

12th Board Meeting: 22 February 2007

Sir Roy McNulty (Acting Chairman), Lorraine Baldry, Tony Ball (by telephone), Sir Howard Bernstein, Barry Camfield (from item 6), Neale Coleman (to item 17), Stephen Duckworth, Christopher Garnett, Baroness Sally Morgan, Sir Nicholas Serota (from item 5), David Taylor

Apologies

Apologies were received from Sir Peter Mason and Kumar Muthalagappan.

Declarations of Interest

Neale Coleman requested that the Chair and the Board Members note on his part a formal declaration of interest by reason of his employment by the GLA of which TfL and the LDA are separate functional bodies.

David Taylor declared that he had had unrelated dealings with White Water Parks International Inc., one of the subcontractors for the Broxbourne project. He had not discussed the Broxbourne project with them and did not consider this a prejudicial interest.

Minutes of Previous Meeting & Actions Arising

The Board agreed the Minutes.

Sir Roy suggested that, since ODA had decided that all those working on the Olympic Park site should have a CSCS (construction skills certification scheme) card and all staff visiting the site were also required to obtain a card, Members wishing to go on future site visits should demonstrate ODA's commitment to the principle by sitting the test to get a card. Study materials or training could be provided.

Sir Nicholas Serota joined the meeting

Chairman's Report

Sir Roy reported that the post of ODA Chairman had been advertised and there would be an appointment by the end of May.

Chief Executive's Report

The Chief Executive drew attention to a number of points:

There had been 4 applications for Judicial Review of the CPO but legal advice was that they were unlikely to succeed. Vacant possession of the site should be completed by the programmed date in July 2007.

The planning application for the Olympic Park had been submitted and the Planning Decisions Team had begun the formal planning consultation.

The contract had been signed with the architects, ZHL, for the next stage of design of the Aquatics Centre.

The Powerlines project: the 2 boring machines tunnelling to the south had been temporarily halted because they had reached an old gasworks site some way south of the Olympic Park. This delay should not prevent the project being completed by July 2008, but if necessary the lines could be diverted in accordance with the agreed contingency plan.

Discussions were continuing about relocating the sidings from Thornton's Field to Temple Mills.

In early February the Olympic Board had confirmed the agreed legacy use for the Stadium and its reduction to seat 25,000 after the Games. It would not be fully roofed. ODA was leading the discussions with Team McAlpine about the scope and cost of the project and the design concept was being revised.

A budget had been agreed for funding from DCMS, LOCOG, ODA and LDA for the new Commission for a Sustainable London 2012.

The baseline case for the Broxbourne project (to host canoe and kayak slalom events) was within budget. Discussions were proceeding with partners who could fund the additional benefits discussed in the report. The aim was to introduce community use at the site after the Games, and to help fund the continuing use, including for elite sport, by introducing commercial recreational uses. The Lea Valley Regional Park Authority would be responsible for running the facility. The Board were concerned that the legacy use should be of high quality and ensure access for all. They approved the Strategic Outline Case and authorised project progression, but noted that the planning application for the enhanced scheme would only be submitted when the scheme had been fully developed and when the required funding was in place.

British Waterways had let the contract for works to construct the Prescott Channel water control structure. This would have long-term benefits by providing a stable water level in the area above the structure, including the Olympic Park. The Board had agreed a capped contribution to the works at their meeting in July 2006.

The Board noted that the project for upgrading Stratford Regional Station would be on site by early June. Responsibility was being transferred to a dedicated Delivery Partner team.

Barry Camfield joined the meeting

Finance Report

Expenditure during January had been broadly as forecast and expenditure in February was on track. An ambitious forecast for March was achievable and the underspend forecast for the financial year had therefore been reduced. ODA was expected to make the transition from a start-up organisation at the beginning of the new financial year in April.

Audit Committee

The Board noted the Minutes.

Risk Committee

The Risk Committee would meet for the first time in March and would benefit from the introduction of the new Executive Risk Review Panel.

Remuneration Committee

The Remuneration Committee had had its first meeting and would meet again in April to conduct the end of year review. The Committee would meet quarterly.

Finance Committee

The **Finance Committee** had had a useful first meeting. Terms of reference would be submitted to the March Board meeting.

Employment Relations

The Director of Construction would be having regular meetings with the Unions to identify and resolve problems as they arose. A draft Memorandum of Agreement was being discussed with the 4 construction Trade Unions.

The Board agreed that relations with the trade unions and the workforce were very important. The maximum effort should be made by the Executive to negotiate an agreement about achieving direct labour 'as far as is reasonably possible', and progress should be reported to the Board.

Delivery Partner Programme, Lifetime Budget Review and Costs

The lifetime budget had been reviewed and CLM's analysis confirmed the need for the contingency. ODA would control this through a strict change control mechanism. Key Performance Indicators were being discussed with CLM for a Task Order for the next 18 months, which would incentivise them to keep within budget and to create float in the Programme. Later Task Orders would take account of their performance. The Board endorsed the approach to negotiating the Task Order.

Budget and Business Plan for 2007- 08

The planned rate of expenditure for the coming financial year would mark a significant change from the current year. The budget for 2007-08 had been revised taking account of discussions so far with DCMS and discussions were continuing about the budget.

The Board noted that a summary of the Business Plan, redrafted for the general public, would be published on the website. They asked that the plan should include clearer statements about ODA's commitment to good design and to legacy. The number of milestones should also be reduced. Subject to these comments the Board approved the 2007-08 Business Plan and budget and its submission to the Olympic Board for final approval on 6 March 2007, delegating approval of final changes to the ODA Chairman.

Stratford City and Olympic Village Procurement

ODA's OJEU process to procure a developer for the Stratford City development in parallel with partners had started in July 2006. This included the Olympic Village. The Board had received updates at their meetings in November 2006 and on 4 January 2007 and general terms had since been agreed with Westfield and the Lend Lease consortium covering ODA's involvement. Lend Lease was anxious to start work including design work and needed to make a public announcement for regulatory reasons at the end of the month.

In the negotiations about ODA's share of profits priority had been sought for the recovery of ODA costs together with a return on its investment: the assumptions adopted had been endorsed by an external consultant. The Heads of Terms provided that ODA's contribution to the infrastructure costs would be capped and this contribution to the costs of the Village could be offset by the potential for profits to be gained in the longer term.

There was an issue about the period when the new housing was not generating any income; that is, the holding cost from practical completion of the Village until LOCOG handed the housing back after the Games and it was then either sold or rented out. LOCOG should be able to return the housing within six months after the Games and every effort should be made to ensure that this period was minimised.

The basis for the transfer of land for part of the Olympic Village at Clays Lane was being discussed with LDA. ODA would only take the land that was found to be necessary to supplement the accommodation provided within the Stratford City development. The cost could be calculated pro rata against LDA's acquisition costs.

The Board noted that the sub-group of Members had reviewed the proposal in detail during several meetings with staff and government officials. The Chairman confirmed that, having examined this complex proposal in detail, they considered that it represented good value for money and was properly safeguarded by parent company guarantees.

The proposed agreement would safeguard ODA's position in that it would always be possible for ODA to intervene and take over directly the construction of the Olympic Village.

Having carefully considered and discussed the proposals the Board noted that before final signature they would receive a full report with external advice with benchmarking information and risk analysis, clarifying how the arrangements would work in detail and including an absolute cap on ODA costs. They also noted that the Heads of Terms would be accompanied by a letter setting out the ODA's standards and policies on such matters as design and sustainable development.

Subject to the Chief Executive being satisfied that the agreed cap on ODA's liability for infrastructure costs will not increase, and subject to DCMS being satisfied, the Board approved the signing of Memoranda of Understanding with Lend Lease and Westfield and the continuing discussions with all partners.

Weymouth

ODA were liaising closely with South West Regional Development Agency and the Crown Estate Commissioners as owners of the land on which the new marina and slipways would be developed. The private sector company responsible for the development was very experienced in this area and the pre-planning consultation had elicited generally positive responses. The planning application would be submitted at the end of February. Revenue costs after the Games would be borne by the Weymouth and Portland National Sailing Academy.

The development was part of a wider regeneration proposal from which the public sector would benefit. The venue was scheduled for completion by 2009 and there would be two test events in 2010 and 2011. This extra time might be needed to take account of changes identified at the Beijing Games. The venue would operate as a commercial marina before the Games with the berths rented out prior to their allocation for the Olympics. However, ODA would have the right to intervene to ensure that the venue was built in time if the developer was not making sufficient progress.

The Board noted the outline design, programme and budget as outlined in the report. They approved the Strategic Outline Case and the outline procurement strategy for a contractor appointment on the basis of a single-stage design and build route all as outlined in the paper. They noted the progress made with the negotiations regarding land acquisition and property rights together with the appropriate legal structure and authorised signature of the appropriate documents.

Race Equality Scheme

As a public body ODA had a duty to publish a Race Equality Scheme. The draft scheme was based on the draft Equality and Diversity Strategy which the Board had approved. A system for conducting equality impact assessments was required in order to meet the duty fully, and this would be prepared.

An Executive Board, chaired by the Chief Executive, would meet quarterly to monitor progress and to help ensure staff awareness. A detailed programme would be developed and published annually with regular reporting against milestones.

The scheme set procurement as the area of highest priority but ODA would also be monitoring information about its own staff and those of the Delivery Partner. Data so far showed that in both organisations the percentage of appointees from Black, Asian and Minority Ethnic groups was much lower than the percentage for applicants. The reasons for this would be investigated and HR were providing training to ensure that recruitment practices were not discriminatory. The Board were concerned that appropriate action should be taken once the situation had been analysed.

The Board approved the Race Equality Scheme for publication by 1 March 2007 and nominated Stephen Duckworth as the Board Champion for equality and diversity.

Neale Coleman left the meeting

Transport Plan

The consultation on the Transport Plan had produced helpful responses and a revised plan would be produced at the end of 2007.

The Board recognised that the plan needed to concentrate on transport in London and the associated investment. However, they emphasised that it should be a national transport plan for the Games setting out a national perspective.

Procurement Policy, Strategy and Templates

The draft Procurement Policy had been revised taking account of the comments made by Board Members and stakeholders. The Board approved: the Procurement Policy and Strategy (taking account of comments made at the meeting); the Procurement Scorecard and the related up-dated themes; the commitments set out and the resulting implications for implementation through tendering procedures, contract conditions and specifications; and the publication and launch of the final Procurement Policy and Strategy in early March 2007.