

Frequently asked questions regarding the London Borough of Newham's proposed public partnership with the OPLC regarding the Olympic Stadium

1. Q: How has the council arrived at a figure of £40m?

A: No figure has been finalised, and the level of investment will be dependent on the detail of the stadium legacy agreed. £40m is the upper ceiling of our potential investment and always has been.

We have made it clear in our proposal to the OPLC that the maximum we would invest would be £40m.

2. Q: Where will London Borough of Newham get the 40m from in the first place?

A: Funding is likely to be made through the Council borrowing, which will be repaid through the returns on investment made from the Stadium. The £40m will not be drawn from existing revenue budgets and will not impact on the level of funding that can be provided for services to residents.

3. Q: How is the council able to make an investment of £40m?

A: Although we have made provision for investment in our budget strategy and have made an offer to the OPLC, we have not committed to a specific investment at this stage. The nature and scale of any investment will be dependent on our discussions with the OPLC. The investment is included within the Council's capital budget.

The Council is seeking to ensure that any investment is returned through Stadium legacy uses.

4. Q: How will the council recoup its investment?

A: As well as the community, employment and regeneration benefits delivered through a sustainable stadium the Council conditions for its investment include financial returns that have no adverse impact on the medium to long-term budget strategy of the council.

5. Q: Is the £40m a loan?

A: The nature of the investment has yet to be finalised, and will be the subject of upcoming negotiations with the OPLC. The investment could be a loan, but could also be through equity.

6. Q: What are the proposals?

A: The proposals are based on securing benefits for Newham residents and businesses. These include:

- Securing the regeneration of the Olympic Park area
- Employment opportunities of residents in the stadium and the businesses surrounding it
- Access to events for residents, both as spectators and attending community events
- Investment in local Community Sports programmes
- An Athletics programmes and facilities available for residents
- Education facilities and programmes operated from the stadium
- Funding for Community legacy from Stadium revenues

The details have not been made public at this stage as we are keen to enter into negotiation. Even though this is a public/public partnership this is still a negotiation and we would not want to publish details until a conclusion has been reached.

7. Q: When will the proposals (and the conditions of any investment) become available?

A: This depends on the nature and speed of the upcoming the Council's – OPLC's negotiations.

8. Q: Is the council opening itself up for more litigation?

A: As was the case during the previous process, we are seeking to minimise the potential for litigation.

As you will see from the council's press release, we are proposing not to take part in selecting an anchor tenant or tenants.

9. Q: How did you know OPLC would be making a decision regarding the Stadium process the very next day?

A: Since the OPLC terminated the previous process on the 11th October 2011 they have made a number of statements about a public ownership model and about potentially partnering with other public sector partners.

In this context, Council officers have sought clarity over the nature of what the OPLC believes such a partnership may entail.

In the absence of formal guidance on this from the OPLC the Council believed that it was appropriate to take the initiative and make a proposal to the OPLC ahead of their Board meeting on the 29 November 2011.

10. Q: Have we discussed our proposal with OPLC prior to this report?

A: Yes, Council officers have sought clarity over the nature of what the OPLC believes such a partnership may entail. However, the Council's decision on the 28 November 2011 marks the first step of the council's proactive approach to OPLC.

11. Q: When did the council decide to take this course of action?

A: It has always been our stated intention since the termination of the previous process by the OPLC, to seek involvement in the Stadium for the benefit of our residents.

12. Q: Who will choose the possible tenants if it's not Newham Council?

A: As you will see from the press release, this is a matter for OPLC, as we propose to play no part in selecting an anchor tenant or tenants.

13. Q: If the council isn't involved in deciding who the tenants will be, how can we ensure they'll bring in enough money for the council to make the repayments?

A: It will be for OPLC to decide on anchor tenant or tenants. We have made it very clear to the OPLC that the terms that they agree with tenant(s) must generate community and regeneration benefits consistent with our proposals. They must also be financially sustainable.

14. Q: Will the stadium make enough money for the council to make the repayments?

A: We are confident that the OPLC will be able to secure tenant(s) and that an operator will be appointed (this distinction is because the Council will be involved in the appointment of an operator) that make the financial figures work.

15. Q: Why so secretive? What public scrutiny/involvement will there be?

A: Our proposals have not been made public at this stage as the negotiations with the OPLC are commercial. The decision to delegate authority to the Chief Executive to enter into these negotiations was taken by full council. Well-run public sector organisations negotiate professionally – that is what we propose to do.

16. Q: Will the council tax payer in Newham end up footing the bill in any way and if so, how?

A: No – we are taking this approach as we believe the council and its residents will benefit from our proposals. If our involvement was not going to benefit local tax payers in the long-term, we would not be involved.

17. Q. How much have you spent on the Stadium to date?

A. The estimated spend by London Borough of Newham for the stadium process to date is £987,916. The costs include legal, financial and technical advice. From the total figure £324,550 was a result of defending the judicial review by Tottenham Spurs and Leyton Orient.

However these costs represents c.1% of the £95m conversion costs of the stadium, and such costs would be considered normal for a project of this scale.

Further to this, officers would estimate that approximately £400,000 worth of work is likely to be relevant to the new process being run by the OPLC.

Throughout the process a key concern of the Council was to minimise costs, while accepting that a project of this kind required appropriate investment to ensure legal, financial and technical matters were progressed.

18. Q. Are you not just throwing good money after Bad?

A. No. Any money we spend is to secure long term benefits for the local area and its residents.

Making the proposals agreed by the Council does not commit the Council to significant spend other than that necessary to protect its position. Indeed, the proposals make clear that we will not take on responsibility for the up front costs for developing the stadium.

19. Q. Won't Government just do the work anyway?

We believe that the involvement of London Borough of Newham will secure the legacy for the Olympic Stadium, and that not being involved in the long term legacy could place the delivery of the Olympic Stadium community and regeneration legacy at risk.

The Council considered that without direct involvement it was unlikely that the stadium legacy would be resolved, and that the Council would be able to ensure that its strategic aims for the stadium legacy are maximised, particularly in terms of delivering the community and economic resilience of the new strategic agenda.

Before investing the Chief Executive would need to be satisfied that the Council's investment achieves outcomes directly linked to our aims which would otherwise not be achieved without the Council's involvement.