipts received into the bank account are recorded daily in the finance system. These receipts are applied to sales invoices based on received remittance advice or other supporting information.	<ul style="list-style-type: none"> s.31 	<u>Immediate</u>	Complete Bank reconciliations are up to date. Finance Team now do daily postings.	Accounts Receivable Manager and Financial Accountant /Financial Controls Project Lead
These sales receipts are applied promptly to sales invoices to ensure the accuracy of the debtor records held in the finance system.	<ul style="list-style-type: none"> An accurate debtors listing is essential for effectively managing debt. Receipts should be reflected accurately on a daily basis. 	<u>Immediate</u>	Complete As above.	Accounts Receivable Manager/Financial Controls Project Lead

General accounting				
Every manual journal is raised with sufficient backup documentation attached. Each journal is printed, signed and authorised for approval in the finance system by the Chief Financial Officer, before being posted.	<p>Currently there is no journal template in place, nor is there a process to ensure that each journal is approved prior to posting.</p> <p>Therefore:</p> <ul style="list-style-type: none"> A standard journal template should be implemented and its use mandated for all journals. Each journal should have to be approved in the finance system before being posted. Each journal template should be populated and signed prior to posting. 	<u>Immediate</u>	Complete Journal template in place and a journal workbook to review all journals with supporting data is created in a specific journal folder before approving. Chief Financial Officer reviews all journals before they are posted.	Financial Accountant /Chief Financial Officer

<p>Each posted journal is supported by a hard-copy signed template, which also shows the system-generated document number. These are then filed by month, with appropriate supporting documentation attached to each journal.</p>	<ul style="list-style-type: none"> • Each journal should be supported by documentation that supports the entries being made. • The populated, signed templates and backing documentation of posted journals should be filed away and be easily accessible to aid the accounts and audit process, as well as other internal queries. 	<p><u>Immediate</u></p>	<p>Complete</p> <p>Currently generating pdfs directly from SAGE, and saving into the quarterly journal folder as evidence that the journals have been posted. Note this is suspended whilst the Finance Team are working remotely – journals are instead saved in a network folder.</p>	<p>Financial Accountant /Chief Financial Officer</p>
<p>There is a schedule of regular manual journals required (such as payroll, VAT, regular accruals, prepayments and deferred income), which should be maintained, and other manual journals, which should be kept to a minimum.</p>	<ul style="list-style-type: none"> • A schedule of standard journals should be maintained to help with knowledge sharing provide resilience within the finance team. This schedule will also ensure completeness at period-end and reduce the number of piecemeal adjustments. 	<p>1 – 3 months</p>	<p>Not yet implemented</p> <p>To be created following completed of the year-end accounts and audit process.</p>	<p>Financial Accountant /Chief Financial Officer</p>
<p>Bank reconciliations (between the ledger bank balance and the bank account balance) are performed promptly after the end of the period, with the minimum of reconciling items.</p>	<ul style="list-style-type: none"> • s.31 	<p><u>Immediate</u></p>	<p>Complete</p> <p>Now up to date – the new Finance System should help better automate this process.</p>	<p>Accounts Receivable Manager and Financial Accountant /Chief Financial Officer</p>
<p>A timetable of other balance sheet reconciliations is in place. This includes regular reconciliations of the payroll control account, and monthly or quarterly reconciliations of other key control accounts and VAT accounts. Lower risk balance</p>	<ul style="list-style-type: none"> • To ensure the ongoing integrity of the company's balance sheet and to reduce the number of year-end adjustments required, which will also aid the efficiency of the annual external audit. 	<p>1 – 3 months</p>	<p>In progress</p> <p>Timetable to be created following completion of year-end.</p>	<p>Accounts Payable Manager, Accounts Receivable Manager, Financial Accountant and Financial Controls</p>

sheet accounts, such as fixed assets, are reconciled quarterly or half-yearly, with every balance sheet account covered at least once during the year.				Project Lead/Chief Financial Officer
In addition to balance sheet reconciliations, income and expenditure accounts are monitored against budgets, with variances analysed. These procedures help maintain the integrity balances of the company's trial balance.	<ul style="list-style-type: none"> As above, ongoing measures to ensure the accuracy and validity of income and expenditure reduces the need for adjustments for the production of statutory accounts and reduces the queries through the audit and audit corrections. 	1 – 3 months	In progress Undertaken as part of quarterly reporting. New Finance System will help better enable this process.	Accounts Payable Manager, Accounts Receivable Manager and Financial Accountant /Chief Financial Officer
The year-end accounts should be produced from a system-generated trial balance, with a minimum of manual adjustments. The mapping of account codes to disclosures within the accounts should be agreed in advance.	<ul style="list-style-type: none"> The finance team should set out the account codes mapping well in advance of the year-end and keep adjustments made outside of the ledger to a minimum. This will protect the integrity of the ledger balances and improve the audit process. 	6 months	Not yet implemented* The new Finance System will allow this to be adopted for 2020/21 year-end.	Chief Financial Officer/Financial Controls Project Lead
The statutory accounts should be produced, as far as possible, by the finance team. The team should work to a timetable that is agreed upon in advance, with lead schedules provided to the audit team in advance of the audit.	<ul style="list-style-type: none"> Rather than relying on external accountants, the finance team should take ownership of the accounts production process. This will give members of the finance team a holistic understanding of how the in-year work affects the production of accounts and improves accountability for the final accounts. 	6 months	In progress* The draft 2019/20 trial balance has been produced for audit (as part of the LLDC Group accounts audit), supported by the LLDC Finance Team. Draft statutory accounts are being prepared for audit later in the year. The new Finance System will further improve this process.	Chief Financial Officer/Financial Controls Project Lead

Payroll				
Key payroll data is held centrally and is carefully protected and controlled. This includes employee details, FTEs, gross salaries, employee benefits, pension contribution proportions, other deductions and bank details.	<ul style="list-style-type: none"> Standing data should be stored and kept up to date to ensure accuracy of the monthly payroll data. This data should be protected to ensure confidentiality and GDPR compliance. This is also safeguards against error by having core data to perform checks against. This would normally be held by HR. 	<u>Immediate</u>	Complete Implemented as part of transfer of payroll services to Cintra.	HR and all staff/Chief Financial Officer and Financial Controls Project Lead
The monthly draft payroll data is reviewed to analyse and explain the variations in net pay, for each employee, from the current month to the previous month. In addition, there is a completeness check performed to confirm that all the payroll instructions have been implemented accurately.	Whilst monthly variance checks are undertaken, these should be provided by the payroll provider in the first instance (rather than manually calculating via Excel).	1 – 3 months	Complete Implemented as part of transfer of payroll services to Cintra. s.31	HR and Cintra/Chief Financial Officer
Finance system				
PO approvers receive alerts when requests for new purchase orders are submitted. Requesters receive alerts when those requests are either approved or rejected.	<ul style="list-style-type: none"> The system does not currently generate these alerts. This leads to unnecessary delays and the system should be set up to give approvers and requesters timely notifications. 	1 – 3 months	Complete* Automated alerts not supported by current system; therefore, manual weekly updates from Finance Team to budget holders.	Financial Controls Project Lead/Financial Controls Project Lead

			New Finance System will facilitate automation of this.	
<p>Transactional data can easily be exported from the finance system. For each transaction, this data should include at least the transaction amount, accounting period, the project it relates to, the internal reporting heading it falls within and the balance type (usually expenditure type).</p>	<ul style="list-style-type: none"> The system should allow transactional data to be exported easily, with fields within that data providing data that can be used to generate management information. Currently this is an inefficient process, which requires significant amounts of manual data manipulation. The system should produce transactional data with all headings in English (many are still in French). A new system chart of accounts will likely need to be created to enable data to be exported at a meaningful level of detail so that management reporting can be produced from it. It is recommended that a full review of the current system is undertaken, including an options appraisal, which considers a full system replacement. 	3 – 6 months	<p>In progress*</p> <p>Not enabled by current finance system.</p> <p>New Chart of Accounts and accounts structure design and build in progress</p> <p>New Finance System will enable transactional data to be easily exported from the system.</p>	<p>Chief Financial Officer and Financial Controls Project Lead/Financial Controls Project Lead</p>
<p>The system provides a separation of roles between journal preparers and journal approvers. Journals should only post once approved within the finance system.</p>	<ul style="list-style-type: none"> The current system configuration allows journals to be posted directly by the journal preparer. This should be amended to prohibit journal preparers from posting directly and should build in a step to mandate separate journal approval prior to posting. This will help create appropriate segregation of duties. 	3 – 6 months	<p>In progress*</p> <p>Not enabled by current finance system. A manual process is currently in place whereby the Chief Financial Officers reviews all journals before they are posted. However, there is no system</p>	<p>CFO reviews all journals. New system will allow authorisation prior to posting.</p> <p>Financial Controls Project Lead/Financial</p>

			control to prevent this from occurring. The new Finance System will have automated separation of duties between journal preparers and approvers.	Controls Project Lead
Once posted, it is not possible to amend journals and other entries.	<p>Currently, there is no automated control in place to prevent journals being amended once posted in the system. This increases the risk that financial information in the general ledger can be amended and, therefore, misstated.</p> <ul style="list-style-type: none"> An automated control should be established within the finance system such that, once posted, all journal entries cannot be changed. 	1 – 3 months	<p>In progress*</p> <p>Not enabled by current system.</p> <p>LS185 have established mitigating control (quarterly reviews of posted journals).</p> <p>The new Finance System will prevent this from occurring.</p>	<p>CFO reviews all postings. Any changes to posted items will not be permitted in new system.</p> <p>Chief Financial Officer/Financial Controls Project Lead</p>
Accounting periods are closed at the end of each period.	<ul style="list-style-type: none"> Linked to the point above, there should be a process in place to close the ledgers at period-end. Once closed, there should be no way of amending any postings within that period. This provides a static position upon which reporting can be based. 	1 – 3 months	<p>Complete*</p> <p>Periods are now closed preventing anyone from posting into prior periods</p> <p>This is standard functionality that will be included in the new Finance System.</p>	Financial Accountant and Chief Financial Officer/Financial Controls Project Lead
Tax				
For all engagements that could be seen as being contingent labour, contractor or temporary staff roles, the HMRC IR35 assessment is	<ul style="list-style-type: none"> The process for on-boarding workers who will not be remunerated through the company's payroll should be well-defined and include the HMRC IR35 assessment. 	6 months +	<p>In progress</p> <p>Policy currently being drafted, held due to revision of</p>	HMRC deferred implementation to April 2021.

<p>performed, with appropriate actions following the result. Note this only becomes applicable to LS185 from 6 April 2020 if it meets the HMRC conditions.</p>	<p>It is the responsibility of LS185 to therefore ensure that processes are controls are in place to help prevent tax evasion by its workforce.</p>		<p>implementation date by HMRC. Exercise undertaken with HR, one contractor identified as outside of IR35 and now recruited on a permanent basis.</p>	<p>Financial Controls Project Lead and HR/HR</p>
<p>All of the various types of employee benefits are collated, monitored and then assessed against HMRC guidance to determine the use of taxable benefits. Following this, P11D and PAYE settlement agreement actions are taken, where appropriate.</p>	<ul style="list-style-type: none"> To protect against the risk of non-compliance in this area, all benefits given beyond salaries should be captured and collated. An assessment can then be performed as to whether there are any taxable benefits and whether they are currently being declared appropriately to HMRC and whether any corrective actions are required. 	<p><u>Immediate</u></p>	<p>Complete Assessment completed. Only one item (Personal Medical Insurance), reported on P11D.</p>	<p>Financial Controls Project Lead and HR/HR and Chief Financial Officer</p>
<p>There is a process in place for determining the VAT treatment of each sale. The core revenue streams should have clearly defined treatments with desk instructions in place to assess individual sales. There should be a method of accessing professional advice, where required.</p>	<ul style="list-style-type: none"> Information may already be available as to how each revenue stream is treated from a VAT perspective but this should be documented and adhered to. There should also be a process in place to manage new revenue streams and instances where the treatment is not clear. 	<p>1 – 3 months</p>	<p>In progress Overall exercise to be undertaken with support from Deloitte (LLDC Group tax advisors), as required. Sales transactions are currently reviewed on an individual basis (and tend to be relatively consistent in their type and, therefore, VAT treatment).</p>	<p>Deloitte/Chief Financial Officer</p>

<p>There should be desk instructions for preparing VAT returns so they are produced in a consistent way. There should also be defined approach for checking and assuring those returns prior to submission.</p>	<ul style="list-style-type: none"> Similar to the point above, there may be guidance available for preparing VAT returns, but this should be documented to ensure consistency and accuracy. 	<p>1 – 3 months</p>	<p>Not yet implemented To be completed by LS185 Finance Team once 2019/20 audit is completed.</p>	<p>Financial Accountant /Chief Financial Officer</p>
<p>Where works are being performed that HMRC classifies as construction services, the company should register as a Construction Industry Scheme (CIS) contractor with HMRC and establish a process for producing and checking the monthly CIS return. This would include tracking deductions from supplier invoices and subsequent payments to HMRC, where necessary.</p>	<ul style="list-style-type: none"> Currently it is understood that the company is not registered for the Construction Industry Scheme (CIS). An assessment should be made of ongoing works being performed to see if any are applicable to this scheme and then registration and returns should be made, if required. 	<p><u>Immediate</u></p>	<p>In progress Currently in review with support from LLDC Finance Team.</p>	<p>Dependant on whether LS185 meet the criteria (average £1M capital spend per year in 3 year period). Chief Financial Officer and Financial Controls Project Lead/Chief Financial Officer and Financial Controls Project Lead</p>
<p>An assessment is made to look at the inherent and process risks associated with supply chain fraud. This will form the basis of a Corporate Criminal Offence Act (CCO) risk assessment. Resulting actions from this assessment should be scheduled and adhered to.</p>	<ul style="list-style-type: none"> The Corporate Criminal Offence Act was introduced in 2017 to make organisations responsible for tax evasion within its supply chain. If tax fraud occurs within a supply chain, the emphasis is one whether the customer should have known that this fraud was taking place. A risk assessment should be performed to look at current processes and controls for finance operations to assess whether there are any potential weaknesses. The risk assessment will also look at where the 	<p><u>Immediate</u></p>	<p>Not yet implemented To be undertaken by Deloitte (LLDC Group tax advisors).</p>	<p>Deloitte/Chief Financial Officer</p>

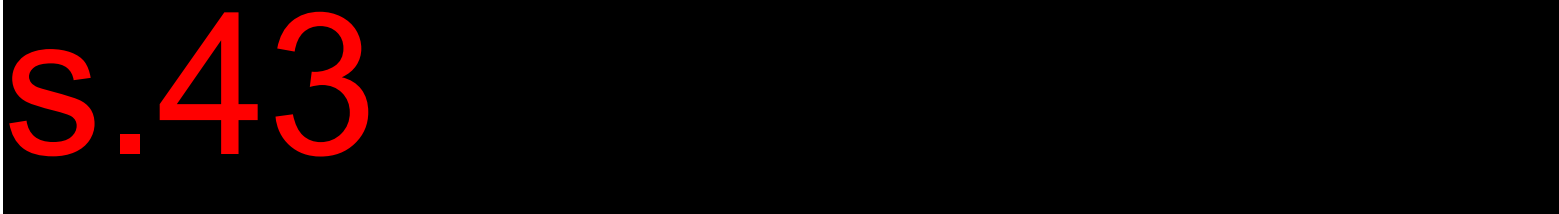
	inherent risks are and actions resulting actions from the assessment should be a documented with a deadline allocated to each action.			
Expenses				
An Expenses Policy and process manual is in place, has been agreed to be senior management and made available to all staff and is adhered to.	<ul style="list-style-type: none"> An expenses policy should be drafted and agreed by SMG. This policy will consider the nature of the business and will have due regard to tax consideration. This enables the finance team to properly assess expense claims against agreed standards and ensures consistency in approach. 	1 – 3 months	In progress Expenses policy drafted – on 13 July Audit Committee agenda for review.	Financial Controls Project Lead/Chief Financial Officer and Financial Controls Project Lead

From: [Richard Irish](#)
To: [Ash Sharma](#)
Subject: E20_LS185 2020-21 Budget - June forecast update.xlsx
Date: 02 July 2020 10:14:20
Attachments: [E20_LS185 2020-21 Budget - June forecast update.xlsx](#)

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E20 GROUP CONSOLIDATION	2019/20 Budget				2019/20 Outturn (unaudited)				2019/20 Variance				Approved 2020/21 Budget				2020/21 Forecast (Jun)				2020/21 (Change)			
	LS185	E20	Consol Adj	E20 Group	LS185	E20	Consol Adj	E20 Group	LS185	E20	Consol Adj	E20 Group	LS185	E20	Consol Adj	E20 Group	LS185	E20	Consol Adj	E20 Group	LS185	E20	Consol Adj	E20 Group



LS185 Fixed Income																											
E20 Fixed Fee	0				7,181	(7,181)	0	0	0	7,238	(7,238)	0	0	0	7,238	(7,238)	0	0	0	0	0	0	0	0	0	0	
Deferred income allocation	0				0	0	0	0	0	(100)	100	0	0	0	(100)	100	0	0	0	0	0	0	0	0	0	0	
UKA Maintenance Fee	0				40	(41)	0	(1)	(1)	40	0	0	40	40	0	0	0	40	40	0	0	0	0	0	0	0	
Total Fixed Income	0	0	0	0	7,221	(7,222)	0	(1)	(1)	7,278	(7,238)	0	40	7,278	(7,238)	0	40	7,278	(7,238)	0	40	0	0	0	0	0	
Total Net Rechargeable Income	0	0	0	0	761	(1,191)	0	(430)	(430)	7,108	(7,915)	0	(807)	2,595	(2,844)	0	(249)	(4,513)	5,071	0	558	0	0	0	0	0	
E20 WHU	0				(49)	0	0	(49)	(49)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DNK	0				(125)	0	0	(125)	(125)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other	0				(2)	0	0	(2)	(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Net Rechargeable Income	0	0	0	0	585	(1,191)	0	(606)	(606)	7,108	(7,915)	0	(807)	2,595	(2,844)	0	(249)	(4,513)	5,071	0	558	0	0	0	0	0	
Total E20 Direct Event Costs	0	0	0	0	206	0	206	206	206	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total London Living Wage	(900)	0	0	0	(741)	0	(741)	(741)	(741)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL NET REVENUE	2,111	10,083	(8,948)	0	1,135	(970)	0	165	165	17,850	(15,153)	0	2,697	13,700	(10,061)	0	3,638	(6,150)	5,071	0	921	0	0	0	0	0	
Seat Move Costs	(5,170)	0	(6,006)	0	(6,006)	(836)	(836)	(836)	(836)	(6,000)	0	0	(6,000)	(1,700)	0	0	(1,700)	4,300	0	0	4,300	0	0	0	0		
Seat moves	(5,170)	0	(6,006)	0	(6,006)	(836)	(836)	(836)	(836)	0	0	0	(6,000)	(1,700)	0	0	(1,700)	4,300	0	0	4,300	0	0	0	0	0	
MLB	(300)	0	(257)	0	(257)	43	43	43	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Seat maintenance	(983)	0	(1077)	0	(1077)	676	676	676	676	(100)	0	0	(200)	(200)	0	0	(200)	0	0	0	0	0	0	0	0	0	
Total Seat Move Costs	(6,453)	0	(6,571)	0	(6,571)	(118)	(118)	(118)	(118)	(6,100)	0	0	(6,300)	(2,008)	0	0	(2,008)	4,300	0	0	4,300	0	0	0	0	0	
LS185 Overheads	(2,139)	(1,883)	0	0	(1,883)	256	256	256	256	(2,563)	0	0	(2,563)	(2,372)	0	0	(2,372)	191	0	0	191	0	0	0	0	0	
Staffing	(2,139)	(1,883)	0	0	(1,883)	256	256	256	256	(2,563)	0	0	(2,563)	(2,372)	0	0	(2,372)	191	0	0	191	0	0	0	0	0	
Utilities	(1,779)	(2,560)	0	0	(2,560)	(781)	(781)	(781)	(781)	(1,903)	0	0	(1,903)	(1,690)	0	0	(1,690)	213	0	0	213	0	0	0	0	0	
Insurance	(400)	(346)	0	0	(346)	54	54	54	54	(426)	0	426	0	(426)	0	426	0	0	0	0	0	0	0	0	0	0	
Facilities Management	(2,843)	(2,859)	0	0	(2,859)	(16)	(16)	(16)	(16)	(2,894)	0	0	(2,894)	(2,894)	0	0	(2,894)	0	0	0	0	0	0	0	0	0	
Finance & Legal	(90)	(87)	0	0	(87)	3	3	3	3	(90)	0	0	(90)	(90)	0	0	(90)	0	0	0	0	0	0	0	0	0	
IT	(375)	(357)	0	0	(357)	18	18	18	18	(375)	0	0	(375)	(375)	0	0	(375)	0	0	0	0	0	0	0	0	0	
Office	(197)	(189)	0	0	(189)	8	8	8	8	(50)	0	0	(50)	(50)	0	0	(50)	83	0	0	83	0	0	0	0	0	
Technical	(283)	(194)	0	0	(194)	89	89	89	89	(283)	0	0	(283)	(200)	0	0	(200)	0	0	0	0	0	0	0	0	0	
Safety/Security	(770)	(788)	0	0	(788)	(18)	(18)	(18)	(18)	(785)	0	0	(785)	(785)	0	0	(785)	0	0	0	0	0	0	0	0	0	
Pitch Maintenance	(131)	(184)	0	0	(184)	(75)	(75)	(75)	(75)	(147)	0	0	(147)	(147)	0	0	(147)	0	0	0	0	0	0	0	0	0	
LLK recharges	0	0	0	0	0	0	0	0	0	(210)	0	0	(210)	(210)	0	0	(210)	0	0	0	0	0	0	0	0	0	
Marketing & Commercial	(100)	379	0	0	379	479	479	479	479	(120)	0	0	(120)	(120)	0	0	(120)	0	0	0	0	0	0	0	0	0	
Total LS185 Overheads	(8,947)	(8,928)	0	0	(8,928)	15	15	15	15	(9,846)	0	426	(9,420)	(9,359)	0	426	(8,933)	487	0	0	487	0	0	0	0	0	
E20 Overheads	(502)	0	(724)	0	(724)	(222)	(222)	(222)	(222)	(606)	0	(606)	(606)	(606)	0	(606)	(606)	0	0	0	0	0	0	0	0	0	
Staffing	(502)	0	(724)	0	(724)	(222)	(222)	(222)	(222)	(606)	0	(606)	(606)	(606)	0	(606)	(606)	0	0	0	0	0	0	0	0	0	
Staffing recharged to capita	0	0	0	0	0	0	0	0	0	135	0	135	135	135	0	135	135	0	0	0	0	0	0	0	0	0	
Rates	(1,588)	0	(1,572)	0	(1,572)	13	13	13	13	(1,590)	0	(1,590)	(1,590)	(1,590)	0	(1,590)	(1,590)	0	0	0	0	0	0	0	0	0	
Insurance	(649)	0	(617)	0	(617)	32	32	32	32	(731)	(426)	(1,157)	(1,157)	(656)	(426)	(1,082)	(1,082)	75	0	0	75	0	0	0	0	0	
Estate Charge (net)	(340)	0	(351)	0	(351)	(11)	(11)	(11)	(11)	(362)	0	(362)	(362)	(362)	0	(362)	(362)	0	0	0	0	0	0	0	0	0	
Professional and legal fees	(321)	0	(321)	0	(321)	(10)	(10)	(10)	(10)	(80)	0	(80)	(80)	(80)	0	(80)	(80)	0	0	0	0	0	0	0	0	0	
Technical professional fees	(61)	0	(372)	0	(372)	(311)	(311)	(311)	(311)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Marketing & Commercial	(154)	0	34	0	34	188	188	188	188	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other (incl LLK service recharges)	0	0	(95)	0	(95)	(95)	(95)	(95)	(95)	(378)	0	(378)	(378)	(378)	0	(378)	(378)	0	0	0	0	0	0	0	0	0	
Total E20 Overheads	(3,632)	0	(4,027)	0	(4,027)	(433)	(433)	(433)	(433)	(3,612)	(426)	(4,038)	(4,038)	(3,537)	(426)	(3,963)	(3,963)	75	0	0	75	0	0	0	0	0	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(19,012)	(8,928)	(10,598)	0	(19,526)	(516)	(516)	(516)	(516)	(16,194)	(3,612)	(19,766)	(19,766)	(11,307)	(3,587)	(14,904)	(14,904)	4,787	75	0	4,862	0	0	0	0	0	
Grantor share of net commercial revenues	0	(2,492)	2,469	0	(22)	(22)	(22)	(22)	(22)	(2,835)	2,835	0	0	(3,339)	3,339	0	0	(504)	504	0	0	0	0	0	0	0	0
NET OPERATING DEFICIT	(16,901)	(1,336)	(17,077)	0	(18,413)	(1,512)	(1,512)	(1,512)	(1,512)	(1,139)	(15,930)	0	(17,069)	(1,006)	(10,280)	0	(11,286)	133	5,650	0	5,783	0	0	0	0	0	
LS185 extraordinary costs	(50)	0	0	0	0	50	50	50	50	(50)	0	(5															

From: [Ash Sharma](#)
To: [Richard Irish](#)
Subject: Item X E20 JULY 2020 Board - Financial Update DRAFT
Date: 02 July 2020 17:02:21
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Hi Richard,

Do you want to add the savings plan table at appendix 2?

I have two sections to finish off appendix 3 and a short update on the sensitivities but I am in a meeting for the next 30 mins.

Thanks

Ash



ASH SHARMA
CHIEF FINANCIAL OFFICER

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Subject: Finance Update - 2020/21 Forecast
Date: 15 July 2020
Report to: E20 Stadium LLP Board
Report of: Ash Sharma
Item: 6

1. SUMMARY

1.1. This paper sets out the latest forecast for the financial year 2020/21 for London Stadium 185 Limited (LS185).

2. RECOMMENDATIONS

2.1. The Board is invited to **NOTE** the LS185 forecast for the financial year 2020/21.

3. FORECAST SUMMARY

3.1. The following table shows the LS185 2020/21 July forecast against the June forecast and the 2020/21 budget. The 2020/21 plan (as included in the five-year plan) is also presented. A more detailed view is provided at appendix 1.

London Stadium 185 - SUMMARY	FY 2020/21		A		B		C		C - B		C - A	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		July Board F'Cast (S4) BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Net Event Revenue												
Net Other Income												
Fixed Revenue	7,278		7,278		7,278		7,278		-		-	
Rechargeable Revenue	694		7,108		2,595		2,895		300		(4,213)	
TOTAL NET REVENUE	11,995		17,850		13,698		13,960		262		(3,890)	
Seat Move Costs	-		(6,308)		(2,008)		(2,308)		(300)		4,000	
Overheads	(8,776)		(9,846)		(9,358)		(9,013)		345		833	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(11,366)		(11,321)		45		4,833	
Grantor Share of Net Commercial Revenue	(3,475)		(2,835)		(3,339)		(3,303)		36		(468)	
NET OPERATING DEFICIT	(256)		(1,139)		(1,007)		(664)		343		475	
Extraordinary Costs	-		(50)		(42)		(42)		-		8	
EBITDA	(256)		(1,189)		(1,049)		(706)		343		483	

s.43

s.43

3.2. The LS185 July Forecast is based upon the following key assumptions:

- *Net Event Revenue*

- The summer concert was postponed to 2021, s.43 [REDACTED]
- s.43 [REDACTED]
- No athletics event;
- s.43 [REDACTED]
- s.43 [REDACTED]

- *Net Other Income:*

- Bookings are open for Q4 for location filming and small events, s.43 [REDACTED];
- The Community Track is expected to open in July/August;
- s.43 [REDACTED]
- s.43 [REDACTED]

- *Fixed Revenues*

- remain in line with the operator agreement.

- *Net Rechargeable Revenue*

- Include seat costs of £2,308k to replace the North and South stands with new seating, and to maintain the stadium stands, additional utilities cost of £587k, which is in excess of the Annual Covered Fixed Cost of £1,103k receivable from E20, and £249k London Living Wage cost for catering staff, payable to Delaware North and funded by E20.

- *Seat Move Costs*

- The decrease in overall seat move costs is due to maintaining the stadium in football mode and only replacing the North and South Stands.

- *Overheads*

- Staffing savings have been found through the non-recruitment of three positions and phased recruitment for other roles.
- Electricity consumption savings are based on BCD matches and staff not on site till September.
- s.43 [REDACTED]

- s.43 [REDACTED]
- Discretionary marketing spend has been declared a savings following a cost savings review.
- Extraordinary costs – following the appointment of Incremental Group to deliver the implementation of the new finance system the costs have been agreed at £42k.

4. SENSITIVITIES – AS to update!

- 4.1. Two sensitivities were considered.
- 4.2. A soft opening for the start of the 20/21 football season with an attendance up to 15,000 (25% of seating capacity), followed by a full opening from January 2021.
- 4.3. Behind closed doors (BCD) matches until the end of the financial year

5. RISKS

5.1. The key risks to the LS185 2020/21 forecast are:

- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]

6. APPENDICES

- Appendix 1 - LS185 2020/21 Forecast, Plan and Budget
- Appendix 2 – Savings plan for 2020/21 and 2021/22
- Appendix 3 – WHU Match Day costs

APPENDIX 1

NET EVENT REVENUE +£1,171k v Budget, due to lower WHU BCD match costs, set against the usage fee.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
S.43												
Revenue	9,967		10,983		5,365		5,262		(103)		(5,721)	
Costs	(8,263)		(9,953)		(3,061)		(3,061)		-		6,892	
TOTAL NET EVENT REVENUE	1,704		1,030		2,304		2,201		(103)		1,171	

OTHER NET INCOME -£847k v Budget, due to not having assets available (C-19 impact) to achieve new partnership rights.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
S.43												
OTHER INCOME												
Revenue	2,555		2,576		1,640		1,705		65		(871)	
Costs	(235)		(142)		(119)		(119)		-		24	
TOTAL NET OTHER INCOME	2,319		2,434		1,522		1,587		65		(847)	

FXED REVENUE in line with Budget

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
FIXED REVENUE												
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		7,338		-		-	
E20 Additional Fixed Costs	-		-		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		-		-	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-		-	
TOTAL FIXED REVENUE	7,278		7,278		7,278		7,278		-		-	

RECHARGEABLE REVENUE -£4,213k v Budget, due lower funding required for seat move costs (maintain football mode) and lower electricity consumption.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
RECHARGEABLE REVENUE												
NET E20	694		7,108		2,595		2,895		300		(4,213)	
NET WHU	-		-		-		-		-		-	
NET DNC	-		-		-		-		-		-	
NET OTHER	-		-		-		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	694		7,108		2,595		2,895		300		(4,213)	

SEAT MOVE AND OVERHEAD COSTS +£4,833k v Budget, due to seats maintained in football mode, staffing recruitment phasing, lower electricity consumption, an expectation of revised FM maintenance costs, and discretionary spend savings.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
SEAT MOVE COSTS												
Seat Moves	-		(6,000)		(1,700)		(2,000)		(300)		4,000	
Seat Maintenance	-		(308)		(308)		(308)		-		-	
TOTAL SEAT MOVE COSTS	-		(6,308)		(2,008)		(2,308)		(300)		4,000	
OVERHEADS												
Staffing	(1,964)		(2,563)		(2,372)		(2,302)		70		261	
Utilities	(1,815)		(1,903)		(1,690)		(1,690)		-		213	
Insurance	(388)		(426)		(426)		(426)		-		-	
Facilities Management (VF fixed costs)	(2,900)		(2,894)		(2,894)		(2,644)		250		250	
Finance & Legal	(83)		(90)		(90)		(90)		-		-	
IT	(344)		(375)		(375)		(375)		-		-	
Office	(52)		(50)		(50)		(50)		-		-	
Technical	(289)		(283)		(200)		(200)		-		83	
Safety/Security (24/7 G4S costs)	(707)		(785)		(785)		(785)		-		-	
Pitch Maintenance	(113)		(147)		(147)		(142)		5		5	
LLDC Recharges	-		(210)		(210)		(210)		-		-	
Marketing & Commercial	(123)		(120)		(120)		(100)		20		20	
TOTAL OVERHEADS	(8,776)		(9,846)		(9,358)		(9,013)		345		833	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(11,366)		(11,321)		45		4,833	

EXTRAORDINARY COSTS +£8k v Budget, following procurement of new finance system

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Extraordinary Costs												
IT Migration/New Finance System	-		(50)		(42)		(42)		-		8	

SAVINGS DELIVERED TO E20 P&L +£5,722k v Budget, as confirmed below.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
E20 RECOGNISED SAVINGS FROM LS185 P&L												
LOWER RECHARGE FOR SEAT MOVES									(300)		4,000	
REDUCTION RECHARGE FOR LLW									-		558	
LOWER RECHARGE FOR UTILITIES									-		213	
HIGHER NCR FROM LS185									(36)		468	
LS185 REDUCTION IN DEFICIT									343		483	
									7		5,722	

APPENDIX 2 – SAVINGS PLAN

S.43

From: [Richard Irish](#)
To: [Ash Sharma](#)
Subject: Item X E20 JULY 2020 Board - Financial Update DRAFT
Date: 02 July 2020 17:58:02
Attachments: [Item X E20 JULY 2020 Board - Financial Update DRAFT.docx](#)

Thanks Ash – please see attached with my additions. Please check it all hangs together.

A couple of other points:

- You refer to £0.4m of savings in Appendix 1 as ‘lower LS185 deficit’, which is different to my labelling in Appendix 2 – we should ideally be consistent

- **s.43**

Richard

This communication and the information it contains is intended for the addressee only. It may be confidential, legally privileged and protected by law. Unauthorised use, copying or disclosure of any of it may be unlawful. If you have received this communication in error, please contact me immediately by email or telephone and then delete the e-mail and its attachments from your system. This email and any attachments have been scanned for viruses by Symantec and on leaving the London Legacy Development Corporation they were virus free. No liability will be incurred for direct, special or indirect or consequential damages arising from alteration of the contents of this message by a third party or as a result of any virus contained within it or attached to it. The London Legacy Development Corporation may monitor traffic data. For enquiries please call 020 3288 1800. London Legacy Development Corporation, Level 10, 1 Stratford Place, Montfichet Road, London, E20 1EJ.

www.queenelizabetholympicpark.co.uk



Subject: Finance Update - 2020/21 Forecast (including savings)
Date: 15 July 2020
Report to: E20 Stadium LLP Board
Report of: Ash Sharma
Item: 6

1. SUMMARY

1.1. This paper sets out the latest forecast for the financial year 2020/21 for London Stadium 185 Limited (LS185) and, therefore, the forecast savings against the approved budget.

2. RECOMMENDATIONS

2.1. The Board is invited to **NOTE** the LS185 forecast for the financial year 2020/21.

3. FORECAST SUMMARY

3.1. The following table shows the LS185 2020/21 July forecast against the June forecast and the 2020/21 budget. The 2020/21 plan (as included in the five-year plan) is also presented. A more detailed view is provided at appendix 1.

London Stadium 185 - SUMMARY	FY 2020/21		A		B		C		C - B		C - A	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		July Board F'Cast (S4) BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Net Event Revenue	7,278		7,278		7,278		7,278		-		-	
Net Other Income	694		7,108		2,595		2,895		300		(4,213)	
Fixed Revenue												
Rechargeable Revenue												
TOTAL NET REVENUE	11,995		17,850		13,698		13,960		262		(3,890)	
Seat Move Costs	-		(6,308)		(2,008)		(2,308)		(300)		4,000	
Overheads	(8,776)		(9,846)		(9,358)		(9,013)		345		833	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(11,366)		(11,321)		45		4,833	
Grantor Share of Net Commercial Revenue	(3,475)		(2,835)		(3,339)		(3,303)		36		(468)	
NET OPERATING DEFICIT	(256)		(1,139)		(1,007)		(664)		343		475	
Extraordinary Costs	-		(50)		(42)		(42)		-		8	
EBITDA	(256)		(1,189)		(1,049)		(706)		343		483	

s.43

s.43

3.2. The LS185 July Forecast is based upon the following key assumptions:

- *Net Event Revenue*

- The summer concert was postponed to 2021, s.43 [REDACTED]
- s.43 [REDACTED]
- No athletics event;
- s.43 [REDACTED]
- s.43 [REDACTED]

- *Net Other Income:*

- Bookings are open for Q4 for location filming and small events, s.43 [REDACTED];
- The Community Track is expected to open in July/August;
- s.43 [REDACTED]
- s.43 [REDACTED]

- *Fixed Revenues*

- remain in line with the operator agreement.

- *Net Rechargeable Revenue*

- Include seat costs of £2,308k to replace the North and South stands with new seating, and to maintain the stadium stands, additional utilities cost of £587k, which is in excess of the Annual Covered Fixed Cost of £1,103k receivable from E20, and £249k London Living Wage cost for catering staff, payable to Delaware North and funded by E20.

- *Seat Move Costs*

- The decrease in overall seat move costs is due to maintaining the stadium in football mode and only replacing the North and South Stands.

- *Overheads*

- Staffing savings have been found through the non-recruitment of three positions and phased recruitment for other roles.
- Electricity consumption savings are based on BCD matches and staff not on site till September.
- s.43 [REDACTED]

- s.43 [REDACTED]
- Discretionary marketing spend has been declared a savings following a cost savings review.
- Extraordinary costs – following the appointment of Incremental Group to deliver the implementation of the new finance system the costs have been agreed at £42k.

4. SENSITIVITIES – AS to update!

- 4.1. Two sensitivities were considered.
- 4.2. A soft opening for the start of the 20/21 football season with an attendance up to 15,000 (25% of seating capacity), followed by a full opening from January 2021.
- 4.3. Behind closed doors (BCD) matches until the end of the financial year

5. E20 Group savings – 2020/21 and 2021/22

- 5.1. In addition to the LS185 forecast savings set out in this report, E20 is forecasting £0.1m of savings relating to insurance costs in 2020/21. In addition, £0.1m of LS185 staff cost savings in 2020/21 are expected to carry through into 2021/22. s.43 [REDACTED] s.43 [REDACTED], this gives total expected E20 Group savings of £5.3m in 2020/21 and £0.1m in 2021/21. The risks against these savings are set out in Section 6.
- 5.2. A summary of the E20 Group savings plan for 2020/21 and 2021/22 is set out at Appendix 2.

6. RISKS

- 6.1. The key risks to the LS185 2020/21 forecast are:

- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]

7. APPENDICES

- Appendix 1 - LS185 2020/21 Forecast, Plan and Budget
- Appendix 2 – E20 Group savings forecast for 2020/21 and 2021/22
- Appendix 3 – WHU Match Day costs

APPENDIX 1

NET EVENT REVENUE +£1,171k v Budget, due to lower WHU BCD match costs, set against the usage fee.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
S.43												
Revenue	9,967		10,983		5,365		5,262		(103)		(5,721)	
Costs	(8,263)		(9,953)		(3,061)		(3,061)		-		6,892	
TOTAL NET EVENT REVENUE	1,704		1,030		2,304		2,201		(103)		1,171	

OTHER NET INCOME -£847k v Budget, due to not having assets available (C-19 impact) to achieve new partnership rights.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
S.43												
OTHER INCOME												
Revenue	2,555		2,576		1,640		1,705		65		(871)	
Costs	(235)		(142)		(119)		(119)		-		24	
TOTAL NET OTHER INCOME	2,319		2,434		1,522		1,587		65		(847)	

FXED REVENUE in line with Budget

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
FIXED REVENUE												
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		7,338		-		-	
E20 Additional Fixed Costs	-		-		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		-		-	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-		-	
TOTAL FIXED REVENUE	7,278		7,278		7,278		7,278		-		-	

RECHARGEABLE REVENUE -£4,213k v Budget, due lower funding required for seat move costs (maintain football mode) and lower electricity consumption.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
RECHARGEABLE REVENUE												
NET E20	694		7,108		2,595		2,895		300		(4,213)	
NET WHU	-		-		-		-		-		-	
NET DNC	-		-		-		-		-		-	
NET OTHER	-		-		-		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	694		7,108		2,595		2,895		300		(4,213)	

SEAT MOVE AND OVERHEAD COSTS +£4,833k v Budget, due to seats maintained in football mode, staffing recruitment phasing, lower electricity consumption, an expectation of revised FM maintenance costs, and discretionary spend savings.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
SEAT MOVE COSTS												
Seat Moves	-		(6,000)		(1,700)		(2,000)		(300)		4,000	
Seat Maintenance	-		(308)		(308)		(308)		-		-	
TOTAL SEAT MOVE COSTS	-		(6,308)		(2,008)		(2,308)		(300)		4,000	
OVERHEADS												
Staffing	(1,964)		(2,563)		(2,372)		(2,302)		70		261	
Utilities	(1,815)		(1,903)		(1,690)		(1,690)		-		213	
Insurance	(388)		(426)		(426)		(426)		-		-	
Facilities Management (VF fixed costs)	(2,900)		(2,894)		(2,894)		(2,644)		250		250	
Finance & Legal	(83)		(90)		(90)		(90)		-		-	
IT	(344)		(375)		(375)		(375)		-		-	
Office	(52)		(50)		(50)		(50)		-		-	
Technical	(289)		(283)		(200)		(200)		-		83	
Safety/Security (24/7 G4S costs)	(707)		(785)		(785)		(785)		-		-	
Pitch Maintenance	(113)		(147)		(147)		(142)		5		5	
LLDC Recharges	-		(210)		(210)		(210)		-		-	
Marketing & Commercial	(123)		(120)		(120)		(100)		20		20	
TOTAL OVERHEADS	(8,776)		(9,846)		(9,358)		(9,013)		345		833	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(11,366)		(11,321)		45		4,833	

EXTRAORDINARY COSTS +£8k v Budget, following procurement of new finance system

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Extraordinary Costs												
IT Migration/New Finance System	-		(50)		(42)		(42)		-		8	

SAVINGS DELIVERED TO E20 P&L +£5,722k v Budget, as confirmed below.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
E20 RECOGNISED SAVINGS FROM LS185 P&L												
LOWER RECHARGE FOR SEAT MOVES									(300)		4,000	
REDUCTION RECHARGE FOR LLW									-		558	
LOWER RECHARGE FOR UTILITIES									-		213	
HIGHER NCR FROM LS185									(36)		468	
LS185 REDUCTION IN DEFICIT									343		483	
									7		5,722	

APPENDIX 2 – E20 GROUP SAVINGS PLAN SUMMARY

June 2020 forecast	2020/21	2021/22
Targeted savings:	£m	£m
Higher net commercial revenues from LS185	0.5	0.0
Lower recharges for seat moves	4.0	0.0
Reduction in recharges for LLW	0.6	0.0
Utilities recharge savings	0.2	0.0
Insurance	0.1	0.0

S.43

S.43

From: [Richard Irish](#)
To: [Ash Sharma](#)
Subject: Updated Finance update paper
Date: 07 July 2020 09:59:19
Attachments: [image001.png](#)
[image002.png](#)
[ITEM 7 - Financial Update DRAFT v1.2.docx](#)

Ash, as discussed.

I have also sent to Gerry – will let you know if she has any changes to my additions.

Thanks,

Richard

Richard Irish
Finance Director

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Subject: Finance Update – 2020/21 Forecast (including savings)
Date: 15 July 2020
Report to: E20 Stadium LLP Board
Report of: Ash Sharma, Richard Irish
Item: 6

1. SUMMARY

- 1.1. This paper sets out the latest forecast for the financial year 2020/21 for London Stadium 185 Limited (LS185), E20 Stadium LLP (E20) and the E20 Group, showing the forecast savings against the approved budget.

2. RECOMMENDATIONS

- 2.1. The Board is invited to **NOTE** the LS185, E20 and E20 Group forecast and savings for the financial year 2020/21.

3. FORECAST SUMMARY

- 3.1. Overall the July forecast is expected to deliver Group savings of £5.8m against the budget, £5.7m from LS185 and £0.1m from E20, further detail is provided within Appendices 1 and 2 and summarised at Appendix 3.
- 3.2. The following table shows the LS185 2020/21 July forecast set against the June forecast and the 2020/21 budget. The 2020/21 plan (five-year plan) is also presented for comparison. A more detailed view of the forecast and savings are provided at Appendix 1.

London Stadium 185 - SUMMARY	FY 2020/21		A		B		C		C - B		C - A	
	Plan		FY 2020/21 Budget		FY 2020/21 June Board F'Cast (S4) BCD events until end of calendar year		FY 2020/21 July Board F'Cast (S4) BCD events until end of calendar year		FY 2020/21 Variance July Board F'Cast (S4) v June Board F'Cast (S4)		FY 2020/21 Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Net Event Revenue	7,278		7,278		7,278		7,278		-		-	
Net Other Income	694		7,108		2,595		2,895		300		(4,213)	
Fixed Revenue												
Rechargeable Revenue												
TOTAL NET REVENUE	11,995		17,850		13,698		13,960		262		(3,890)	
Seat Move Costs	-		(6,308)		(2,008)		(2,308)		(300)		4,000	
Overheads	(8,776)		(9,846)		(9,358)		(9,013)		345		833	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(11,366)		(11,321)		45		4,833	
Grantor Share of Net Commercial Revenue	(3,475)		(2,835)		(3,339)		(3,303)		36		(468)	
NET OPERATING DEFICIT	(256)		(1,139)		(1,007)		(664)		343		475	
Extraordinary Costs	-		(50)		(42)		(42)		-		8	
EBITDA	(256)		(1,189)		(1,049)		(706)		343		483	

s.43

s.43

3.3. The LS185 July Forecast is based upon the following key assumptions:

- *Net Event Revenue, +£1,171k v budget*
 - The summer concert was postponed to 2021, **s.43**
[REDACTED]
 - **s.43**
[REDACTED]
 - No athletics event.
 - **s.43**
[REDACTED]
 - **s.43**
[REDACTED]
- *Net Other Income, -£847k v budget*
 - Bookings are open for Q4 for location filming and small events, **s.43**
[REDACTED]
 - The Community Track is expected to open in July/August;
 - **s.43**
[REDACTED]
 - **s.43**
[REDACTED]
- *Fixed Revenues, in line with budget*
 - remain in line with the operator agreement.
- *Net Rechargeable Revenue, -£4,213k v budget*
 - This is the funding receivable from E20, less revenue is required due to savings against seat costs and utilities. A saving of £4,000k is expected against seat costs, as the stadium remains in football mode, with costs incurred for replacing the North and South stands. A saving of £213k is expected against utilities due to electricity consumption efficiencies driven by limited staff at the stadium, and BCD matches. Also included is £249k for the London Living Wage cost of catering staff, which is payable to Delaware North.
- *Seat Move Costs, +£4,000k v budget*
 - The decrease in overall seat move costs is due to maintaining the stadium in football mode and only replacing the North and South Stands.
- *Overheads, +£833k v budget*
 - Staffing savings of £261k have been found through the non-recruitment of three positions and phased recruitment for other roles.
 - Electricity consumption savings of £213k are based on BCD matches and staff not on site till September.

- s.43 [REDACTED]
- s.43 [REDACTED]
- Discretionary marketing spend of £20k has been declared as a savings following a cost savings review.
- Extraordinary costs, +£8k v budget
 - Following the appointment of Incremental Group to deliver the implementation of the new finance system the costs have been agreed at £42k.

3.4. The E20 and overall E20 Group July forecast is shown in Appendix 2.

3.5. The key changes to the E20 forecast arise from the lower recharges from LS185 and a greater share of net commercial revenues (per the changes at 3.3). There is a small forecast saving against insurance in 2020/21.

4. SENSITIVITIES AGAINST THE LS185 JULY FORECAST

4.1. Two sensitivities were considered against the LS185 July forecast, a soft opening at 15k capacity and BCD only matches.

4.2. A soft opening for the start of the 20/21 football season with an attendance up to 15,000 (25% of seating capacity), followed by a full opening from January 2021 (60k seating capacity). s.43 [REDACTED]

- s.43 [REDACTED]

4.3. Behind closed doors (BCD) matches until the end of the financial year. s.43 [REDACTED]

- s.43 [REDACTED]

5. E20 GROUP SAVINGS – 2020/21 and 2021/22

5.1. In addition to the LS185 forecast savings set out in this report, E20 is forecasting £0.1m of savings relating to insurance costs in 2020/21. In addition, £0.1m of LS185 staff cost savings in 2020/21 are expected to carry through into 2021/22. s.43 [REDACTED] this gives total expected E20 Group savings of £5.3m in 2020/21 and £0.1m in 2021/21. The risks against these savings are set out in Section 6.

5.2. A summary of the E20 Group savings plan for 2020/21 and 2021/22 is set out at Appendix 3.

6. RISKS

6.1. The key risks to the LS185 2020/21 forecast are:

- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]

7. APPENDICES

- Appendix 1 - LS185 2020/21 Forecast, Plan and Budget
- Appendix 2 – E20 Group 2020/21 Forecast vs Budget
- Appendix 3 – E20 Group savings forecast for 2020/21 and 2021/22
- Appendix 4 – WHU Match Day cost forecast

APPENDIX 1

NET EVENT REVENUE +£1,171k v Budget, due to lower WHU BCD match costs, set against the usage fee.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
S.43												
Revenue	9,967		10,983		5,365		5,262		(103)		(5,721)	
Costs	(8,263)		(9,953)		(3,061)		(3,061)		-		6,892	
TOTAL NET EVENT REVENUE	1,704		1,030		2,304		2,201		(103)		1,171	

OTHER NET INCOME -£847k v Budget, due to not having assets available (C-19 impact) to achieve new partnership rights.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
S.43												
OTHER INCOME												
Revenue	2,555		2,576		1,640		1,705		65		(871)	
Costs	(235)		(142)		(119)		(119)		-		24	
TOTAL NET OTHER INCOME	2,319		2,434		1,522		1,587		65		(847)	

FXED REVENUE in line with Budget

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
FIXED REVENUE												
E20 Annual Covered Fixed Costs	7,338		7,338		7,338		7,338		-		-	
E20 Additional Fixed Costs	-		-		-		-		-		-	
UKA Maintenance Fee	40		40		40		40		-		-	
Deferred Income Allocation to Reserve	(100)		(100)		(100)		(100)		-		-	
TOTAL FIXED REVENUE	7,278		7,278		7,278		7,278		-		-	

RECHARGEABLE REVENUE -£4,213k v Budget, due lower funding required for seat move costs (maintain football mode) and lower electricity consumption.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (S4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (S4) v June Board F'Cast (S4)		Variance July Board F'Cast (S4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
RECHARGEABLE REVENUE												
NET E20	694		7,108		2,595		2,895		300		(4,213)	
NET WHU	-		-		-		-		-		-	
NET DNC	-		-		-		-		-		-	
NET OTHER	-		-		-		-		-		-	
TOTAL NET RECHARGEABLE REVENUE	694		7,108		2,595		2,895		300		(4,213)	

SEAT MOVE AND OVERHEAD COSTS +£4,833k v Budget, due to seats maintained in football mode, staffing recruitment phasing, lower electricity consumption, an expectation of revised FM maintenance costs, and discretionary spend savings.

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
SEAT MOVE COSTS												
Seat Moves	-		(6,000)		(1,700)		(2,000)		(300)		4,000	
Seat Maintenance	-		(308)		(308)		(308)		-		-	
TOTAL SEAT MOVE COSTS	-		(6,308)		(2,008)		(2,308)		(300)		4,000	
OVERHEADS												
Staffing	(1,964)		(2,563)		(2,372)		(2,302)		70		261	
Utilities	(1,815)		(1,903)		(1,690)		(1,690)		-		213	
Insurance	(388)		(426)		(426)		(426)		-		-	
Facilities Management (VF fixed costs)	(2,900)		(2,894)		(2,894)		(2,644)		250		250	
Finance & Legal	(83)		(90)		(90)		(90)		-		-	
IT	(344)		(375)		(375)		(375)		-		-	
Office	(52)		(50)		(50)		(50)		-		-	
Technical	(289)		(283)		(200)		(200)		-		83	
Safety/Security (24/7 G4S costs)	(707)		(785)		(785)		(785)		-		-	
Pitch Maintenance	(113)		(147)		(147)		(142)		5		5	
LLDC Recharges	-		(210)		(210)		(210)		-		-	
Marketing & Commercial	(123)		(120)		(120)		(100)		20		20	
TOTAL OVERHEADS	(8,776)		(9,846)		(9,358)		(9,013)		345		833	
TOTAL OVERHEADS AND SEAT MOVE COSTS	(8,776)		(16,154)		(11,366)		(11,321)		45		4,833	

EXTRAORDINARY COSTS +£8k v Budget, following procurement of new finance system

London Stadium 185 - DETAILED	FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21		FY 2020/21	
	Plan		Budget		June Board F'Cast (\$4) BCD events until end of calendar year		Cost Savings F'Cast BCD events until end of calendar year		Variance July Board F'Cast (\$4) v June Board F'Cast (\$4)		Variance July Board F'Cast (\$4) v Budget	
	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events	£000	No. of Events
Extraordinary Costs												
IT Migration/New Finance System	-		(50)		(42)		(42)		-		8	

APPENDIX 2 – E20 GROUP FORECAST 2020/21

E20 GROUP CONSOLIDATION	Approved 2020/21 Budget				2020/21 Forecast (Jul)				2020/21 (Change)			
	LS185 £000	E20 £000	Consol Adj £000	E20 Group £000	LS185 £000	E20 £000	Consol Adj £000	E20 Group £000	LS185 £000	E20 £000	Consol Adj £000	E20 Group £000
Total Net Event Income	1,030	0	0	1,030	2,201	0	0	2,201	1,171	0	0	1,171
Total Net Other Income	2,434	0	0	2,434	1,586	0	0	1,586	(848)	0	0	(848)
Total Fixed Income	7,278	(7,238)	0	40	7,278	(7,238)	0	40	0	0	0	0
Total Net Rechargeable Income	7,108	(7,108)	0	0	2,895	(2,895)	0	0	(4,213)	4,213	0	0
Total E20 Direct Event Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total London Living Wage	0	(807)	0	(807)	0	(249)	0	(249)	0	558	0	558
TOTAL NET REVENUE	17,850	(15,153)	0	2,697	13,960	(10,382)	0	3,578	(3,890)	4,771	0	881
Seat Move Costs												
Seat moves	(6,000)	0	0	(6,000)	(2,000)	0	0	(2,000)	4,000	0	0	4,000
MLB	0	0	0	0	0	0	0	0	0	0	0	0
Seat maintenance	(308)	0	0	(308)	(308)	0	0	(308)	0	0	0	0
Total Seat Move Costs	(6,308)	0	0	(6,308)	(2,308)	0	0	(2,308)	4,000	0	0	4,000
LS185 Overheads												
Staffing	(2,563)	0	0	(2,563)	(2,302)	0	0	(2,302)	261	0	0	261
Utilities	(1,903)	0	0	(1,903)	(1,690)	0	0	(1,690)	213	0	0	213
Insurance	(426)	0	426	0	(426)	0	426	0	0	0	0	0
Facilities Management	(2,894)	0	0	(2,894)	(2,644)	0	0	(2,644)	250	0	0	250
Finance & Legal	(90)	0	0	(90)	(90)	0	0	(90)	0	0	0	0
IT	(375)	0	0	(375)	(375)	0	0	(375)	0	0	0	0
Office	(50)	0	0	(50)	(50)	0	0	(50)	0	0	0	0
Technical	(283)	0	0	(283)	(200)	0	0	(200)	83	0	0	83
Safety/Security	(785)	0	0	(785)	(785)	0	0	(785)	0	0	0	0
Pitch Maintenance	(147)	0	0	(147)	(142)	0	0	(142)	5	0	0	5
LLDC recharges	(210)	0	0	(210)	(210)	0	0	(210)	0	0	0	0
Marketing & Commercial	(120)	0	0	(120)	(100)	0	0	(100)	20	0	0	20
Total LS185 Overheads	(9,846)	0	426	(9,420)	(9,013)	0	426	(8,588)	832	0	0	832
E20 Overheads												
Staffing	0	(606)	0	(606)	0	(606)	0	(606)	0	0	0	0
Staffing recharged to capital	0	135	0	135	0	135	0	135	0	0	0	0
Rates	0	(1,590)	0	(1,590)	0	(1,590)	0	(1,590)	0	0	0	0
Insurance	0	(731)	(426)	(1,157)	0	(656)	(426)	(1,082)	0	75	0	75
Estate Charge (net)	0	(362)	0	(362)	0	(362)	0	(362)	0	0	0	0
Professional and legal fees	0	(80)	0	(80)	0	(80)	0	(80)	0	0	0	0
Technical professional fees	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & Commercial	0	0	0	0	0	0	0	0	0	0	0	0
Other (incl LLDC service recharges)	0	(378)	0	(378)	0	(378)	0	(378)	0	0	0	0
Total E20 Overheads	0	(3,612)	(426)	(4,038)	0	(3,537)	(426)	(3,963)	0	75	0	75
TOTAL OVERHEADS AND SEAT MOVE COSTS	(16,154)	(3,612)	0	(19,766)	(11,321)	(3,537)	0	(14,859)	4,832	75	0	4,907
Grantor share of net commercial revenues	(2,835)	2,835	0	0	(3,303)	3,303	0	0	(468)	468	0	0
NET OPERATING DEFICIT	(1,139)	(15,930)	0	(17,069)	(664)	(10,616)	0	(11,281)	474	5,314	0	5,788
LS185 extraordinary costs												
IT Migration/New finance system	(50)	0	0	(50)	(42)	0	0	(42)	8	0	0	8
E20 extraordinary costs												
Legal	0	(150)	0	(150)	0	(150)	0	(150)	0	0	0	0
UKA	0	0	0	0	0	0	0	0	0	0	0	0
Other restructuring	0	(350)	0	(350)	0	(350)	0	(350)	0	0	0	0
Total extraordinary costs	(50)	(500)	0	(550)	(42)	(500)	0	(542)	8	0	0	8
Tax/depreciation	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	(1,189)	(16,430)	0	(17,619)	(706)	(11,116)	0	(11,823)	482	5,314	0	5,796
E20 capital additions (impaired)												
LS 185 (recharged to E20 - income)	5,003	(5,003)	0	0	5,003	(5,003)	0	0	0	0	0	0
LS 185 (recharged to E20 - cost)	(5,003)	0	0	(5,003)	(5,003)	0	0	(5,003)	0	0	0	0
E20 direct	0	(10,475)	0	(10,475)	0	(10,475)	0	(10,475)	0	0	0	0
Transformation	0	(639)	0	(639)	0	(639)	0	(639)	0	0	0	0
Total capital additions (impaired)	0	(16,117)	0	(16,117)	0	(16,117)	0	(16,117)	0	0	0	0
TOTAL GROUP PROFIT/(LOSS) PRE-FINANCING	(1,189)	(32,547)	0	(33,736)	(706)	(27,233)	0	(27,940)	482	5,314	0	5,796
E20 Financing Costs	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROUP PROFIT/(LOSS) POST-FINANCING	(1,189)	(32,547)	0	(33,736)	(706)	(27,233)	0	(27,940)	482	5,314	0	5,796

APPENDIX 3 – E20 GROUP SAVINGS PLAN SUMMARY

June 2020 forecast	2020/21	2021/22
	£m	£m
Targeted savings:		
Higher net commercial revenues from LS185	0.5	0.0
Lower recharges for seat moves	4.0	0.0
Reduction in recharges for LLW	0.6	0.0
Utilities recharge savings	0.2	0.0
Insurance	0.1	0.0

S.43

S.43

From: [Richard Irish](#)
To: [Gerry Murphy](#); [Ed Stearns](#); [Sarah Perry](#); [s.40](#); [Mark Camley](#); [Paul Brickell](#); [Anthony Hollingsworth](#); [ash.sharma@londonstadium185.com](#)
Subject: RE: budget presentation
Date: 08 July 2020 15:23:10
Attachments: [image001.png](#)
[Management Forum 09.07.2020.pdf](#)
Importance: High

All,

Attached are the updated budget review slides for tomorrow's Management Forum meeting.

Please can you let me know any other changes by cop today.

I will then circulate a final version to all of EMT.

Thanks,

Richard

Richard Irish
Finance Director

Tel: [s.40](#)

From: Ed Stearns
Sent: 02 July 2020 14:43
To: LLDCEMT <LLDCEMT@londonlegacy.co.uk>
Subject: budget presentation

Hi All,

Just had a quick catch up with Gerry and Richard re budget comms and specifically the session for Management Forum on July 9. Richard and Gerry will be presenting the lions share, however a reminder that each of us will be speaking to our directorate slide for no more than 5 mins each. If you need any changes to your slide please flag with Richard.

Ed

Ed Stearns
Director of Communication, Marketing and Strategy

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London Legacy Development Corporation
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BUDGET SAVINGS REVIEW

Management Forum

09 July 2020

CONFIDENTIAL

AGENDA

- 01 Introduction
- 02 Revenue funding position – Timeline
- 03 LLDC savings target
- 04 Overview – Total savings
- 05 Overview – Savings by directorate
- 06 Directorates
- 07 2022/23 onwards
- 08 Timetable/Next steps
- 09 Q&A



INTRODUCTION

- Mayor announced in June that COVID-19 has had a **major economic impact** on GLA finances
- New budget guidance was issued on 3 July:
 - Sets out revised **revenue funding** for 2020/21 and 2021/22
 - GLA has asked all functional bodies to deliver **additional savings** to their revenue budgets in 2020/21 and 2021/22 and possibly beyond.
- Worked with Executive Directors and the London Stadium to review revenue budgets on a line-by-line basis to review discretionary spend
- Ongoing dialogue also with the Finance team at City Hall and presentations to Mayor's Chief of Staff and LLDC Investment Committee
- Budget review focussed on **revenue budgets** – review of capital plan to follow
- **s.43** [REDACTED]
- LLDC has a relatively lean revenue cost base largely due to previous savings and efficiencies – not much discretionary spend
- Stadium is now revenue funded and a significant element of LLDC's cost base with its own very significant savings plan – cancellation/postponement of summer events has given substantial savings on seat move costs
- Want to hear from the Management Forum

REVENUE FUNDING POSITION – 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

LLDC SAVINGS TARGET

The table below shows the change in funding between the baseline budget position and the Mayor's budget guidance.

		Budget Period (£m)						
		2020/21	2021/22	2022/23	2023/24			
		Budget	Plan	Plan	Plan	Total		
BASELINE	Net expenditure	(39.3)	(30.4)	(28.9)	(28.6)	(127.2)		
	GLA Funding:							
	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		
	Total GLA Funding	39.3	30.1	27.1	26.8	123.3		
REVISED	Revised GLA Funding:					Change vs Baseline		
	Core	8.6	13.9	14.1	14.4	51.0	(13.0)	
	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	
		Revised GLA Funding	31.9	28.0	25.2	25.2	110.3	(13.0)
		Funding gap (existing)	0.0	(0.3)	(1.8)	(1.8)	(3.9)	
	Funding gap (new)	(7.4)	(2.4)	(3.7)	(3.4)	(16.9)		
	Change in Funding Gap	(7.4)	(2.1)	(1.9)	(1.6)	(13.0)		

Core funding is reduced by £13.0m

Funding gap is increased to £16.9m on a baseline of £127.2m (13%)

OVERVIEW – TOTAL SAVINGS

	£m			
Targeted savings:	2020/21	2021/22	Total	Notes:
Stadium	5.3	0.1	5.4	See slides to follow
s.43				
Reduction in discretionary spend across directorates	1.5	0.6	2.1	See slides to follow
Income opportunities	0.5	1.0	1.5	See slides to follow
Risk/Optimism bias adjustment	(0.5)	(0.5)	(1.0)	
Total	7.0	1.4	8.4	
<i>Target</i>	<i>(7.4)</i>	<i>(2.1)</i>	<i>(9.5)</i>	Confirmed in Mayor's final Budget Guidance issued on 26 June
<i>Carry-forward</i>	-	(0.4)	0.0	
(Under)/Over delivery	(0.4)	(1.1)	(1.1)	

s.43

Any pay inflation/increment freeze will be aligned to the GLA's approach

Net revenue cost base (£m)	39.3	30.4	69.7
Target Savings as a % of net revenue cost base	19%	7%	14%
Total identified Savings as a % of net revenue cost base	18%	5%	12%

OVERVIEW – SAVINGS BY DIRECTORATE

- 'Adjusted Baseline Budget' is post COVID-19 impact and excludes staff costs
- 'Change' is additional income or expenditure savings
- 'Total Change' is across two years and as a % of Adjusted Baseline Budget

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
Development	238	238	0	0%	540	540	0	0%	0	0%
Executive Office	29	29	0	0%	29	29	0	0%	0	0%
FCCS	360	360	0	0%	180	180	0	0%	0	0%
Park Operations and Venues (excl Trading)	3,062	3,303	242	8%	4,284	4,426	142	3%	384	5%
PPDT	1,550	1,700	150	10%	1,400	1,400	0	0%	150	5%
Regeneration and Community Partnerships	63	63	0	0%	63	63	0	0%	0	0%
Trading	6,475	6,599	124	2%	9,194	10,063	869	9%	993	6%
Total	11,776	12,292	516	4%	15,690	16,701	1,011	6%	1,527	6%
Expenditure										
Communications, Marketing and Strategy	(726)	(544)	182	25%	(696)	(561)	135	19%	317	22%
Development	(119)	(119)	0	0%	(120)	(120)	0	0%	0	0%
Executive Office	(1,715)	(1,516)	200	12%	(1,651)	(1,541)	111	7%	310	9%
FCCS	(3,777)	(3,462)	315	8%	(3,333)	(3,163)	169	5%	484	7%
Park Operations and Venues (excl Trading)	(8,055)	(7,641)	414	5%	(8,038)	(7,849)	189	2%	603	4%
PPDT	(1,575)	(1,575)	0	0%	(1,025)	(1,025)	0	0%	0	0%
Regeneration and Community Partnerships	(1,747)	(1,679)	68	4%	(1,244)	(1,244)	0	0%	68	2%
Trading	(9,754)	(9,437)	318	3%	(9,803)	(9,851)	(48)	0%	270	1%
Total	(27,468)	(25,972)	1,496	5%	(25,911)	(25,354)	557	2%	2,053	4%
Stadium (LS185)	(16,627)	(11,327)	5,300	32%	(13,307)	(13,207)	100	1%	5,400	18%

COMMUNICATIONS, MARKETING AND STRATEGY

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Expenditure										
Communications, Marketing and Strategy	(726)	(544)	182	25%	(696)	(561)	135	19%	317	22%

Heading	2020 to 2022		
	Total adjusted baseline budget £000	Total proposed saving £000	
Expenditure			
Media	(176)	76	43%
East Bank Communications	(153)	63	41%
Corporate Comms	(44)	7	16%
Park Marketing	(420)	200	48%
AMO - Marketing Recharge	420	(200)	48%
Marketing Campaigns	(561)	66	12%
Research & Support	(103)	0	0%
Brand	(245)	25	10%
Transition Costs	(140)	80	57%
Total	(1,422)	317	22%

Notes:

- AMO marketing budget – strategic review of this spend (to be joined with the wider strategic review of AMO by POV)
- Review of all printed communications/e-newsletters for efficiencies, reach, effectiveness, opportunities to digitalise
- Linked to the above, review of opportunities to secure advertisement revenue
- No Park partners dinner or London and Partners event in 2020/21
- East Bank communications – no Great Get together in 2020/21

REGENERATION AND COMMUNITY PARTNERSHIPS

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
Regeneration and Community Partnerships	63	63	0	0%	63	63	0	0%	0	0%
Expenditure										
Regeneration and Community Partnerships	(1,747)	(1,679)	68	4%	(1,244)	(1,244)	0	0%	68	2%

Heading	Total adjusted baseline budget £000	Total proposed savings £000	
Income			
Good Growth Hub Income	125	-	0%
Total	125	-	0%
Expenditure			
Community & Business Engagement	(724)	57	8%
Socio Economic	(1,716)	-	0%
Good Growth Hub - Expenditure	(125)	-	0%
Equalities & Inclusion/Paralympic Legacy	-	-	0%
Sport & Healthy Living (Regen)	(207)	-	0%
Sustainable Energy	(219)	11	5%
CRC Energy Efficiency Scheme Levy	-	-	0%
Total	(2,992)	68	2%

Notes:

- No changes to proposed savings through CEO 1:1 – however, a series of actions
- Action to review whether we are leveraging/securing enough Section 106 for Regen activities
- **s.43** [REDACTED]
- Action to review Regen Marketing/Promotion needs/spend in conjunction with Comms

PARK OPERATIONS AND VENUES

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
Park Operations and Venues (excl Trading)	3,062	3,303	242	8%	4,284	4,426	142	3%	384	5%
Expenditure										
Park Operations and Venues (excl Trading)	(8,055)	(7,641)	414	5%	(8,038)	(7,849)	189	2%	603	4%

Heading	Total adjusted baseline budget £000	Total proposed savings £000	
Income			
Programming & Events Income	235	85	36%
Car Park Income - Here East	694	156	23%
Car Park Income - LAC	293	45	15%
MSCP	0	75	0%
Waterways CRT Income	42	22	52%
Total	7,346	384	5%
Expenditure			
EFM - Contract	(15,556)	100	1%
EFM - Reactive Maintenance	(719)	54	8%
Security - Met Police & Other	(476)	109	23%
Utilities Supply	(1,092)	67	6%
Park HQ & Depot Operations	(596)	176	29%
Sponsorship Expenditure	(83)	20	24%
Programming, Events & Attractions Expenditure	(175)	30	17%
Visitor Experience	(312)	17	5%
Bridge Inspections	(100)	30	30%
Total	(16,093)	603	4%

Notes:

- s.43
- Investigating a range of measures – expect more positive changes
- To review opportunities to capitalise staff costs
- s.43
- Park HQ – options review
- s.43
- GLL – EMT discussion on options to open in 2020/21 (subject to Government guidance)
- Need to resolve CRB checks for volunteers

TRADING

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
Trading	6,475	6,599	124	2%	9,194	10,063	869	9%	993	6%
Expenditure										
Trading	(9,754)	(9,437)	318	3%	(9,803)	(9,851)	(48)	0%	270	1%

Heading	Total adjusted baseline budget £000	Total proposed savings £000	
AMO			
LLDC Marketing	(350)	130	37%
3 Mills - Income	10,225	932	9%
3 Mills - Expenditure	(9,485)	105	1%
3 Mills net	740	1,037	
Telecoms - Income	318	(133)	-42%
Telecoms net	308	(133)	
On Park Properties - Income	776	195	25%
On Park Properties - Expenditure	(184)	35	19%
On Park Properties - net	592	230	

Notes:

- 3 Mills Studios expected to return to pre-COVID 19 levels in 2021/22
- Telecoms change is a correction to an error in the budget
- On Park Properties relate to interim uses at Pudding Mill Lane and Rick Roberts Way

FINANCE, CORPORATE AND COMMERCIAL SERVICES

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
FCCS	360	360	0	0%	180	180	0	0%	0	0%
Expenditure										
FCCS	(3,777)	(3,462)	315	8%	(3,333)	(3,163)	169	5%	484	7%

Heading	Total adjusted baseline budget £000	Total proposed savings £000	
Income			
E20 Recharges	540	-	0%
Total	540	-	0%
Expenditure			
Park IT - Revenue	(424)	354	83%
Smart Park - Revenue	(263)	33	13%
Corporate IT - Revenue	(1,953)	4	0%
Audit & Assurance	(180)	(70)	-39%
Legal, Proc, Sec & Treasury Shared Serv	(1,410)	80	6%
Insurance	(1,735)	-	0%
Archiving	(30)	15	50%
Professional Advice	(560)	95	17%
Board & Chair	(554)	(28)	-5%
Total	(7,110)	484	7%

Notes:

- Review use of landline vs mobile phones and MS Teams/Skype
- Legal – action to compare previous spend against current **s.43**
- Insurance – risk on 2021/21 forecast

STADIUM

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Stadium (LS185)	(16,627)	(11,327)	5,300	32%	(13,307)	(13,207)	100	1%	5,400	18%

Targeted saving	July £m
Higher net commercial revenues from LS185	0.5
Lower recharges for seat moves	4.0
Reduction in recharges for LLW	0.6
Utilities recharge savings	0.2
Insurance	0.1

s.43

Notes:

- **s.43**
- Possibility for additional £1.7m 'saving' through capitalisation of seat costs
- **s.43**
- **s.43**
- *Non-event security – LS185 to work with LLDC to benchmark*

PLANNING POLICY AND DECISIONS

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
PPDT	1,550	1,700	150	10%	1,400	1,400	0	0%	150	5%
Expenditure										
PPDT	(1,575)	(1,575)	0	0%	(1,025)	(1,025)	0	0%	0	0%

Heading	Total adjusted baseline budget £000	Total proposed savings £000	
Income			
Planning Fees	1,500	0	0%
Community Infrastructure Levy	350	50	14%
Quality Review Panel	0	0	0%
Other Development Management Income	1,100	100	9%
Total	2,950	150	5%
Expenditure			
Policy Support	(100)	0	0%
Quality Review Panel	0	0	0%
Decisions Support	(2,500)	0	0%
Total	(2,600)	0	0%

Notes:

- Approximately £0.3m to £0.5m of outstanding Development Management income to follow-up (£0.1m included in the above)
- Monitor recovery of outstanding amounts in quarterly Management Accounts
- Undertake a review of charges in Autumn 2020
- Action to review Decisions Support expenditure in 2019/20 to establish how much could have been recharged to applicants
- Action to check how much is spent on catering in PPDT budgets

EXECUTIVE OFFICE

Heading	2020/21				2021/22				Total Change £000	Total Change %
	Adjusted Baseline Budget	Forecast	Change	%	Adjusted Baseline Budget	Forecast	Change	%		
Income										
Executive Office	29	29	0	0%	29	29	0	0%	0	0%
Expenditure										
Executive Office	(1,715)	(1,516)	200	12%	(1,651)	(1,541)	111	7%	310	9%

Heading	Total adjusted baseline budget £000	Total proposed savings £000	
Income			
Accom. Recharge to E20 Staff (Exec Office)	58	0	0%
Total	58	0	0%
Expenditure			
Training and development	(214)	18	8%
Non salary staff costs	(454)	107	24%
Accommodation	(2,475)	102	4%
Diversity & Inclusion	(90)	30	33%
Health and safety	(133)	53	40%
Total	(3,366)	310	9%

Notes:

- Undertake review of training provision and its effectiveness
- Review of spend on recruitment costs (and where) including margins charged by recruitment agencies
- 1SP service charges/utilities, check why costs have not reduced due to LLDC absence from office
- **s.43**
- *Development of Accommodation Strategy*

2022/23 ONWARDS

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

	Budget Period (£m)				Total
	2020/21	2021/22	2022/23	2023/24	
	Budget	Plan	Plan	Plan	
Funding gap (new)	(7.4)	(2.4)	(3.7)	(3.4)	(16.9)
Savings identified	7.5	2.4	0.0	0.0	9.9
Use of carry-forward	0.0	0.1	0.0	0.0	0.1
Carry-forward	(0.1)	0.0	0.0	0.0	(0.1)
Funding Gap	0.0	0.1	(3.7)	(3.4)	(7.0)

- s.43 [Redacted]
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 - 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	
All staff communication	TBC	
Monthly reporting to GLA	July onwards	

QUESTIONS AND ANSWERS

