

**Minutes of the Meeting of the London Legacy Development Corporation
Investment Committee**

Date: 22 October 2013
Time: 3.10pm
Venue: CR1, City Hall, The Queen's Walk, London, SE1 2AA

PRESENT: David Edmonds (Chair)
Nicky Dunn
David Gregson
Jayne McGivern

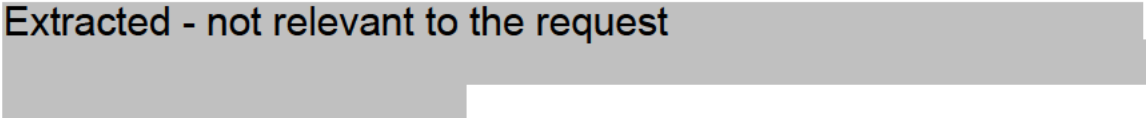
IN ATTENDANCE: Dennis Hone, Chief Executive
Jan Boud, General Counsel
Jonathan Dutton, Executive Director of Finance and Corporate
Services
Rosanna Lawes, Director of Development
Rachel Massey, Committee Secretary
Michelle Reeves, GLA Observer to the LLDC Committees, GLA
Sue Riley, Secretariat, GLA

1 Exclusion of the Press and Public

1.1 The Committee agreed to exclude the public and press from the meeting, in accordance with Section 100A(4) of the Local Government Act 1972, for the following items of business on the grounds that it would be likely to involve the disclosure of exempt information as defined in part 1, paragraph 3 of Schedule 12A of the Act.

2 Minutes of the Previous Meeting Held on 9 September 2013 that Contain Exempt Information

2.1 Extracted - not relevant to the request



2.2 The Committee agreed the minutes of the meeting held on 9 September 2013 as an accurate record to be signed by the Chair.

3 Estates Management Strategy for the Queen Elizabeth Olympic Park – Exempt Supplemental Information Relating to Part 1

- 3.1 The Director of Development introduced the report setting out the detailed ongoing work by the LLDC to ensure the long term management and stewardship of the Queen Elizabeth Olympic Park (QEOP).
- 3.2 Officers had reviewed good practice in other areas of London which managed landed estates, such as s43, s43 and s43. This confirmed the importance of a clear vision for estate management, which emphasised quality and strategic control. Such examples of good management had realised commercial returns and an uplift in capital value, although the benefits had been undermined by the loss of freehold of the estates due to the Leasehold Reform Act. The ability therefore to raise revenue through rent was crucial to the long term successful management of the Estate.
- 3.3 It was proposed that all commercial occupiers and residents of the QEOP would pay a contribution towards LLDC's costs of managing and maintaining the Estate in the form of a Fixed Estate Charge. Stepping outside the RICS Service Charge Code for Commercial Property by having a fixed estate charge would remove the administrative burden of a complex reporting mechanism to fee payers,. The proposed levels as set out in the report were £1.50 per sqft of Net Internal Area (NIA) per annum for commercial occupiers and £1.00 per sqft of NIA per annum for residential occupiers The Fixed Estate Charge had been incorporated into the legal agreements of both Chobham Manor and the Press and Broadcast Centre.
- 3.4 Officers had reviewed the level of estate charges and highlighted the tension between the cost of service charges and estate charges. Taylor Wimpey and L&Q had agreed to pay £850,000 per annum towards the Fixed Estate Charge. The Committee were of the view that this provided a good value for money arrangement for the developers and that there should be no further negotiations on this price.
- 3.5 Officers reported they had also benchmarked against other London development sites, including s43 and s43. The fixed estate charge will be index linked, but LLDC would have to cover the costs of any shortfall in running the park. Any financial shortfall in the management of the Estate would be met by the Mayor.
- 3.6 It was confirmed that the Velodrome was managed by the Lea Valley Regional Park Authority and was therefore not part of the facilities to be managed within the Estate itself, but LVRPA land leased to the LLDC was. It was clarified that event operators would not pay a fixed estate charge but would pay an event fee. An additional event charge would be levied if any event was longer than 12 months.
- 3.7 The Director of Development set out the options for establishing a new entity for the Estate, and the need to ensure that the chosen option did not impact negatively on the LLDC's exit strategy, as well as creating revenue generation opportunities.

3.8 The Chief Executive noted that the covering the cost of running the Park would be higher in the earlier years due to a lower level of revenue from tenants, but that over time, income would increase as more tenants and occupiers joined the Estate. It would be important to look at the income projections from full occupation to see if this would cover the costs of running the Park and to quantify the scale of any shortfall.

3.9 **Extracted - not relevant to the request**

3.10 The Chair of the Committee summarised the discussion, noting that the Committee were very happy with the principles of the fixed estate charge but wanted the LLDC to prioritize the control of the Park estate through any entity that was established and that this should be considered as a primary objective when considering a park entity with or without charitable status. The Committee recognised the tax benefits of establishing a charitable Parks Trust to run the Estate, but this had to be balanced against the need for a clear control structure and the flexibility of being able to transfer control at a later stage, if desired. The options for potential management entities, as set out in Appendix 3, were not considered compatible with the complex nature of the site, which crossed borough boundaries.

3.11 The Director of Development confirmed that estate charges would be levied on higher education organisations as a commercial occupier.

3.12 The Committee:

(a) noted the paper;

(b) approved the principles of the proposed Estates Strategy and next steps, based on the discussions above; and

(c) approved the principle of LLDC charging a fixed estate charge, and exploring the appropriate entity or company structure to manage the Estate in the longer term, the level of the charge with further detail being presented back to the Committee in early 2014.

4 Exempt Appendix to the E20 Stadium Limited Liability Partnership Update

4.1 **Extracted - not relevant to the request**

4.2 **Extracted - not relevant to the request**

4.3 Extracted - not relevant to the request
[Redacted]

4.4 Extracted - not relevant to the request
[Redacted]

4.5 Extracted - not relevant to the request
[Redacted]

4.6 Extracted - not relevant to the request
[Redacted]

4.7 Extracted - not relevant to the request
[Redacted]

4.7 Extracted - not relevant to the request
[Redacted]

4.9 Extracted - not relevant to the request
[Redacted]

4.9 The Committee noted the update.

5 Close

5.1 The meeting closed at 4.10pm

Chair

Date
