

**SUMMARY MINUTES OF THE 28th MEETING OF THE BOARD
HELD ON 18 March 2010**

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

Present:

Carol Ainscow
Hilary Daniels
Sirajul Islam
Janet Paraskeva (Chair)
Craig Reddie

In attendance:

Ian Brack (Chief Executive)
Ros Francis (Head of Finance and Corporate Services)
Liz Prescott (Appraisal and Monitoring Officer)
Bernadette Wallis (Secretary to the Board)

Observers:

Mike Niedzwiecki
Dr Kathryn Walsh

The Chair welcomed Mike Niedzwiecki, the OLD's new Appraisal and Monitoring Officer and Dr Kathryn Walsh, mentee of Hilary Daniels, to the meeting as observers.

1. Apologies for absence

Apologies for absence had been received from Lindsey Holbrook.

2. Declarations of Interest

Sirajul Islam declared an interest in the ELBA Grant item as a Councillor for Tower Hamlets.

Sir Craig Reddie declared an interest in the Cultural Olympiad as a member of the LOCOG Board.

Dr Kathryn Walsh said she was a member of staff at Loughborough University and that whilst the University had a number of involvements in the London 2012 Olympics, she did not feel that this would represent any conflicts of interest.

3. Minutes of the 27th Meeting of the Board held on 18 February 2010

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

4. Matters arising from the 27th Meeting of the Board held on 18 February 2010

There were no outstanding matters arising that were not the subject of separate items on the agenda.

5. Chief Executive's Report

Ian Brack drew attention to some key points in the Chief Executive's report as follows:

London Continental Railways (LCR) proposal: The OLD Board noted the proposal that had been put forward by LCR in respect of the ownership and development of Olympic Park land.

Revisions to the ODA Baseline budget: The new Baseline Budget was being compared to the Original Baseline. Major changes would be identified for the Board.

ODA Transport Plan: The OLD would be commenting on the ODA Transport Plan. A representative from the ODA would be invited to the June 2010 Board to present on this.

Parliamentary scrutiny: The Board received an update on:

NAO report 'Preparations for the London 2012 Olympic and Paralympic Games'

The Public Affairs Committee meeting held on 8 March 2010-03-25

The enquiry into Olympic Games and Paralympic Games 2012: Legacy - witness session held on 3 March 2010.

Election Date: The 'moratorium on announcements by Government' guidance would be circulated to Board Members when it became available.

6. Summary Minutes of the 27th Meeting of the Board held on 18 February 2010

The Summary Minutes were approved for publication on the OLD website.

7. Draft Minutes of the OLD Audit Committee held on 18 February 2010

The draft minutes of the OLD Audit Committee held on 18 February 2010 had been circulated to the Board for information. The Board noted key points.

8. Finance Report

The Board's attention was drawn to:

ODA Grant payments in the period: The OLD had paid £90m against a claim of £134.6m that had been received from the ODA. The ODA was unlikely to need the remaining £44.6m in 2009/10 and these funds would be held in the Olympic Lottery Distribution Fund.

Operating Cost Expenditure: There had been no material changes to the forecast submitted to the Board in February 2010.

9. OLD Business Plan 2010/11

The OLD received the OLD Business Plan 2010/11 for approval. Once approved, this would form part of the OLD's Lifetime Corporate Plan.

The Business Plan consisted of two elements:

Statement of income and amounts available for distribution
Annual Operating Cost Budget

The Statement on income and amounts available for distribution reflected the OLD's working assumption that the organisation would be wound up in March 2013.

The Board noted that there was a revised profile for the £750m to be raised from dedicated Olympic Lottery Games and also that investment income was being modelled for the year to March 2011 at a prudent 0.5%.

The OLD's Lifetime Operations costs remained lean. Whilst the 2012/13 projection included revision for redundancy costs under the old CSCS scheme, this projection was likely to reduce in line with changes to the scheme. Ros Francis confirmed that she would include a note in the OLD Business Plan explaining this.

10. The Board suggested additions to the explanatory notes for the OLD Business Plan. These would be incorporated into the Plan.

The Board also drew attention to the OLD's low Operating Cost budget and the fact that it was 0.28% of expected 2010/11 expected income. The Annual Operating Budget was remodelled each year and for 2010/11 it reflected a small reduction of £13k on the 2009/10 budget.

The Board discussed aspects of the Annual Operating Budget.

The Board APPROVED the OLD's Annual Business Plan 2010/11.

11. **ODA Progress Update**

The ODA Progress Update was based on the ODA report containing data to the end of December 2009. The Total Olympic Capital Programme (including the Village) was 49.9% achieved to 50.3% planned. The Total Olympic Capital Programme to the end of the Games was 52% complete to 53% planned. Total project spend to date was £3,233.6m which was 45% of the ODA Lifetime budget. As reported at the February 2010 Board Meeting, there had been a £0.4m increase to the ODA Lifetime Budget in January 2010 and a further increase of £13m taking the ODA budget to £7,250m at the end of February 2010.

The Report updated the Board on construction progress on the Park. There had been some weather-related delays but none of these were likely to have a significant impact on the project. There was also a slim possibility that a non critical milestone pertaining to Broxbourne would not be met.

The ODA would be responsible for delivering the Olympic route network and this aspect of its role was increasing in visibility.

12. **ODA Plan 2010**

The ODA Plan was a combination of a lifetime Corporate Plan and an Annual Business Plan and under the term of the Grant Memorandum the ODA was required to submit the plan for approval by the OLD Board. At this stage the OLD Board was being asked to give interim approval, the Plan would be brought back to the Board in May 2010 for final approval. Interim approval allowed the ODA to make one grant claim, if necessary, before final approval.

The ODA budget stood at £7,25bn and cash flow in Appendix 4 of the Plan gave an OLD cash need profile of £425m in 2010/11.

The Board noted that Ian Brack and Liz Prescott had met with Lindsey Holbrook to discuss Tranche Conditions and other issues. Lindsey had had some technical questions but had, in the main, been content with the Plan.

The Board discussed the Plan. The Board felt that it was reasonable but expressed the wish that staff monitor legacy issues particularly in respect of the use of London 2012 assets after the Games.

The OLD Board APPROVED the ODA Plan on an interim basis.

13. **Tranche 4 Grant Conditions**

The Board received a paper summarising Tranche 4 Grant Conditions.

The six Conditions Precedent in the existing ODA Grant Memorandum were listed in the paper. Three of these conditions had not been met and permission was being

sought to roll these forward into 2010/11. Liz Prescott outlined the background to the three outstanding Grant Conditions. The Board discussed.

The Board NOTED that three of the Tranche 4 Conditions Precedent had not been achieved and AGREED that these Conditions Precedent be rescheduled as Tranche 4 Payment Conditions for 2010/11.

The remaining Tranche 4/Tranche 5 Conditions Precedent were derived from a selection of the ODA Milestones in the ODA Plan, comprising those that the OLD felt to be the most significant. It was suggested that the Board comment on these Conditions Precedent by email to Liz Prescott.

The Board sought clarification over responsibility for transport test events. Staff undertook to confirm their understanding that LOCOG were responsible for the overall Olympic test events strategy but that transport testing fell to the ODA.

Action: Chief Executive

In respect of the de minimis levels that the Board was asked to agree, OLD staff advised that there was no need to change the de minimis from £3m for individual budget changes and the cumulative limit from £9m.

The OLD Board AGREED that the de minimis and cumulative limits for ODA Budget changes should remain unchanged for 2010/11.

The Board NOTED the indicative Tranche 4 budget and grant payment profiles set out in Annexes B and C of the paper.

14. Cultural Olympiad

The Board was reminded that it had agreed in principle to support pre-commissioning work with a maximum cost of £1.35m, which would be split 50:50% between the OLD and LOCOG, meaning that the OLD would provide up to £675m in total.

LOCOG had since submitted its detailed request for the release of pre-commissioning funding for 2009/10.

The paper set out how this pre-commissioning funding would be allocated across the Cultural Olympiad projects and the Board noted that LOCOG had asked for the pre-commissioning work to be established as a discrete project.

A legal agreement relating to the payment was currently being drafted by the OLD's solicitors. Until that legal agreement had been signed, the OLD would not be able to pay any funds.

The Board expressed the wish to see outcomes from the pre-commissioning work and also that any pre-commissioning funds were accounted for against individual projects in the longer term.

The Board AGREED that any pre-commission work should constitute a discrete element of the Cultural Olympiad and APPROVED the release of up to £336,626 in 2009/10 to support this work. The Board also NOTED that this expenditure would be funded from the relevant project budgets and that pre-commissioning expenditure in 2010/11 would include cross project items that would be dealt with on a pro rata basis.

15. Community Grants

The Board was being asked to give approval in principle to an application from ELBA on Community Grants and an indication of preferences and concerns with regard to the projects.

It was likely that the final decision would go to the May 2010 Board.

The current proposal was for a Social Legacy Fund 2010-2013, a three year community programme comprising three core strands with some associated support costs.

The Board considered the detail of the proposal and discussed the merits of the three projects highlighted. The Board was informed that the Technical Appraisal Review had not uncovered any obvious issues but that until a Detailed Appraisal was carried out staff would not have sufficiently detailed knowledge of the application to make a recommendation

A sub group of the Board had met with ELBA to discuss the projects in more detail.

The Board was supportive of the direction that the three projects were going in but did need clarification on some matters before it could take a decision in May 2010. The Board asked for further information in respect of each of the three projects and also specified that all the projects should be related to the London 2012 Games. The Board also highlighted the importance of ELBA having appropriate exit strategies in place for the project to ensure that the end of any grant giving period was well managed.

The Board AGREED IN PRINCIPLE to supporting a Community Grant scheme but reserved its position regarding the level of support for each project. The Board also AGREED that the application could be considered by correspondence on satisfactory completion of Detailed Appraisal. Consideration by correspondence would be on condition that it would be referred to the May Board meeting should any Board Member so request.

The Board was also supportive of an alternative arrangement whereby the sub group would look further at the scheme and report back to the Board.

Ian Brack informed the Board that the most likely outcome would be that the Detailed Appraisal Report would be submitted to the May 2010 Meeting.

16. Any Other Business

There were no items of any other business.

Date of next meeting: Thursday, 6 May 2010