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**Meeting:** Board

**Date:** 22 July 2009

**Time:** Public Session: 08:15  
Private Session: 11:15

**Place:** Conference room 1  
Palestra

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## Members present

Harvey McGrath	Chair
Ian Barlow	
Cllr Michael Freer	
Cllr Peter Truesdale	
Megan Dobney	
Fran Beckett	
Edmund Lazarus	
Susan Angoy	
James Cleverly AM	Present until 11.30
Steven Norris	
Jeremy Mayhew	Present until 10am
Ann Humphries	

## Observers present:

Prof David Latchman  
Sue Rimmer  
Corinne Lyons

## Officers in attendance:

Peter Rogers	Chief Executive
Sarah Ebanja	Deputy Chief Executive and Group Director Jobs, Skills and Youth
Andrew Travers	Group Director Resources and Performance
Peter Bishop	Group Director Design Development and Environment
Caroline Mikardo	Director Finance and Performance
Erika Lewis	Director Corporate Strategy
Debbie Adams	Secretary to the Board and Director Law and Governance
Helen Elderfield	Head of Governance
Minna Nathoo	Director Human Resources and Organisational Development

## In attendance by invitation:

Boris Johnson	Mayor of London	Present until 9am
Anthony Browne	GLA	
Brenda Theodore-Marks	GLA	

**Public Session: Non-confidential business items to be considered when the press and public are present**

**STANDING ITEMS**

**1.1 Chair's opening remarks**

The Chair welcomed members observers and invited attendees to the meeting and noted that the details of Anthony Browne's appointment to the Board were yet to be finalised. The Chair welcomed Boris Johnson and invited him to address the meeting.

**1.2 The Mayor's opening remarks**

The Mayor opened by thanking the Board and senior officers for their hard work under the leadership of Peter Rogers and Harvey McGrath in focussing on the things that matter to London: jobs, skills and growth, and helping to lead London out of the recession. Much progress had been made since the Wheatcroft and DLA Piper reports.

He acknowledged the contribution made to the Economic Recovery Action Plan and specific initiatives for small businesses as well as the greater impact made by the reduction in programmes, considerable cost savings by closing underperforming programmes, improved project monitoring and progress made in transferring to the Olympic Park Legacy Company.

The Mayor applauded the introduction of greater openness and transparency in investment and procurement decisions, in conducting the majority of Board and Committee meetings in public session and in the publication of interests, expenses and gifts and hospitality on the public website. He pointed to the robustness of the new procedures which had led to the detection of the gap in Olympic funding which was now being investigated by KPMG and he applauded the swift action taken to respond to the shortfall and minimise its impact.

He restated his key priorities which are broadly set out in the Economic Development Strategy which are:

- regeneration and urban realm,
- environmental programmes,
- London's businesses in particular in innovation and enterprise,
- delivering opportunity for all particularly London's young people,
- promotion of London abroad,
- Olympics legacy.

The Mayor noted however that the Board was not always in agreement with Mayoral Priorities. He stated that the Board's reservations had been taken

seriously and the challenge considered but the decision had been taken to proceed with Mayoral Directions as these are areas which are important to London and Londoners. He stated that it is much better to have these decisions in the public domain.

Finally, the Mayor stated that the LDA is well placed to help lead London out of the recession so that London can help the recovery of the UK economy.

The Chair thanked the Mayor for his significant and uplifting remarks.

### **1.3 Apologies**

All members of the Board and Board Observers were present at the meeting.

### **1.4 Declarations of interest**

Members confirmed that, other than the Standing Declarations as circulated with the agenda papers, there were no additional interests to be declared relating to matters listed on the agenda.

### **1.5 Minutes of the meeting held on 20 May 2009**

#### Discussion

- There were no matters arising from the minutes of the public session of the May Board meeting.

#### Actions

- Typographical error in the final line of the third bullet point in Item 3.2 on page 7 to be corrected. **Governance Team**

#### Resolutions

The Board resolved to

- 1.1 **Approve** the minutes for the public session of the meeting held on 20 May 2009.

### **1.6 Action sheet from the meeting held on 20 May 2009**

#### Discussion

- In response to an action that arose during the discussions on the CAP09 programme, Anthony Browne confirmed that the Mayor is in favour of lower taxation for the lower paid.

#### Resolutions

The Board resolved to

- 1.2 **Note** the action sheet from the public session of the meeting held on 20 May 2009.

## 1.7 Report of Chief Executive

### Discussion

- Peter Rogers introduced his report which updated the Board on key deliverables and activities undertaken in the new financial year and invited questions from those present.
- Ian Barlow stated that the Economic Conference 'Rising to the Challenge' was the best he had attended and enquired of the plans to take forward the plans, ideas and commitment of the attendees and use them to inform the future. The Chair thanked those members who attended, mentioned that he would have liked to have seen more in attendance, and advised that the feedback was being used to inform the next steps which would be shared with the Board in early September. The Chief Executive advised that there was a desire to become more business-like and ensure the greater involvement of the delegates through engagement with Board members.
- The Board offered their congratulations to Peter Rogers on his knighthood.

### Resolutions

The Board resolved to

- 1.3 **Note** the report of the Chief Executive

## MATTERS FOR DECISION

### 2.1 Investment and Financial Strategy 2010/11- 2013/14

The report set out progress on developing the Agency's Investment Strategy and associated financial strategy for 2010/11 – 2013/14.

### Discussion

- Andrew Travers introduced the financial aspects of the report by advising the Board that next year is the last year of the current comprehensive spending review period. The government has stated that the next spending review will not be progressed until after the general election. 2010/11 is therefore the last year of certainty, and this has led to a focus on clarity and investing in a smaller number of clearer objectives/programmes.
- Because of the lack of further information on any future spending review and the reductions in real terms in public sector spending, Officers proposed that the resource level for 2010/11 is used as a base position with 5% per annum cash reductions assumed thereafter. Members felt that a series of scenarios, based on 5%, 10%, 15% and 20% cash reductions would be preferable for financial planning and that the presumption that administration budgets would rise in line with inflation was too generous as further cost improvements should be sought. It was noted that it was the budget cuts from central government that had been the major driver in reduced expenditure.

- Erika Lewis gave a short presentation on the Investment Strategy and advised that the broad thematic pattern of the Economic Development Strategy is reflected in the six strategic themes developed for the Investment Strategy. She informed the Board of the progress made since the last meeting and of the next steps in the development of the strategy.
- Members felt that they could not get a sense of the key messages from the diagrammatic representations on the slides and requested a short written explanation. They were advised that whilst in the past the Agency had a strategic view of investment, it had shifted to become grant giving and it was now taking steps to return to the strategic approach. Similarly in the past there had been a significant variation in the size of investments across a vast number of projects and now with clearer focus on the six key themes then this would be refined and better targeted. Further the linkages between the themes and how they fit together is better defined enabling greater concentration on driving good planning and excellent communication between stakeholders working towards clear targets and value for money objectives.
- Officers sought high level agreement from the Board to the broad approach and the strategic shift to deliver at scale against clear outcomes. Members offered the following feedback:
  - A broad endorsement of the direction of travel subject to:
  - More clarity to articulate the basis for decisions on allocation,
  - Adoption of a scenario based approach to the financial planning framework,
  - Possible revision of the cost base, including opportunities across the GLA family,
  - Officers to arrange one or more workshops to gain input of members prior to the September Board meeting.
- Areas of particular concern/raised for consideration were:
  - Danger of adopting too much of a black box approach to sustained employment without seeking input from engagement with the private and third sectors.
  - Whilst the high level approach on the themes and financial context is clear, how the choices and tradeoffs at the next level are to be made has not been addressed.
  - The budget at appendix 1 to the report would benefit from the addition of a graphic illustrating spend across the years and an explanation as to why it fluctuates in different areas.
  - The Investment Strategy was not yet in a ready state for external consultation although a good start had been made. It was not yet possible to get a clear sense of the reduction on projects from 650 to

approximately 50 and additional detail is required about how the numbers are presented to make them easier to follow.

- Caution was urged on over-reliance on the use of GVA metrics and on making investment decisions based purely on the size of the project in question.
- Possible relocation of GLA family office space away from central London with a view to cost reduction.
- Members were advised that many projects are due to conclude at the end of the financial year and this will give a significant opportunity in March 2010 to invest in bigger and better projects. Officers recognised the need to get better, and quickly, at selecting the most appropriate metrics for monitoring performance. Assurance was given that the efficiency agenda is a big part of what is currently being worked on. The commissioning model, the use of simpler delivery methods on a spatial basis rather than via many organisations were all tools being developed to feed into this process.

#### Actions

- Rather than the single assumption of resource levels included in the paper, a series of scenarios, based on 5%, 10%, 15% and 20% cash reductions to be put forward for the basis of financial planning proposals to be brought to the September Board meeting for approval. **Andrew Travers**
- Consideration to be given to achieve further cost improvements on administration budgets and proposals brought to the September Board meeting. **Andrew Travers**
- A description of the key messages intended to be conveyed by the three slides presented at the meeting to be circulated to members. **Erika Lewis**
- Officers to seek input of Board members, via a workshop to be arranged prior to the September Board meeting, to consider the Investment Strategy issues and develop the proposals. **Governance Team/Erika Lewis**

#### Resolutions

The Board resolved to

- 2.1 **Note** the associated financial planning totals as the starting point for the proposed investment planning processes and proposed timescales.

The Board **DID NOT** approve the following recommendations:

- 2.2 **Agree** the proposed responses to the strategic finance and efficiency agendas.
- 2.3 **Agree** the Investment Strategy proposal as basis for a consultation draft strategy.

## 2.2 Project & Programme Funding Approvals: Investment Committee Recommendations

### Discussion

- The Chair of the Investment Committee advised that all four projects brought forward for decision had been considered and endorsed by the Investment Committee. He added that the input of members in the proposals for the Homes Retrofit project had had a positive influence on the Gateway B submission.

### Resolutions

The Board resolved to

- 2.4 **Approve** the **Homes Retrofit** Gateway B Business Case for the sum of £9.5m of which £9.5m is LDA funding (£1.75m in 09/10, £6.5m in 10/11 & £1.25m in 11/12).
- 2.5 **Endorse** and **recommend for Mayoral Approval** the **Sustained Employment Commissioning - Sub-regional Pilots** Gateway B Business Case for the sum of £11.6m of which £11.6m is LDA funding (£7m in 09/10, £3m in 10/11 & £1.6m in 11/12).
- 2.6 **Approve** the **Business London** Gateway D Change Control to allow for an additional sum of £669,574 from DWP thus giving a total lifetime spend of £9.3m (up from £8.6m - £1.4m in years previous to 07/08, £2.7m in 07/08, £3m in 08/09 and £2.2m in 09/10).
- 2.7 **Endorse** and **recommend for DBIS Approval** the **SME Access to Finance** Gateway D Change Control for the sum of an additional £4,532,713 meaning the total LDA project expenditure is £34,548,002 of which £34,548,002 is LDA funding (£26,015,289 is historic spend & £8,532,713 in 09/10).

## MATTERS FOR DISCUSSION

### 3.1 Audit, Risk & Performance Committee Annual Report and LDA Annual Governance Statement

#### Discussion

- The Chair of the Audit Risk and Performance Committee introduced the report and advised the Board that:
  - The Head of Audit and Assurance gave satisfactory assurance that the adequacy and effectiveness of the system of internal control was, in his opinion, adequate but that further improvements could be made to improve its effectiveness. There was a caveat in respect of one directorate.

- The Committee decided to tender for the internal audit service to permit the work of the two current providers to be consolidated and provide a focus for improvements.
- There was a concern that it had not been possible to hold a Board level risk management workshop which is deemed essential to inform the LDA's Risk Management Framework.
- Ann Humphries expressed her thanks to Officers for the significant work undertaken which has resulted in the turnaround in the quality of reporting, recognising that there were still improvements to be made. Additionally she thanked Ian Barlow for his contribution in guiding the Committee's focus on the key issues particularly for those members who had less experience in audit matters.
- Members asked to receive a copy of the DLA Piper independent review of projects and an update on the six projects being investigated by the Metropolitan Police.

#### Actions

- Time to be allocated for the Board to consider strategic risks and the Board's appetite for risk. **Governance Team**
- The DLA Piper report to be circulated to members. **Governance Team**
- A written update on the progress with the Police investigations to be circulated. **Debbie Adams**

#### Resolutions

The Board resolved to

- 3.1 **Note** and **endorse** the summary of work undertaken by the Audit, Risk & Performance Committee over the period September 2008 to June 2009.
- 3.2 **Comment** on the 2008/09 Annual Governance Statement which has been prepared by officers and considered by the Audit, Risk & Performance Committee on 23 June 2009.

### **3.2 Corporate Governance – Update on GLA Framework Agreement**

#### Discussion

- Debbie Adams introduced the report which advised that the GLA Framework Agreement had been finalised and approved by the Mayor in May. She reminded the meeting that the purpose of the Agreement was to set out the various roles and responsibilities of the Mayor of London, the Assembly and the functional bodies and the ways in which we work together.

## Resolutions

The Board resolved to

- 3.3 **Approve** the Framework Agreement (see paragraphs 5-6 and Appendix 1), which was approved by the Mayor in May 2009.
- 3.4 **Authorise the Chief Executive** to sign the Framework Agreement on behalf of the Agency.
- 3.5 **Note** the GLA protocol concerning Mayoral advisers (see paragraph 7 and Appendix 2).

### **3.3 Organisation Development Update**

#### Discussion

- Andrew Travers introduced the report which gave the results of the 2009 LDA Employee Survey and introduced Minna Nathoo Director Human Resources and Organisation Development who gave a presentation on the detailed results.
- Members queried the benchmarks that the results were measured against and raised concerns that there was no continuity of the questions used with previous surveys preventing the review of trends over time. Notwithstanding these concerns the Board agreed that action needed to be taken in addressing the most important results but stressed that a long action plan which attempted to address each result would not be productive.
- The concentration on a small number of actions was thought to be particularly important given the volume of recent change in the Agency. Members suggested that there was a need to engage line managers as ambassadors to embed the cultural change and to properly establish what respondents mean in the areas of bullying and harassment in particular.

#### Actions

- An action plan to be drawn up to address the 2/3 most concerning issues arising from the survey. **Andrew Travers/Minna Nathoo**

#### Resolutions

The Board resolved to

- 3.6 **Note** the content of this paper and to comment on the approach being taken.
- 3.7 **Note** the specific questions asked about the Board and the responses to those questions and comment on the action the LDA Board wishes to take in response.

### 3.4 Matters on which the LDA has received Mayoral Advice or Mayoral Direction

#### Discussion

- Debbie Adams introduced the report and advised that since the time of writing the final Academies Direction and a draft Direction in relation to the London Food Programme had been received. Susan Angoy drew the Board's attention to her standing declaration of interest as a member of the Mayor's Food Board.
- Members sought further information on the requirement to establish a charitable Academy Trust. They were advised that the stated figure of £8m was a maximum figure and that details on the management of the fund would be sent in writing. The next steps regarding the Academies Programme were to engage with members in order to obtain their views and input prior to bringing a paper to the Investment Committee for approval.
- A concern was raised regarding the continued delivery of core programmes should Mayoral Directions continue to require substantial investment of LDA funds. Members were assured by the Chair that this point had been made to the Mayor. It was suggested that investments as a result of Mayoral Direction should be pointed out in the Annual Accounts.
- Concerning the draft Direction for the Food Programme, the Board was advised that the Investment Committee considered that although this was an existing LDA programme it was decided that it was not a priority that the LDA should pursue and consequently the Direction was sought in recognition of the fact that it is a Mayoral Priority.
- Members advised that they would welcome a summary document which sets out the terms of the LDA's financial and other responsibilities in respect of the four Mayoral Directions received since September 2008 as there was no clarity particularly with regard to ongoing monitoring and management of the programmes.
- The Board was advised that the draft Direction relating to financial assistance for the London Borough of Haringey ('Ward's Corner') was likely to be withdrawn.

#### Actions

- Further information to be provided on the management of the financial arrangements in relation to the Academies programme. **Sarah Ebanja**
- A summary document setting out the terms and LDA's ongoing responsibilities regarding those programmes for which it has received Mayoral Directions in the last year: Trees, Sport, Academies and Food. **Debbie Adams**

## Resolutions

The Board resolved to

3.8 **Note** the contents of this report.

### **3.5 Olympic Legacy Arrangements Update**

#### Discussion

- Andrew Travers introduced the paper and gave the following highlights:
  - Staff transfers (paragraph 7) were due to take place in early September subject to resolution of the debt/land transfer matter.
  - The land and debt transfer proposals had been put forward and discussions are ongoing.
  - Proposals for providing the core support functions and support for developing legacy plans for the Olympic Park Legacy Company will be brought through the Gateway process in the usual way.
- Members expressed concern about granting the delegations requested without clarity on the land/debt issues as it was essential to deal with land and debt issues prior to any agreement to transfer staff. Consequently it was agreed not to approve delegations sought but to bring these decisions to the September Board meeting and consider them alongside land and debt progress..
- In response to a query regarding the legal responsibilities regarding the delivery of the Olympic legacy by OPLC, members were advised that as the company is limited by guarantee, it is governed by its own memorandum and articles under the direction of its members so it would not be subject to the same constraints as LDA. It was pointed out however that the members of the company are DCLG and GLA. Members were advised that concerning legacy matters, the land and land deals were due to transfer to OPLC and the socio-economic programmes remain with LDA.

#### Actions

- Proposals to be brought forward to the September Board meeting to consider:
  - agreement to the terms of any transfer of staff. **Andrew Travers**
  - agreement of the draft LDA structure incorporating the Olympic Opportunities function. **Andrew Travers**
  - agreement to the Gateway B submission currently being prepared in relation to funding to be granted to the Company. **Andrew Travers**
  - to consider these issues alongside associated funding implications for land transfer and debt. **Andrew Travers**

## Resolutions

The Board resolved to

- 3.9 **Note** progress on full mobilisation of the Olympic Park Legacy Company.
- 3.10 **Note** outstanding issues related to the transfer of land, staff and other liabilities to the Olympic Park Legacy Company

The Board **DID NOT** approve the following recommendations:

- 3.11 Delegate to the Chief Executive in consultation with the LDA Board Chair, or, in the absence of the Board Chair, the Chairs of the Investment and Audit, Risk and Performance Committees, if required before the September Board meeting, the final agreement to the terms of any transfer of staff.
- 3.12 Delegate to the Chief Executive in consultation with the LDA Board Chair, or, in the absence of the Board Chair, the Chairs of the Investment and Audit, Risk and Performance Committees, the agreement of the draft LDA structure incorporating the Olympic Opportunities function.
- 3.13 That final agreement to the Gateway B submission currently being prepared in relation to funding to be granted to the Company, if required before the September Board meeting, is delegated to the Chief Executive in consultation with the LDA Board Chair, (or, in the absence of the Board Chair, the Chairs of the Investment and Audit, Risk and Performance Committees), following agreement by Investment Committee in August.

## **3.6 Press Releases**

### Discussion

- No items were put forward for press release.

## **7. Any other business**

### Discussion

- No additional items of business were raised for discussion.

## **Close of meeting**

There being no further business the meeting was closed at 11:05.

## **Date of next meeting:**

16 September 2009

**Name of Chair:**

Harvey McGrath

Debbie Adams

Director of Law and Governance

Secretary to the Board

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