

**SUMMARY MINUTES OF THE 26th MEETING OF THE BOARD  
HELD ON 17 December 2009**

at the Olympic Lottery Distributor,  
1 Plough Place, London EC4A 1DE

**Present:**

Hilary Daniels	Mike O'Connor (Chief Executive)
Janet Paraskeva (Chair)	Ian Brack (Director of Policy)
Sir Craig Reddie	Ros Francis (Head of Finance and Corporate Services)
	Liz Prescott (Appraisal and Monitoring Officer)
	Bernadette Wallis (Secretary to the Board)

In attendance: Sirajul Islam

The Chair welcomed Sirajul Islam to the meeting as Observer.

The Board noted that this was the last Board Meeting that Mike O'Connor, Chief Executive, would be attending as he was taking up a new position in January 2010. The Board wished to record its thanks and appreciation to Mike.

1. Apologies for absence

Apologies for absence had been received from Carol Ainscow and Lindsey Holbrook.

2. Declarations of Interest

Craig Reddie declared an interest in Items 12 and 14, Live Sites and Cultural Olympiad, due to his membership of the LOCOG Board. Craig would absent himself from the meeting for these two items.

3. Minutes of the meeting held on 15 October 2009

The minutes were approved and signed as an accurate record of the proceedings.

4. Matters arising from the meeting held on 15 October 2009

The Board noted the Action Follow up sheet and that there were no outstanding actions.

5. Chief Executive's Report

The Chief Executive's Report included updates on the Paralympic Games, the OGC Review Findings, OLD Board appointments and the Arts and Creative Design Initiative.

The Board discussed the possibility that the OLD would be asked to consider funding the Paralympic Games, considering the issue of recognition for the Lottery should this happen. The Board emphasised the importance of securing appropriate recognition for the National Lottery for any grants provided from the OLD. Discussion in principle with LOCOG was ongoing.

The Board had received a summary of the results of the OGC Gateway Review. The Review highlighted the importance of early clarification of who would be responsible for the Olympic Park post construction and prior to handover to the Games.

6. Summary Minutes of the OLD Board Meeting held on 15 October 2009

These were approved and would be placed on the OLD website.

7. Draft Minutes of the OLD Audit Committee meeting held on 15 October 2009

The Board noted key points from the minutes.

8. Finance Report

Key points from the Finance Report included the fact that Lottery proceeds were expected to reach the £77.2m target for the year and that ODA grant claims totalling £104.3m had been paid since the last meeting. The Live Sites grant of £2.6m had been paid in October and forecast operating spend for the OLD for 2009/10 was now £813,157 (including the full £50k contingency) as compared with the budget of £907,122.

The Board noted that the OLD was expected to receive just over 18% of total UK Lottery income during the years leading up to 2012, this was comparable to that received by the Millennium Commission which had been 20%. For most of the life of the Lottery, there had been five 'good causes' to which Lottery funds were distributed – formerly one of those good causes had been the Millennium Commission; now it was the London 2012 Games.

9. ODA Progress Update

The Board received the ODA Progress Update which was based on the ODA Programme Performance Report for November 2009.

The Board's attention was drawn to key highlights including:

- at the end of September 2009 the Olympic Programme was 41.4% complete versus 41.7% planned;
- build on the Olympic Park was progressing well and there were no significant issues;
- the ODA Lifetime budget was likely to increase to £7,236.1m against the original budget of £7,095.2m and the ODA was currently working on a revised version of the November 2007 baseline report.

The Board was pleased to reflect on progress at the Olympic Park and also took comfort from the fact that reporting and monitoring was robust and rigorous. The Board also felt positive about the ODA's engagement with local communities.

10. ODA Grant Application

The Board was reminded of the background to this item. The ODA had applied for additional grant of £99.3m, primarily to fund additional public investment in the Village and the IBC/MPC. The Board had already agreed in principle that these works were necessary and expedient. A Detailed Appraisal Report on the application had been circulated with the agenda.

The Board discussed the fact that £69.2m of the additional sum sought by the ODA was repayable cash flow funding. Repayment from Village sale proceeds would take place in the years 2013 – 2017. The ODA had demonstrated a *cash* need for the full £99.3m. It was recognised that some of the assumptions that had been made in respect of future returns on the Olympic Village presented some risks. As some of the grant was repayable, there was a question as to whether a grant or loan was the most appropriate

way of providing such funding. This was for the Board to consider. The Board had received Accounting Officer advice on this matter.

The Board was keen to protect Lottery money and noted that the best way of doing this was to make a grant of £30.1m and a loan of £69.2m. However, this approach presented difficulties as the Government would not allow the ODA to accept a loan. The Government was not likely to change its position in respect of this matter.

The Board considered how best it could protect Lottery money short of making a loan and recognised that it could ensure rigorous conditions were attached to any grant offer and amongst other things these could ensure as far as possible that the £69.2m cash flow funding would be repaid. However these conditions could not guarantee repayment. The Board agreed that an increase of £30.1m in the existing lifetime grant was uncontentious and could be made whether or not cash flow funding was offered. The Board's chief concerns were related to the cash flow grant and discussed the level of risk. Mike O'Connor, as Accounting Officer, said that he considered that, short of allowing ODA to accept a loan, the Government was doing as much as it could to provide comfort that the OLD, and the Lottery, would be repaid and a grant for this sum would not be imprudent.

A meeting had been held between the Chair of the OLD and the Minister for the Olympics and this had progressed discussion and the Government had set out several things that it would do to help protect the OLD and the Lottery player's interests. Since the meeting, the OLD had received confirmation from the GOE of the undertakings, which related to the agreement of a Memorandum of Understanding between Government and OLD covering repayment; and a Ministerial Statement to Parliament on the matter

These measures would provide the OLD with some comfort that the Lottery would, in due course, receive its proper share of the receipts but it was recognised that this would not happen for around 5-10 years.

Following further discussion, the Board felt that the commitments made by the Minister for the Olympics, should they be implanted to the OLD's satisfaction, would represent a reasonable degree of security for the OLD in terms of repayment of the £69.1m to the Lottery. The Board would therefore be willing to consider a cash flow grant of £69.1m if the Government undertakings were delivered and would hope to consider a grant at the next Board Meeting in February 2010. The Board also agreed that it would be prudent to re-profile existing grant to the ODA and bring forward payments from 2011 to alleviate cash flow pressures on the ODA.

**The Board agreed to increase the current Lifetime Grant to the ODA by £30.1m to £1,615m. The Board agreed to consider a cash flow grant of £69.2m subject to satisfaction of the actions offered by Government by February 2010.**

**The Board approved a Revised Annex A to the ODA Grant Memorandum setting out new OLD grant tranches until 2012/13.**

#### 11. Community Grants

The Board had received an update paper on the Community Grants initiative in October 2009 and since then Janet Paraskeva, Lindsey Holbrook and Mike O'Connor had visited some of the Community Grants projects that were being proposed by the East London Business Alliance (ELBA).

There was a need for further analysis of these projects and this would be progressed by the Chair and Lindsey Holbrook, in liaison with ELBA and other Board Members who wished to be involved. A further update would be provided to the Board in 2010.

*Craig Reddie left the meeting as he was conflicted in respect of Live Sites and the Cultural Olympiad. The meeting was therefore inquorate but discussion of the remaining items for information was carried out by the two remaining Board Members.*

12. Live Sites – Phase II

The Board was appraised of key points and reminded of its decision to allocate up to £800,000 to support two further Live Sites Screens. LOCOG had now applied for the £800,000, proposing Live Sites screens in Belfast, Coventry, Glasgow or London. LOCOG had asked the OLD to select two locations and to prioritise two alternatives should one or both of the preferred locations be unable to be secured. A Detailed Appraisal Report on the application for £800,000 had been carried out and circulated to the Board.

The Board was briefed on aspects in respect of planning. It was likely, for example, that the planning process for Belfast would take six months and there were wider issues in respect of the redevelopment of Donegall Square to be considered. There were also planning issues related to the Coventry screen.

LOCOG had requested funding on completion of *each* Live Site and for longer lead times and the OLD had suggested completion dates of May 2011.

The Detailed Appraisal Report drew attention to some issues including the involvement of CABE which was in the process of publishing guidelines for large screens in public places. Board Members present felt that it was prudent to place a Condition on any grant that LOCOG should encourage the relevant councils to take the joint CABE/English Heritage guidance into account.

Board Members present also considered longer term aspects and, in particular, the need to ensure that any Live Sites Screens which were supported by the Lottery remained in place until the end of the London 2012 Olympic and Paralympic Games.

**Board Members present were in support of recommending to the Board that the OLD fund additional sites in Belfast and Coventry, in that order with Glasgow being the one and only alternative. Board Members also supported recommending to the Board that LOCOG should be paid for each screen on completion and that a date of 1 January 2012 should be set as the completion date. They also recommended that LOCOG should encourage the relevant councils to take the joint CABE/English Heritage guidance into account. They were not prepared to consider, at this time, whether LOCOG should make any further applications for funding.**

**A decision by correspondence would be sent to the Board and this would include reference to the discussion held at the meeting that day. As this matter was time sensitive, Board Members would be asked to respond by 23 December 2009.**

Action: OLD staff

13. Cultural Olympiad

LOCOG was seeking a number of changes to the arrangements for grant to support World River and the World Shakespeare Festival. LOCOG was asking for grant to be released before it secured all the co-funding and also that recovery of funding be waived should LOCOG fail to raise the co-funding. A commitment to waive recovery would require the approval of DCMS.

Advice from Mike O'Connor as Accounting Officer had been circulated to Board Members.

LOCOG had a good track record of securing co funding and it was unlikely that they would not be able to raise any co-funding for Cultural Olympiad projects. It was also recognised that if co-funding was less than anticipated or planned, it was unlikely that projects would not go ahead – it was more likely that they would be curtailed.

Board Members present discussed the complexities of the situation and emphasised that they did not want to put Lottery funds at risk. However, the Cultural Olympiad was an important element of the London 2012 Games and one which the OLD wished to support. Board Members present did not feel that the worst case scenario, whereby LOCOG would not raise any co-funding, was likely to occur and for this reason did not feel that it was imprudent to support LOCOG's proposals.

**Board Members present expressed support for this recommendation.  
A decision by correspondence paper would be circulated to the Board and the Board would be asked to respond by 23 December 2009.**

**Action: OLD staff**

The Board was also being asked to approve revised summaries and budgets in respect of the Festival of Carnivals and Discovering Places. Some of the changes to these projects were substantive. Board Members present discussed the proposed changes and reflected that the budgets information was unsatisfactory but that it appeared that the scope of Festival of Carnivals had narrowed and the scale of events for Discovering Places had been revised. Board Members present were not happy to support these changes and did not wish to recommend to the Board that it approve the revised budgets and summaries for Festival of Carnivals and Discovering Places.

*Craig Reddie rejoined the meeting.*

14. Any Other Business

Board Members present noted that Craig Reddie would be in Vancouver in February 2010 so would not be able to attend the February Board Meeting.

The Chair informed Board Members that Tony Hall, CEO Cultural Olympiad, had invited her to be part of the Cultural Olympiad Board.

**Date of next meeting:** Thursday, 18 February 2010