

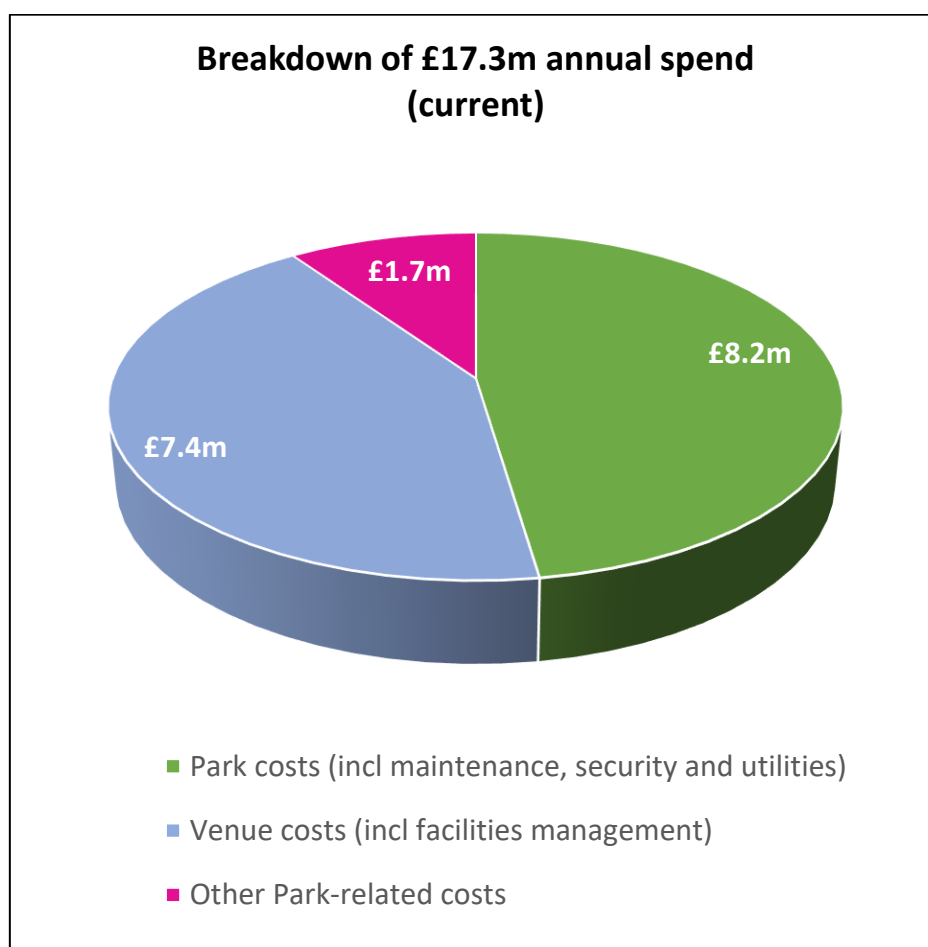
LONDON LEGACY DEVELOPMENT CORPORATION (LLDC) ANNUAL REPORT ON FIXED ESTATE CHARGE FOR RESIDENTS & COMMERCIAL OCCUPIERS (2022/23)

In response to the Greater London Assembly's (GLA) publication of the Mayor's Queen Elizabeth Olympic Park Fixed Estate Charge Review (February 2023), LLDC committed to providing greater transparency to those who pay the fixed estate charge about how the income is used, together with details on future funding through the provision of an annual report.

This report sets out the financial position for 2022/23 financial year and continues the same form of reporting as last year but also includes LLDC's responses to questions received regarding the previous report.

EXPENDITURE

For the 2022/23 financial year, a breakdown of LLDC's expenditure on Queen Elizabeth Olympic Park and Venues is set out in the pie chart below.



A more detailed breakdown of the £17.3m expenditure is given in the table below.

<u>Expenditure</u>	2022/23 Actual £m
Estates and Facilities Management - Park (incl Security)	6.6
Utilities - incl water, electricity, heating and cooling	1.5
LLDC Staffing costs (apportioned)	1.1
Other - incl event delivery and technical professional advice	0.2
Park headquarters and depot operations	0.2
Park visitor experience	0.1
Car park operations	0.1
Total Park¹ costs	9.9
Estates and Facilities Management - Venues	2.6
Venue operational/management costs	4.1
LLDC Staffing costs (apportioned)	0.8
Rental properties operational/management costs	-0.1
Total Venue costs	7.4
Total costs	17.3

1. This covers 'Park costs' and 'other Park-related costs' from the chart of the previous page

INCOME

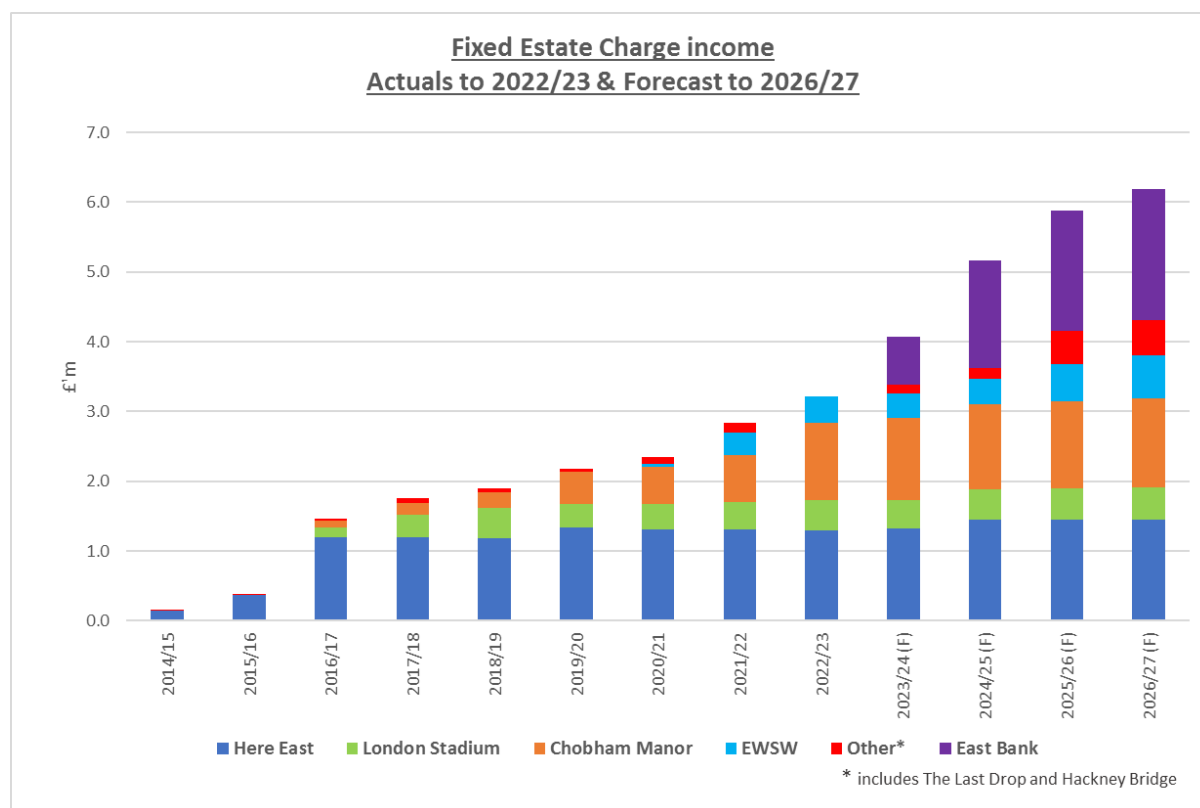
LLDC's income for the 2022/23 financial year (directly relating to the Park & Venues) is set out below.

<u>Income</u>	2022/23 Actual £m
GLA Grant - Park	5.5
Fixed Estate Charge	3.2
Car Parking Income	0.6
Events	0.6
Total Park income	9.9
GLA Grant - Venues	4.0
Income - Venues	2.4
Rental properties	1.0
Total Venue income	7.4
Total income	17.3

The Park and its venues are managed by LLDC, delivered through a contract with Equans, which provides estate and facilities management for the Park and venues, and horticulture services. The operation of the Copper Box Arena (CBA) and London Aquatics Centre (LAC) has been contracted to Greenwich Leisure Limited (GLL) on a 10-year operational contract which expires in February 2024. LLDC has undertaken a procurement process for the Park operational contracts, including for Parkwide Estate and Facilities Management, and the integrated operation and maintenance of the LAC and CBA, the outcome of which will be announced in due course. LLDC also let the Park security contract through the appointment of G4S in 2022. The procurement exercises have been designed to ensure that the service levels meet the needs of the Park and venues and that income is maximised and public subsidy is reduced.

FIXED ESTATE CHARGE CONTRIBUTIONS

The table below has been updated from the previous report and illustrates the Fixed Estate Charge contributions received to date and the forecasts for future years with significant growth still being delivered, particularly as the new East Bank cultural and education district opens.



We hope this annual report is useful and if you have any questions or queries, please email estatemangement@londonlegacy.co.uk

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QUESTIONS AND ANSWERS

Below is a collated list of questions received and answers provided in response to the previous annual report.

Q1. Freedom of Information request.

23-021 – Fixed Estate Charge (FEC)

“Having reviewed the 2021/22 Budget submission and Mayor of London’s report, I have a number of concerns, can you please clarify these under the FOIA:

- 1. Why is there conflicting information of the “fixed estate charge” between the budget submission and the Mayor’s review (attached) for the 2021 figures?*
- 2. Please can you quantify the amount of dwellings contributing to the FEC (and of each use)*
- 3. The Mayor’s report states that indexing will be temporarily removed. Is this happening for the 2023/24 year ahead and future years and when will this be confirmed?*
- 4. Please confirm when this paragraph is going to be removed from future budgets.*
- 5. Why is the FEC not reducing while more residential, dwellings are being built and contributing to the park?”*

23-022 – Fixed Estate Charge venue contributions.

“Following the media financial reported disagreements between the LLDC and Westham United football club:

- Does residents FEC (Park Charge) contribute to the running and maintenance cost of the London Stadium?*
- West Ham made ‘further payment’ in dispute with London Stadium owners over Kretinsky shares purchase ([Link](https://www.onlondon.co.uk/west-ham-made-further-payment-in-dispute-with-london-stadium-owners-over-kretinsky-shares-purchase/))*
- West Ham rent ‘does not cover costs of staging matches’, according to LLDC chief executive ([Link](https://www.skysports.com/football/news/11685/11491814/west-ham-rent-does-not-cover-costs-of-staging-match-according-to-lldc-chief-executive))*
- New row over naming rights for West Ham’s London Stadium ([Link](https://www.standard.co.uk/news/london/west-ham-united-london-stadium-sponsorship-naming-rights-row-karren-brady-b1051246.html))*

Which venues does the FEC contribute to? If there is any, why aren’t the business models for each venue sufficient enough to not require financial support?”

The response is attached as Appendix 1.

Q.2 Can you please confirm whether per your latest financial statements, where there is a forecasted contribution requirements graph, from the 2023/2024, the increase on the portion due on residents will be frozen due to the introduction of UCL, and the V&A?

The nature of the charge, as set out in the FEC Review, is that current contributions do not meet the costs, so new entities joining reduces the subsidy paid by the GLA rather than reduce the payment of others.

The previous and updated graphs show significant forecast contributions from the East Bank organisations. It has no impact on the contribution from Chobham Manor residents. The portion paid by Chobham Manor residents will however move in line with forecast indexation now that construction of the development is complete. It is not "frozen" and will continue to move in line with indexation, subject to the consideration with the GLA as part of the LLDC budgeting round.

Q3. a) The portion of the FEC due on Chobham manor residents is forecasted to stay the same/frozen from FY 23/24 onwards;

It looks largely the same on the graph as the development is now built out and complete with no further phases and as such, there is no growth at Chobham Manor through additional phases of development/increasing unit numbers. However, it will move in line with indexation, subject to the consideration with the GLA as part of the LLDC budgeting round.

b) Can you confirm that it is within your expectation and forecast that there will be no further uplifting (indexing via annual RPI) of the FEC portion for Chobham manor residents?

This is not the case. The Fixed Estate Charge at Chobham Manor will continue to move in line with indexation, subject to the consideration with the GLA as part of the LLDC budgeting round.

c) Based on the explanation given, can you confirm that whilst the total number of household contributing to the overall charge will not increase, the % of the total cost required for the upkeep of the park that is due on Chobham Manor will not change from FY23/24 as per my original assumption of the graph in your FS ? I.e., any additional costs incurred towards the park will not increase the proportional % due on Chobham Manor residents, when compared to the other contributors (East Bank, new businesses opening up inside the park including the V&A museum and the 2 universities UCL and UEA)

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Q4. Please provide a detailed breakdown of the £5.4m Estates & Facilities Management Costs from the 2021/22 Annual Report.

The table below provides the breakdown requested.

Budget Area	Spend £000	Description
EFM Contract - Net balance after recharge of direct venue costs	4,633	Fixed Fee Contract with Equans for Security, Maintenance (Programmed and Preventative Maintenance), Cleaning, Horticulture, Waste Management, Pest Control and Health and Safety
EFM - Reactive Maintenance	311	Ad Hoc Reactive Maintenance
EFM - Parklands	17	Ad Hoc Parklands Expenditure
EFM - Car Park Maintenance	38	Car Park Maintenance
Additional Security Ad Hoc Costs	231	Ad Hoc Security Costs
HVM Maintenance	30	Maintenance of Hostile Vehicle Management Equipment
CCTV Maintenance	151	Maintenance of CCTV Infrastructure
	5,410	