

**Economy, Culture and Sport Committee
8 November 2011**

Transcript of Item 5: Olympic Stadium Legacy

Dee Dooney (Chair): Can I formally welcome Baroness Margaret Ford, Chair of the Olympic Park Legacy Company (OPLC), and Andrew Altman, Chief Executive of OPLC. You are very welcome. Thank you for coming.

Margaret Ford (Chair, OPLC): Thank you very much, Chair. I thought it would be useful, very briefly, to explain exactly why the previous competition was closed down.

As you know, we were negotiating both sides in very good faith with our confirmed bidders: with the London Borough of Newham, with West Ham United, supported by UK Athletics and Live Nation. There was a repeated judicial challenge to all of that throughout the summer and in the judicial review process we were completely vindicated by Mr Justice Davis in July 2011 in terms of the process that the OPLC ran.

The remaining question which was dragging on with the question of state aid (in other words, the £40 million that Newham Council was proposing to put in). The proposition was being challenged firstly by Leyton Orient and Tottenham Hotspur football clubs and that was running on and that was due to be resolved or otherwise on 17 October 2011. However, it became evident, the closer we got to that date, that there were other forces at work and an anonymous complaint to the European Commission the week before, which was accepted by the Commission, meaning that whatever the outcome of that final hearing and judicial review on 17 October 2011 - and we were completely confident of the state aid case - the Commission had decided to take however long it wanted to start to review this. It was evident that, for as long as this original competition was running, we could not get on and do the work we needed to do to close this deal and to transfer the Stadium. That was why the decision was made by ourselves - by me and the Government - to close the competition.

Finally, the issue of state aid was because of the ownership position that West Ham and Newham were taking in the stadium. It was the fact of ownership that gave rise to the state aid challenge. That is why we have come back narrowing the scope for litigation this time because, who knows, I fully expect people still to have views about this and perhaps want to challenge it, but this time we will narrow the scope for any challenge on state aid by offering a rental for the Stadium as opposed to ownership of the Stadium. That is the key difference. We could not have carried on with the original competition in the teeth of complaints. I also thought it was quite sickening that it was an anonymous complaint to the Commission. If someone has got a point of view, have the backbone to say who you are and fight your corner.

It was evident to me we were not dealing with serious complaints here. This would have dragged on and on and on which is why the competition was closed and we are restructuring it

and we will come to the market shortly with an offer for rental for the Stadium, alongside athletics, and we will be in charge of the transformation. We, as the OPLC, on behalf of the Mayor and the Government will be in charge of the planning application and we will do it on our timescale and not do it dancing to someone else's tune with anonymous complaints to Europe and so on. That was why.

Dee Doocey (Chair): Thank you very much. Rather than ask you questions on what you have just said now we will deal with them during later questions because we have got so little time, but could I ask you to clarify, before we go on, how do you believe the new rental scheme compares with selling the Stadium? What is the difference between selling it and renting it? Is one a problem and the other one not?

Andrew Altman (Chief Executive, OPLC): As Margaret said, the state aid issue was really narrowing any challenges --

Dee Doocey (Chair): I understand that.

Andrew Altman (Chief Executive, OPLC): This option gives us maximum flexibility with lots of options in terms of the kinds of uses we would like in there, multiple uses, we all want this to be a multi-sport, multi-activity Stadium. This give us the flexibility. We can rent it in any number of ways to different users, different leases. We can determine what the best value for money is.

Dee Doocey (Chair): You sound as though you are quite relaxed about that option?

Andrew Altman (Chief Executive, OPLC): I am.

Margaret Ford (Chair, OPLC): It is a good option for the public purse, Chair. Absolutely.

Dee Doocey (Chair): My first question would be, if it is such a good option why was it never put on the table before?

Margaret Ford (Chair, OPLC): The reason was, as you know, Government is always keen, where it can, to take things off the Government books and transfer risk and investment to the private sector where that is doable. That was the point of departure for us. That was the guidance we were given at the start of the competition which is why we did that in the first place.

Just to be clear, we were always clear, as was Government and the Mayor; the clear advice we had was that there were no state aid implications so, to my mind, this first deal should have run, were it not for the continuing vexatious and vindictive complaints to Europe. It could have worked. This scheme will work now.

Dee Doocey (Chair): Right. We will come on to the question of the advice you were given I am sure later on. Can I say, after five years of discussions, why does London not have a finalised plan for legacy use of the Olympic Stadium? Is that something that bothers you?

Margaret Ford (Chair, OPLC): No, because there is a base case there. There is a planning consent in place for the Stadium. Mr Biggs referred to it as 'an elegant solution' in the press two weeks ago. There is a planning consent there and there is money in the budget - always has been - to deliver a 25,000 seater national athletics stadium. We were not here five years ago but when we came on to the scene two and a half years ago I felt we could enhance that, make it more commercially viable, and I wanted to see if we could put other sports and other activities in around that.

If we have been dragging our feet it has been for two and a half years. Maybe that does not sound as bad as five years but there always has been a clear solution there and the money is there to do that. A national athletics stadium was what was envisaged when the Stadium was built. We are trying to enhance that by putting other things around it. I think we will get there.

Dee Doocey (Chair): The difficulty is that the job of this Committee is to scrutinise the management of the Olympics and the Olympic legacy so it is not a personal thing that you have only been doing it for two years; the fact is that five years after this started there is still no legacy plan and it also appears that London has not learned lessons from Atlanta and Manchester and that the sensible thing would have been to enter into some agreement with a permanent anchor tenant at the beginning, rather than five years down the track.

Margaret Ford (Chair, OPLC): I take issue slightly. People might not like the plan but there is a clear decision which was taken by the Olympic Board five years ago to have a national athletics stadium and the money was set aside for that and a planning application was put in. That has always been the case. Now I think we can do better than that and that is what we are about.

Dee Doocey (Chair): Right. We will certainly come on to that. You are probably aware that this is not something that this Committee ever went along with. We had major concerns that the idea of having an athletics track could perhaps jeopardise the legacy from the Olympics - but, Len?

Len Duvall (Deputy Chair): Sorry, can I go back to the model and flexibility that you said, just to clarify. Are you talking about going into the marketplace for one licensee or a number of licensees? What are we going back into? What is the plan to go in there? If the ownership issue was there, there was a way round this. What is the thinking?

Andrew Altman (Chief Executive, OPLC): Let me first say that we are developing that plan right now. First, we are going to go to our Board meeting at the end of November 2011 - 28/29 November 2011 - so we are still formulating the details of that and that is very important. Also, we are working with the Mayor and the Government. The principle of it is that we have the option now to go out for what could be one or multiple concessions, or licences, depending on how we want to structure it. There are many ways to do it. The point is that we can go to the market and have multiple bids and there are many ways to put those bids together. Again, as the owner of this, we have the option to either offer it ourselves directly or we could have a third party operator with a number of leases under it. Part of that will depend

on the response or how many potential tenants and interest is out there both to be either operators or tenants in the Stadium. The goal again is, right now, in designing how we go to market, maximum flexibility, as many users as we can that can be compatible in the Stadium.

Len Duvall (Deputy Chair): When you go to the market you will be very clear about whether you want to operate the Stadium or whether you are going to have a head licensee with a number of leases? You will be clear about that? You are not going to the marketplace still unclear whether you are going to be doing that?

Margaret Ford (Chair, OPLC): It will not be unclear, Len. The Board will meet at the end of November 2011 and the recommendations will be put to the Board and then ratified by the Mayor and Government so when we go to the market it will be clear what we are going to the market for.

Tony Arbour (AM): Has anybody at all approached you to run a national athletics stadium? You have just told us that you are going to, hopefully, lease it out. Has anyone approached you at all who wants to do that?

Margaret Ford (Chair, OPLC): There has never been an operator who wanted to run solely an athletics stadium. UK Athletics has always said it will take responsibility for running, during the short athletics season, the athletics part of what is there, but the original plan was always that the Stadium would be publicly owned. That is the plan we inherited. There was never an operator who said it could make it work solely financially on athletics, if that is the question, Tony.

Tony Arbour (AM): Is there anywhere in the past quarter of a century where a national athletics stadium has been booked as a national athletics stadium and has been successfully operated as such?

Margaret Ford (Chair, OPLC): Only with athletics? I do not know.

Andrew Altman (Chief Executive, OPLC): I do not know. Our goal - just to go back - is to do more than just athletics. Athletics is one of the uses. That is why we are going out to add - whether that is concerts, events, community programming. Our intention is to make this a multi-use stadium of which athletics is a core part but not the sole occupant.

Tony Arbour (AM): What I am seeking to establish is wasn't the proposition that was given to you - in fact were you not sold a poison chalice with the suggestion that this should be the national athletics stadium?

Margaret Ford (Chair, OPLC): That ship has sailed. We have answered these questions before. We play the hand we are being dealt and that is the hand we have been dealt. I have always felt we could enhance that and we will enhance that. The first way in which we wanted to do that unfortunately could not be executed because of these continuing legal challenges but I have no doubt that we will have a mixed use stadium there that is commercially viable.

You need to give us three or four more months to get to the end of the second process and I am completely confident we will get there.

Tony Arbour (AM): I just heard you say that you are confident you will have a mixed use stadium which will be commercially viable. Is there anywhere in the United Kingdom, or indeed in Europe, which has a mixed use stadium of this size which is commercially viable?

Margaret Ford (Chair, OPLC): Absolutely. If you look at the Olympic Stadium in Berlin where Hertha Berlin play, if you look at the new stadium in Zurich which is a mixed use stadium, if you look at where Spartak Moscow play and there are six clubs in Italy that play in stadia with athletics tracks round about them. There are 14, I understand, in total in Europe that work perfectly successfully as mixed use stadium with football, with athletics, with concerts and with community uses. The answer to that is not in the UK but, yes, in Europe.

Tony Arbour (AM): They are commercially viable? They make a profit?

Margaret Ford (Chair, OPLC): Yes.

Andrew Boff (AM): Are you sure?

Margaret Ford (Chair, OPLC): Am I sure about what?

Andrew Boff (AM): That they make a profit.

Margaret Ford (Chair, OPLC): The information I have been given is that there are 14 viable successful stadia in Europe which operate in this way. I do not have chapter and verse on how much money they make or otherwise but we could send that to you if you want.

Andrew Boff (AM): I would appreciate that.

John Biggs (AM): I wanted to correct one thing Mr Altman said which was he said we all want multi-use and I do not particularly care whether we have multi-use or not, so that is not true! The reason I say that is because I did feel the West Ham and Newham bid was an elegant solution, it did provide multiple use, it provided a return for the taxpayers - which I think is quite important - and it seemed to be fundable as well.

Now that has collapsed my recollection is – Tony Arbour’s question is about the athletics requirement - that when the bids were being sought and when Spurs made a bid and West Ham made a bid, the Tottenham bid was to strip out the athletics and place it at Crystal Palace. It has been reported in the press - and I understand from other sources as well - that one of the reasons it failed was because it did not offer enough money to sort out Crystal Palace, rather than because there was anything fundamentally wrong with stripping out the athletics use. There wasn’t a requirement about two years ago for there to be an athletics use in the Stadium. I quite like the idea of there being one but I also quite like the idea of there not being a white elephant and of taxpayers, of which I am one and we are all ones, getting some of our money back on this.

Margaret Ford (Chair, OPLC): Can I reply to a couple of things you said there, John. Firstly, the new West Ham bid did not collapse. That bid was perfectly capable of being executed. We closed down the competition because we could not guarantee the timescale for that to be brought forward. It wasn't that the bid was un-fundable and collapsed. That is not the case.

John Biggs (AM): I am going to come to that point in the next question.

Margaret Ford (Chair, OPLC): I made that point before you came in. That was not the reason why this was closed. This was closed down because we, the Government and the Mayor took the view that we could not be held to ransom for another year or 18 months with vexatious claims to the European Commission because we have to get the Stadium transformed after the Games. That is the first thing.

The Tottenham Hotspur bid was rejected by our Board for a whole number of reasons. We looked at legacy in the round, remember. We did not simply look at the athletics track. There were a whole set of criteria --

John Biggs (AM): You did not throw that bid out on the grounds that it took out athletics did you. You evaluated it and it was at the point of rejection that you said, "Sorry, West Ham has won it". You did not say, "It is an ineligible bid because it takes athletics out of the Stadium".

Margaret Ford (Chair, OPLC): No, we did not because we said that we were willing to look at other ways of doing that. Remember, it was not just stripping out the athletics track - the Tottenham bid demolished the whole Stadium and rebuilt a new stadium. It wasn't just a question of taking the track out. Let's just be clear about that. There was an alternative at Crystal Palace that we did not find satisfactory; but there were other elements of the bid that were not satisfactory either. That was not the sole criteria on which we made our decision.

Len Duvall (Deputy Chair): To clarify some of those earlier remarks that you said, in the first stage of why we are here now there was not any fresh legal advice; it is purely a matter around state aid. Do you think if you had the year to see off some of these claims that you would have been successful then in sorting out the state aid issues?

Margaret Ford (Chair, OPLC): The honest answer to that is I do not know because I have no experience of the European Commission, I have to say, in this type of matter and what it takes account of and what it does not take account of and how long it takes around that. The advice we had from other people who are much more familiar with that was that it introduced not just a very, very long delay into the process but it also put a question mark into the process because people were clear that they could not make that call. In other words it is up to the Commission to decide which way it would come down on these things and in that situation, where you have bidders who are bidding in good faith who need to continue to spend a huge amount of money on planning applications and design consultants and all those things, it was not reasonable to ask those bidders to keep spending that money when there was a really big question mark over whether that was going to proceed.

Len Duvall (Deputy Chair): At the initial tender evaluation what work was done on state aid when Newham put £40 million on the table?

Margaret Ford (Chair, OPLC): The advice that we had as a Board, that the Mayor had and that the Government had was very, very clear that this was state aid compliant. We were confident but what we could not be confident on was that the Commission, at the end of the day after a very long period where we had lost the window to put a planning application in to transform the Stadium into the bargain, would turn out the way that we all hoped and believed it would turn out. There was a lot of uncertainty around that.

Len Duvall (Deputy Chair): In your opening statement you mentioned that the judicial review process vindicated the work of your organisation and it was quite clear there was nothing in the claims made against you from other parties.

Margaret Ford (Chair, OPLC): Absolutely.

Len Duvall (Deputy Chair): That is quite clear.

Margaret Ford (Chair, OPLC): Mr Justice Davis was absolutely crystal clear about that in his judgement in July 2011.

Len Duvall (Deputy Chair): You also mentioned in your opening statement that the decision to start the new process - was it your advice to Government or was it initiated by the Mayor and Government to collapse the ownership process, if I can call it that?

Margaret Ford (Chair, OPLC): Our Board had a meeting on the advice of our accounting officer who made that recommendation to the Mayor and Government and it accepted that.

Len Duvall (Deputy Chair): The other parties - West Ham and Live Nation - were they in complete agreement in understanding where you were coming from? Was there some mutual agreement?

Margaret Ford (Chair, OPLC): They were hugely disappointed but they understood that we had no choice really. They were hugely disappointed, as you can imagine.

Andrew Altman (Chief Executive, OPLC): As Margaret said, they were very disappointed but they also understood with all the uncertainties and with the cost that would be incurred as you go into design build, those were going to escalate, and they understood that this was the best decision to take at this time.

John Biggs (AM): Back in 2008 David Higgins said - he was then Chief Executive of the London Development Agency (LDA) before you existed:

"It would require very substantial modifications to this Stadium to turn it into a premiership football venue. They really are not compatible. The field of play for track

and field is very different from the field of play for a premiership football. It would require a substantial amount of capital put in by a football club”.

I guess, following the events of the summer, you have done some fresh estimates on the costs for converting. Can you tell us what they currently are? The last figure we had was £95 million to convert to a 60,000 football compatible stadium. That remains the figure?

Margaret Ford (Chair, OPLC): Yes. I disagree with David Higgins by the way. He is wrong.

John Biggs (AM): OK. He is wrong.

Margaret Ford (Chair, OPLC): Yes, I think he is wrong.

Andrew Altman (Chief Executive, OPLC): Part of what we did in the process is we went out, we had a response from a football team, in this case West Ham, who came back and said that they thought that there was a way that those were compatible so going to the market and to people who are users of this, rather than us speculate and do various studies of what might or might not be possible, if a team tells you it is possible and it is willing to do it, then that is the evidence.

John Biggs (AM): You only need one buyer I suppose don't you.

Andrew Altman (Chief Executive, OPLC): Exactly.

John Biggs (AM): What he said was it was pretty difficult, it would take a lot of money but it could be done. That is my summary of what he said - somewhat less elegantly. £95 million is your current ballpark figure. That was to be funded by £35 million from the Olympic budget for changing facilities after the event, £20 million from West Ham and £40 million from Newham. I think that is how the £95 million was put together - which is why the £40 million from Newham was so important. Where are you going to get this £95 million from now?

Andrew Altman (Chief Executive, OPLC): First of all we are looking now at two issues. I want to be careful because we are going to go back out to the market now so I do not want to do anything that is going to prejudice those negotiations in terms of what the right amount of spend is or the right specification is. We would have to look at both. We are doing the work now on all the different elements of what the Stadium could be for, whether it is football or multi use. There are different options as to what you spend. We are looking at that now. Secondly, we will have to look at whether that is within our capital budget or what goes out to the response of how different tenants would structure it. Right now it is premature to say exactly where those sources are going to come from until we get the response of what the tenants are. That is the work we will be doing.

John Biggs (AM): So you are looking at cheaper ways of doing it?

Andrew Altman (Chief Executive, OPLC): You have to look at everything. Everything is on the table. Absolutely.

Margaret Ford (Chair, OPLC): This is going to be run and operated by the public sector. We will do it the most efficient way and the most effective way possible, John. Without going into the detail we do have a capital allocation. In the Comprehensive Spending Review an allocation was made for additional stadium work should that be necessary. That is there should the Mayor and Government choose to spend that. We may not need to spend that.

The only thing I would say by way of reassurance to the Committee is - we are not really in a position where we can go into the detail today - this is going to our Board on 28 November 2011. There is easily sufficient budget to do the job we need to do.

John Biggs (AM): You still have the £35 million earmarked in the Olympic Delivery Authority (ODA) budget which you inherited --

Margaret Ford (Chair, OPLC): Absolutely.

Andrew Altman (Chief Executive, OPLC): Yes, which would come over to us.

John Biggs (AM): If £95 million is roughly right you still need another £60 million or so from private or other public sector --

Margaret Ford (Chair, OPLC): Newham has said that it would like to be jointly involved in the Stadium. All of the reasons for it coming into the Stadium, about the community benefits in the Stadium and about community, all of the things they wanted the Stadium for, are still in place.

John Biggs (AM): There could still be £40 million from Newham on the table?

Margaret Ford (Chair, OPLC): That is the plan at the moment. The same way the City of Manchester has a huge stake in that stadium Newham would like to have a stake in this Stadium.

John Biggs (AM): The Newham £40 million is still on the table?

Margaret Ford (Chair, OPLC): It is at this point. Absolutely.

Andrew Altman (Chief Executive, OPLC): Yes. Newham is still very interested and we have to decide on that partnership but that is something that is very much on the table.

John Biggs (AM): So you need a partner to enter into --

Margaret Ford (Chair, OPLC): It would be very welcome. It would be really great if the local borough was fully involved in this.

John Biggs (AM): You need a partner to enter into a lease which will give you that other £20 million of value?

Andrew Altman (Chief Executive, OPLC): Or it is found another way. Whether that is through specification or money that is in our comprehensive settlement review we have to look at how we might bridge that if that is needed, if that is needed.

John Biggs (AM): It could be that the fitting of the Stadium for football use is totally publicly funded and we then try to recoup some of that through lease income?

Margaret Ford (Chair, OPLC): We have not got to that point but those are the discussions we are having now, John, and that is the work we are doing here.

Andrew Altman (Chief Executive, OPLC): There are a number of things, taking this model, that we will be looking at all different sources of revenue. You are looking at naming rights, you are looking at sponsorships, you are looking at multiple uses and concerts. The business plan is not just about any one source; it is how that all gets put together in a package in order to deliver the transformation.

John Biggs (AM): You have wriggle room in your budget to fund this totally from within your budgets and, if so, would you have to cut back on other things?

Margaret Ford (Chair, OPLC): No, we would not have to cut back on other things, John. There was always an amount of money in the budget in the event that additional works were needed to the Stadium. If you remember, I made a huge fuss at the start that I did not feel we had enough of a budget to finish the Park and there was always a line in that budget about additional Stadium work should those be needed in the event that we went to a public sector solution. That is still the case. That is there in the budget. It was agreed at the Comprehensive Spending Review.

Would it be nice not to have to use that? Yes, of course it would. Do we have wriggle room?

Andrew Altman (Chief Executive, OPLC): Contingency.

John Biggs (AM): A £25 million wriggle or whatever you want to call it.

Margaret Ford (Chair, OPLC): There was provision in the budget should that be required.

John Biggs (AM): Did I blink while someone asked about World Athletics Championships? No? That was in an earlier part of our briefing. It was, in the event that we are successful – whether that is a good or a bad thing. I think we generally take the view it is a good thing --

Margaret Ford (Chair, OPLC): It is a great thing.

John Biggs (AM): We want to keep 80,000 seats in the Stadium in the interim period. Is that right? Does that affect your plans?

Margaret Ford (Chair, OPLC): I am pretty sure it was 60,000 for the World Championships.

John Biggs (AM): So the 60,000 stayed in. It might change the programme of works that you could carry out in the timescale?

Margaret Ford (Chair, OPLC): The key thing we want to communicate at the end of this week and I am pleased to be able to go as part of the delegation to make it absolutely clear because when the evaluation committee came to London two months ago the litigation was still going on and then this complaint to Europe was made. It was very concerned with the state and whether it would be fitted in time. I am very pleased to be able to go this week and make it plain that the timescale now and those decisions are entirely in the hands of the Mayor and the Government. It is with us to decide how we refit it and the timescale we do that and it is entirely for us, as the applicant for the planning application now, to take that forward and set that. That is a much, much stronger position and I want to convey that in the strongest possible terms to the International Association of Athletics Federations (IAAF).

John Biggs (AM): It is my fault that I was a little bit late, Chair, and I am sure you did cover this ground, but there is a credible argument which says, following the events of the summer you should actually throw everything up in the air and see whether there are other options that could be considered. I will not go through all of that again because I think you were covering that as I entered the room but are you specifically ruling out a solution which would enhance the facilities at Crystal Palace to allow you to do other things in Stratford?

Margaret Ford (Chair, OPLC): Yes. We are not going to the market this time to do anything other than say what sits alongside athletics in this Stadium. If there was an ambiguity or option there before, John, that will not be the case in this case. Absolutely not.

Dee Doocey (Chair): You have mentioned on a number of occasions multi-use and concerts but at a previous meeting of this Committee we had evidence from Wembley Stadium and I am paraphrasing what it said but it basically said there are not enough concerts to go around and there are barely enough concerts to go around with the O2 and Wembley. I wondered if you could address that issue? Also, the O2 has got a roof and this has not so if you were going to have concerts outside the athletics time, ie in the winter, how would that work?

Andrew Altman (Chief Executive, OPLC): Two things I would say. One is do not forget that in the West Ham and Newham bid Live Nation was part of that and so there was a lot of work that was done around the hosting of concerts. It saw - and one of the things that it was very encouraged by - because of the design of the stadium and because of the athletics track, it actually gives you more room for greater seating capacity so it liked the fact that the Stadium had that flexibility and was designed the way it was for concerts. It saw that as a very, very positive thing and it saw the market as being very positive. Based on that and other evidence we do feel that there will be concerts in the Olympic Stadium. It was a very fundamental part of its bid. I do not see why it would not be a part of other offers coming forward but it may not just be Live Nation.

It is not the focal piece of it - there is a lot of competition in the London market - but it is one component. You could have a few concerts a year. It might have the capacity of up to 100,000

people because you could put more seating across the field of play and the athletics track etc. There were many options.

Frankly, there was also interest even if it is not fully roofed. It is still a very large venue that could be used for concerts in the concert season in spring and summer and autumn. There are still enough days to make this a competitive prospect.

Dee Doocey (Chair): To be totally clear - and I can see exactly what you are saying; it is such a wonderful Stadium and the sight lines are so brilliant it is great. But what you are saying is that there are not necessarily additional concerts out there waiting for a home but that some of the concerts that are currently elsewhere might relocate there.

Andrew Altman (Chief Executive, OPLC): No, they need to bring more. There may be more offered that they can bring to a London market. We have got some indication. Again, we will have to get down to the specifics with any of these users but they are indicating --

Dee Doocey (Chair): It totally contradicts what we have heard from Wembley.

Andrew Altman (Chief Executive, OPLC): We will have to see how it plays out.

Victoria Borwick (AM): I believe, in Wembley Stadium a platform can be put down as a track has been used once for a road race or some other event. If it meant that, in order to actually have an alternative use, the athletic track had to be removed in order to have alternative events such as a road race or any of the other events that people want to rent the place for, what would you do then?

Margaret Ford (Chair, OPLC): You would not take up the athletics track for a single event somewhere else. That would be crazy. You would advise them to go somewhere else or you would cover it. You would not take the track up --

Victoria Borwick (AM): Fine. When you look at all the other different events that have been used that people want to use things for, they often obviously mean having an impact on what would have been athletics. I was a bit concerned, when you were considering your possible uses for monetary gain, as we have heard earlier, whether that might mean the athletic track would go.

Margaret Ford (Chair, OPLC): No, it would be completely protected. This is the home of UK Athletics. It is an athletics stadium in the athletics season. That protects the quality of the field of play and the track.

Victoria Borwick (AM): So there would not be any opportunity where somebody wants to do something with it ...

Margaret Ford (Chair, OPLC): Only if the track and the field of play were properly protected.

Victoria Borwick (AM): Thank you.

Len Duvall (Deputy Chair): On the conversion of the Stadium do you think your developer role and going into the marketplace compromises your future planning role and are you not open to some other frivolous challenges in terms of what you need to do or not do and delays?

Margaret Ford (Chair, OPLC): Unfortunately I have just got used to challenges about absolutely everything so nothing is ever going to surprise me any more - which is maybe not a good thing. You have to say, "Whatever we do, we're a public authority with a very high profile project. Someone's nose is going to be out of joint and we will probably get challenged".

Your question is relevant as regards the other venues and also commercial developments and residential developments on the site. We have to, as a development corporation - and we are doing this thinking now - completely separate the planning function from the commercial promoter function of anything we bring to the Park - whether it is a residential development, a stadium conversion or the other venues - so that these two things are not contaminated. You know much better than I do that the statutory planning authority has to be absolutely whiter than white in terms of how it takes those decisions. We are working our way through that now to try to get that balance right.

Andrew Boff (AM): To continue on from the previous question, with the exception of the World Athletics Championships are there any other occasions on which you expect athletics to fill the Olympic Stadium?

Margaret Ford (Chair, OPLC): After the Olympics I think we would all expect athletics as a sport to have a real bit of a foot up and one of the things about the fan base in the United Kingdom - sports people know much more than I do so I hope I get this statistic right. One of the things we were able to say to the IAAF is that during the World Championships that stadium will be filled because of the strength of the fan base in the United Kingdom around athletics. I would hope that people enjoy coming to the Stadium, it is a fantastic experience and, after the Olympics, we will find more and more people as fans of the sport.

Will it be filled? I do not know, but I would expect there to be an increase in interest in athletics both at grass roots' club and elite level and also in the fan base. We would hope so. If it is a nice pleasant stadium to come to, to bring your family and have a great experience, it would be great to think it could be filled during the Diamond League season but who knows?

Andrew Boff (AM): That is very optimistic --

Margaret Ford (Chair, OPLC): I am an optimistic sort of person.

Andrew Boff (AM): You are indeed. Athletics would have to grow quite a bit wouldn't it?

Margaret Ford (Chair, OPLC): It would.

Andrew Boff (AM): There are already 30 stadia in London, only 16 of which are fully utilised. It appears that we are building another one and this one is going to work where the others did not.

Margaret Ford (Chair, OPLC): I didn't say it was going to work; I said we would hope that that would be something that would come but who knows I think is what I said.

Andrew Boff (AM): With regard to the Berlin Olympic Stadium, in order to be usable by Hertha Berlin, 196 million Euros had to be spent on it to adapt it. No, it was more than that; it was 242 million Euros. 196 million coming from the German Government in order to get that. In return the football club and the developers got part of the equity in the management company. Is that a kind of deal that you are looking at?

Margaret Ford (Chair, OPLC): That is what we tried to do the first time round and that would have been our preferred solution but we cannot go there so it will be a rental --

Andrew Boff (AM): I have no problem but it is the public subsidy that the taxpayers are being asked to put in, as in the case of the Berlin stadium, even more money in order to get it to work, rather than perhaps cut your losses.

Margaret Ford (Chair, OPLC): That is not where we are going with this second competition, Andrew. What we are endeavouring to do is to make sure, as Andy has said, by having a range of uses and having an anchor tenant as well as the athletics in the summer, we make the Stadium commercially viable.

In all of the venues around the Park we did not start from the position of how much public subsidy do these things need to run. We started from the position of can we make these commercially viable and, if not profit making, absolutely break even so there is no public subsidy. As the Chair has said on many occasions the history of the Olympics is that there is a trail of public subsidy around these venues. We are endeavouring not to do that and that includes the Stadium. We will work as hard as we possibly can to try to make that work but that is our objective in doing all of this.

The Berlin stadium is a good and a bad example. It is a good example of where it works. My son goes there every other Saturday to watch Berlin. He lives in Berlin. He likes that stadium. He says there are about 35,000/40,000 people who go there. It has a great vibe. It did take a lot of public money to convert it. It is a different design of stadium to ours and it took ongoing subsidy. We are not starting from the premise that we want to put ongoing subsidy into this. It is a good and a bad example, the Berlin stadium.

Andrew Boff (AM): Could you tell me how much the operating costs of the Stadium are going to be per annum?

Margaret Ford (Chair, OPLC): No, because we are not going to show that hand to people who are making a bid in. That would be daft.

Andrew Altman (Chief Executive, OPLC): It also will depend on the number of uses that we have and how many days a year and a whole number of assumptions. We will have to see when that comes back from the market.

Andrew Boff (AM): You know that figure?

Margaret Ford (Chair, OPLC): Yes.

Andrew Boff (AM): Bearing in mind you have kept that a secret perhaps you can keep something open and that is what proportion of your operating costs do you want the future tenants to cover?

Andrew Altman (Chief Executive, OPLC): Again, we do not --

Margaret Ford (Chair, OPLC): We cannot go into that detail, Andrew. These will be the subject of a whole series of negotiations now over the next three months and we cannot show our hand. That would just be daft. We are clear about what we need to do and we are pretty optimistic that we will get there.

Andrew Boff (AM): I am assuming you want to cover the costs of the Stadium from the tenants?

Margaret Ford (Chair, OPLC): I said that. Our starting point with all of these venues is that we are aiming to do this in a way that is no longer a drain on the London taxpayer or the national taxpayer. There has been a lot of money put into this plan.

Andrew Altman (Chief Executive, OPLC): That is why what we are pursuing right now are the multiple users. As I said, we are looking to maximise every different source of potential revenue - whether that goes from naming rights to the different operating concessions to different users. The goal here is to try to drive down so there is not public subsidy. That is what our goal is.

Do not forget the base case would have been ongoing subsidy because it would have been just a 25,000 seater athletics stadium. Implicit in that was an ongoing public subsidy. That was the base position. What we are doing is trying, as much as we can, to reduce that away from that model. It will take some time and it will take some further restructuring but I think we can get there.

Andrew Boff (AM): To what extent will you be cross-subsidising the Olympic Stadium from proceeds from other parts of the Olympic Park?

Margaret Ford (Chair, OPLC): That is not in the plan.

Andrew Boff (AM): Are you saying you will not be doing that?

Margaret Ford (Chair, OPLC): We are looking at the Stadium. We are not looking at other parts of the Park to subsidise the Stadium. That has never been done. The Stadium has been looked at as a standalone.

Andrew Boff (AM): Are you saying you will not be doing that?

Margaret Ford (Chair, OPLC): That is not our plan. I do not think we will be doing that, Andrew. I do not know what you want me to say but that is not something that has been considered --

Andrew Boff (AM): I would like you to say you will not be doing that.

Margaret Ford (Chair, OPLC): I do not think we will be doing that, no.

Andrew Boff (AM): How would you make up any shortfall, should there be a shortfall?

Margaret Ford (Chair, OPLC): It is the same answer. We are not anticipating there being a shortfall at the moment. We go into these commercial negotiations and the aim is for there not to be a shortfall.

Andrew Boff (AM): If you are not going to take cross-subsidy from the Olympic Park and there is a shortfall, it is therefore implicit that you are going to ask the taxpayer?

Andrew Altman (Chief Executive, OPLC): We are speculating. We said what our goal is; it is not to add. If at that point we have to evaluate where sources will come from. Right now it will be the Stadium and how it can not have public subsidy and it works up in different ways - which is why --

Andrew Boff (AM): I take the point that that is your aim and I take the point that you will work very hard for it but also I want an understanding of what we are entering into here because, at the moment, the taxpayer is funding it. We want an idea from the OPLC that, in the event of a shortfall, we can be clear of where that shortfall is going to be covered from. There are only two routes of financing available to you - as I understand - either the proceeds from the Olympic Park or the taxpayer. We are getting an understanding from Baroness Ford that you are not going to use the proceeds from the Olympic Park to subsidise the --

Margaret Ford (Chair, OPLC): Just to be clear, Andrew, you are putting words in my mouth here. Let me just --

Andrew Boff (AM): That is why I want the clarification.

Margaret Ford (Chair, OPLC): What I said is we are not going into this competition with the notion that it needs cross-subsidy; we are going into this competition on the basis that there is enough commercial value in there for this to work. That is what I said. In the event that does not happen - let's say, for the sake of argument, we go through all of this and there is not a football tenant or a rugby tenant or a whatever, I come back to what I said at the start; there is

a base case here where there is a planning consent to convert the Stadium, there is money in the budget to transform that Stadium and there was always an ongoing understanding that that would take public subsidy to run.

I am trying to get away from that position but if we have to go back to that, if we go back to the national athletics stadium and that is all that is there, yes, it will need public subsidy and that will have to come from either somewhere else in the Park or from grant. Absolutely right. We are hoping not to go there.

Andrew Boff (AM): I absolutely understand that you are hoping not to but you must have a strategy for dealing with the eventuality.

Margaret Ford (Chair, OPLC): And that will be it.

Andrew Boff (AM): You are now saying, much as you say you hope that there will not be subsidy coming from the rest of the Olympic Park, that actually it could be that there would be subsidy from the rest of the Olympic Park.

Margaret Ford (Chair, OPLC): The original plan was that subsidy would come from somewhere.

Andrew Boff (AM): Sure. I am sure you cannot say. I think the original plan was complete crap, may I say. You have inherited it, you have to do your best with it and I admire you for doing what you have done with it. This is not about the Olympic plan. I want to know whether the OPLC is going to be committing the resource, where it is going to get those resources from should there be a shortfall –

Dee Doocey (Chair): Sorry, Andrew, I really think that you have pushed this as far as you can push it. What you have said, as I understand it, is, in the event of the plans not working out, will we require public subsidy that either would have to be funded by the taxpayer or from the Park itself. Baroness Ford has just said in the event of the plans not working out – and they hope that they will work out – it would revert to the original plan which is that it would be publicly subsidised, so that is very clear.

Andrew Boff (AM): I am sorry. What I am trying to get to --

Margaret Ford (Chair, OPLC): Your question is for the Mayor, not for us. We would have that discussion --

Dee Doocey (Chair): What is the question that has not been answered?

Andrew Boff (AM): You have got two sources of funding and I wonder whether or not you are going to use them both to subsidise? I want to see the Olympic Park work. I do not want to see the Stadium – and I am sure you will be aiming for it not to be – being a drain on the very good plans that you have put forward for the Olympic Park. If you are going to be cross-

subsidising it from the Olympic Park, to be frank, I would rather the taxpayer paid. I am Conservative. I know I should not say those things. To be honest --

Dee Doocey (Chair): We are running out of time. Sorry, Andrew, do you want to come back on that?

Andrew Boff (AM): That is where I am trying to get to.

Margaret Ford (Chair, OPLC): That would be a decision we would take with the Mayor. That is a very big decision.

Andrew Boff (AM): How, fundamentally, does this lease agreement that you will be entering into differ substantially from the previous plans? What is the fundamental difference between what you had before and what you have got now?

Andrew Altman (Chief Executive, OPLC): Margaret said in the opening the differences to what we were trying to do. What we were pursuing was that you had a different ownership structure which triggered the state aid issues, which had the West Ham/Newham in a joint special purpose vehicle and it was the funding that it brought in with West Ham and went in with Newham. Even though we were confident that that would prevail in state aid that is what raised a number of questions that were being pursued.

What is different now is this is under public ownership. Whether we set up a special purpose vehicle or not it is under OPLC which reduces down the risk. We hope to still pursue the relationship with Newham which is a public authority to a public authority. That is a totally different equation than a public and a private entity together and it is simpler in that the private entities are then simply tenants as opposed to an ownership structure.

Len Duvall (Deputy Chair): I do not understand that. State aid is not just about ownership; it is about impact on markets. If I want to put on concerts and you are subsidising that building and I am generating a profit, then my competitor - it could be the O2 across the road or it could be Wembley or any other major event - could say, "Foul. State aid".

Margaret Ford (Chair, OPLC): You are absolutely right, Len --

Len Duvall (Deputy Chair): How does that fit into this?

Margaret Ford (Chair, OPLC): The rental has to be commercial. That is the issue. You have to demonstrate that the rent is set at a commercial level and not at a subsidised level. That is the whole point. You are absolutely right. It narrows the scope for challenge if you can demonstrate. We have got very clear advice about what commercial rental is because that is quite a vibrant market.

Andrew Boff (AM): To take that point up - and thank you for the intervention, Len --

Len Duvall (Deputy Chair): Sorry.

Andrew Boff (AM): No, no, I appreciate it. UK Athletics will have to submit a bid that stacks up financially as well won't it, if it makes a bid?

Margaret Ford (Chair, OPLC): UK Athletics will bear all of the costs for the Stadium during the times that it uses it.

John Biggs (AM): I am concerned about the amount of money that has gone into this Stadium so I would like to get some of it back. Do you envisage a situation where if you can make it wash itself commercially so it covers its costs, leaving aside the write off of capital costs, you could then privatise it, or is it going to be forever in the public sector?

Margaret Ford (Chair, OPLC): The future ownership of the Stadium would be a matter for the owners of the Stadium which, after March 2012, will be the Mayor of London. If it became a very successful stadium and there is a way to pay that back I do not know what a future Mayor's view of that would be. That may well be on the cards. It is not something that we are planning to do at the moment but it is something that future owners of the Stadium might want to take account of.

John Biggs (AM): There are many reasons why you might ask that question. The one in my mind is fairly topical in the recent past and is about the value of naming rights. You said yourself it would be far easier for a private owner to call it the Adidas Stadium or whatever they want to call it. Have you considered that? That could be a very good way of meeting the capital shortfall.

Andrew Altman (Chief Executive, OPLC): As I said before, one of the things that we have in public ownership is we control the naming rights. Do not forget, it is not just the naming rights for the Stadium but we have the naming rights for other venues in the Park and further aspects of the Park, so there are many different ways where we can look at how to maximise the value of the naming rights, which we now control, and engage the private sector.

John Biggs (AM): So in addition to looking for commercial bids for various sports and other uses, you are looking for commercial interest in the naming rights of the Stadium?

Andrew Altman (Chief Executive, OPLC): We are doing that as part of the whole Park.

Victoria Borwick (AM): A very quick point because, inevitably, we have seen the issues that have arisen before. How confident are you that the new tender process will not be open to legal challenge?

Margaret Ford (Chair, OPLC): I am not confident, Victoria, because the thing that I have learned over the last 12 months is there have been all kinds of behaviour, legal challenge, people who have stood behind an anonymous legal challenge and all kinds of things have happened. My Board were put under surveillance by Tottenham Hotspur and the Chairman of Tottenham Hotspur felt confident enough to say that in the Sunday Times a few months ago that all 14 Members of my Board were put under surveillance. The Metropolitan Police Service

is now conducting an investigation into that surveillance. There have been all kinds of behaviour here that I never anticipated - believe me - which has not been pleasant over the last 12 months. I am expecting the unexpected because that is what the last 12 months has taught me.

Our job now is to narrow as far as we possibly can the scope for legitimate legal challenge in this next process. That is all we can do. If people want then to be vexatious and vindictive, whatever they want, they will do that. We will try to narrow the scope as much as we can.

Victoria Borwick (AM): What involvement will the Mayor, or his representative, have in the tender process?

Margaret Ford (Chair, OPLC): We work all of the time with the Mayor and the Government in partnership around how we are doing this. At the end of the day our Board will look at all of these documents, it will look at the recommendations Andrew's colleagues put forward on 28 November 2011 and then we will make a decision and will make recommendations to the Mayor. The Government will then run the process and, like the previous process, it will run it and we will make recommendations back to the Mayor and the Government about what we think the right outcome will be. It will be run pretty much the same as the last process was run.

Victoria Borwick (AM): Some of us were quite concerned when it was reported that the Mayor made a comment that West Ham United would almost certainly become the tenant. Did that prejudice --

Margaret Ford (Chair, OPLC): All the Mayor was saying there was that, given that this time what is going out is a running track and we are looking for something to go out, there was one club who had already indicated that they were interested in that. I think too much was read into that. From our perspective --

Victoria Borwick (AM): It is an opportunity to air that here.

Margaret Ford (Chair, OPLC): -- I think he was just stating the fact as he saw it in his head at that point.

Andrew Altman (Chief Executive, OPLC): He also clarified the next day that he was very open and had been very open to all possibilities, so I would say that is not a problem.

Victoria Borwick (AM): It is good that we have cleared that. Thank you.

Dee Doocey (Chair): Could I say that I personally find it appalling - and I am sure I speak for the rest of the Committee - at the very idea of your Board being put under surveillance. It is reprehensible. It almost beggars belief that this thing can happen. The idea that any Board is put under surveillance is absolutely disgraceful.

Victoria Borwick (AM): Well said.

Andrew Boff (AM): When will we know what the running costs of the Stadium are?

Andrew Altman (Chief Executive, OPLC): We will know those as we --

Margaret Ford (Chair, OPLC): We know them.

Andrew Altman (Chief Executive, OPLC): Exactly. At the end of the process. As we get bids back and we see exactly how many days we are operating this we will have a much better sense of --

Andrew Boff (AM): So the end of the process is when.

Andrew Altman (Chief Executive, OPLC): In the spring.

Andrew Boff (AM): Thank you.

John Biggs (AM): In making recommendations to the Mayor to make a decision you are implicitly recognising that there is still scope for political intervention in your otherwise commercial operations. Would you say that is still a significant risk for you?

Margaret Ford (Chair, OPLC): Based on the previous experience the answer is no because our Board was given complete freedom to act around the last proposition, John, and I can say to you, hand on heart, there was no political pressure exercised on me or anyone else to do anything other than come up with what we thought was the best commercial and, in the round, the very best legacy solution.

What we will do with the Mayor and the Government is agree the context for our decision making which is what we did the last time. I think that is entirely appropriate. They are the owners of the asset so we would agree with them the basis for the decision and make that very public, as we did the last time, before the lease goes out, "Here are the things that we will be judging you on". Within that I fully expect to be given, again, freedom to act, to do as we did the last time.

Dee Doocey (Chair): That is the end of the questioning. Is there anything that you felt that you did not get an opportunity to say that you wanted to?

Margaret Ford (Chair, OPLC): The only thing I would say, Chair, is I am sorry we could not be more open with the Committee around some of the detail but, because we are literally working away for the last couple of days on this because we have a Board meeting at the end of the month, the Board has to have the courtesy of having this information and may take a different view. I am sorry we could not be as open as we normally would be --

Dee Doocey (Chair): We understand the constraints under which you operate.

Margaret Ford (Chair, OPLC): I think we are in a good place. This solution has the potential to be a really good outcome and I am not apologetic for closing down the last competition. To have left the Olympic Stadium in limbo again for another year/18 months, to have had that

Stadium in darkness to 2014, 2015 and, potentially, 2016 would have been an absolute travesty and we are trying very hard for that not to happen.

Andrew Altman (Chief Executive, OPLC): I confirm we are in a very good position. I know we had difficulty getting here but we are in a very good position because we are the public ownership of this, we are looking for multiple usage and we are trying to get as much flexibility as we can so we can achieve the goals that everyone here has talked about, which is not having public subsidy, getting as much visitation and getting a great legacy. There was a path that could have delivered that. There is another path to deliver that.

We have to remember that it is not as though the future of the Stadium is completely uncertain. There was a base case but what we are really trying to do is to continue to better that base case in the context of the Park. This is one component of the Park - although very important. There is a lot of other momentum on the Park that does not get as much attention but is very important - whether that is the Aquatics multi-use that this Committee has been a part of or the planning application that is in for this year for 7,000 homes, the first phase of housing in Chobham Manor. There is a lot going on. Although the Stadium tends to dominate, understandably, it is a question that we can solve. It is a matter of how many users we get in, not will there be interest in the Olympic Stadium and the Olympic Park. I really believe that.

Dee Dooney (Chair): Great. Can I thank you both for coming and for being as open as you have always been with this Committee. We really do appreciate that and we look forward to hearing the important information at the end of the process. Thank you very much indeed.