

Budget and Performance Committee 24 November 2009

Transcript of Item 5: SportAccord Convention 2011

John Biggs (Chairman): Item five is SportAccord Convention 2011 and this is to ask Mr Ritterband [Director of Marketing, GLA] about the proposed involvement of the Authority in the event. Would you like to say something briefly about this, Mr Ritterband?

Daniel Ritterband (Director of Marketing): We believe it is a very worthwhile event to do as part of the legacy of the Olympic Games. It is a great opportunity to showcase the facilities that we will have available, the majority of which should be ready by March 2011. It is an important part of our legacy to make sure that we continue to attract major international sporting events to the capital post 2012.

John Biggs (Chairman): That was a very comprehensive introduction I must say. Thank you. Can I start the ball rolling then by asking you what discussions you have had with the London Development Agency (LDA) since its Investment Committee rejected the proposed project contingency because, on the face of it, there seems to be a lot of risk attached to this proposal?

Daniel Ritterband (Director of Marketing): There is an element of risk judging by other cities that have hosted the event before. Denver, last year, raised 85 per cent of the revenue needed through sponsorship. We are actually only looking for 40 per cent of the revenue through sponsorship; so we are quite confident that we should be able to do it.

As you well know, we cannot put an event on unless the full sum has been underwritten, so we have shared the risk with the LDA using a percentage of my Olympics related budget; therefore, both GLA and LDA underwrite the event. We are quite confident that we should definitely reach that first amount so nothing will come out of the GLA events budget, even though that budget is identified as Olympic related activity; and the LDA contingency, if needed - which, obviously, we hope it will not be - we would look to, potentially, direct.

John Biggs (Chairman): Right. So if we look at the Mayoral Decision Form, there is a sheet of numbers, under paragraph 4.1. Can you tell us which sums are secured then? The LDA has already underwritten £650,000 of the costs of this. UK Sport; £150,000. Which other sums have been secured?

Daniel Ritterband (Director of Marketing): We have got written commitments from BERR (Department of Business, Enterprise and Regulatory Reform).

John Biggs (Chairman): That is £150,000, yes?

Daniel Ritterband (Director of Marketing): Yes. BERR. We have the regions as well, which is not actually listed on here. Traditionally, at SportAccord --

John Biggs (Chairman): Yes, we do. We have UK cities, nations and regions.

Daniel Ritterband (Director of Marketing): £200,000.

John Biggs (Chairman): Is that right?

Daniel Ritterband (Director of Marketing): Yes. Traditionally, all the regions have their own separate stands and pay directly. We have spoken to all the other regional development agencies and we are having a UK pavilion centre stage on that one so their costs will be coming to us as opposed to going to the convention.

Our sponsorship total that we are looking for is £500,000. That is what we are trying to achieve, which we do think is very doable. What we have also managed to negotiate - that no other host city has been able to negotiate - is an extended rights package. Usually the host city only has the rights for the five days of the convention. We have managed to extend that to a year which means, whichever sponsors we can bring in, we can take those assets out further for a year; so there is an even better deal for sponsors, more than just the four days. I like to think that our sponsorship team should be commended, in one of the worst sponsorship markets ever, to have got a very good deal out of the convention.

John Biggs (Chairman): When you say extended rights, just for an uninformed person, say Tesco was to sponsor this event - I am not suggesting for a second it will - then the extended rights would mean that for the next year it could stick on their shop fronts their advertising slogan, "Sponsors of 2011 SportAccord"?

Daniel Ritterband (Director of Marketing): Or other sporting events that we did as a city. We could take them with us, as it were, so they would be associated with sporting rights that the city does in 2011. We are working up plans, potentially, to take them to Davos in 2011, which would be a first at Davos, which would be, obviously, quite a coup if we could pull it off.

John Biggs (Chairman): Have you gone back to the LDA to ask it if it will underwrite any more of the risk?

Daniel Ritterband (Director of Marketing): No. We had a lot of discussions on it. I thought the LDA came with quite a strange request to us. It said, "If we underwrite it, where's the incentive for you to get sponsorship?" which we argued about because I think that is quite bizarre. Obviously, everything we try to do here is to minimise taxpayer costs so we would welcome any sponsorship we could bring in. So we made the decision to split the risk and I would take it part out of my budget and then, if needed, we would talk about coming back to the LDA in 2011, right at the last.

So we have got good enough time and good enough opportunity. We have a once a month marketing steering group with SportAccord so we can divide up who goes for which sponsors because they, obviously, have convention sponsors and we are after city host sponsors. Everything is well underway. Even though it is a soft market we know already, factually, that everybody wants to be here in 2012; so having our offer, as it were, starting early in 2011, should put us in a very good position.

John Biggs (Chairman): In your report, you assert that there will be at least £5 million of value flowing out of this investment. That seems a very round number and it does not seem to have any evidence behind it, not that it is visible in the Mayoral decision. Can you substantiate that?

Daniel Ritterband (Director of Marketing): It tends to be more the figures, the return on investment, that we use at Visit London for visitors and conventions and what their spend tends to be. Because it is a four-day convention, we tend to find that people stick on a weekend on either end for a holiday, they often bring over partners or spouses and they use the opportunity of coming to a city.

John Biggs (Chairman): Just to be clear about that, this is a bit like the Visit London approach which is, I think, an industry standard. You spend £1 million on television adverts, as a result of which, £20 million is spent in London by visitors; and so you claim a rate of return of 20 to 1 on that investment.

Daniel Ritterband (Director of Marketing): No. A lot of what Visit London tends to do is based on media columns that it gets, which is something that we are moving away from. These are seen as business travellers. Business travellers spend three times as much as leisure travellers. With 1,200 delegates at the event and approximately 200 to 300 journalists, taking it up to about the 1,500 person mark, there is then the collaborative spend.

John Biggs (Chairman): Right. But the basic argument is you spend, say, £1 million, otherwise they would not be here, but, as a result of them being here, they spend £20 million and therefore it is 20 to 1. Is that the sort of calculation you have got?

Daniel Ritterband (Director of Marketing): It is. We were never looking at this as a short-term gain. Whatever extra we can get during the week of the convention is here is great, but the real prize for us would be winning a major international sporting event off the back of it. I have charged Events for London. The duty on signing this is that we will secure, on or around the SportAccord Conference, the win of another major international sporting event, which benefit to the city could be anything from £200 million to £1 billion, depending on the size of the event.

John Biggs (Chairman): Steady on! Do not get too carried away.

Daniel Ritterband (Director of Marketing): The World Cup we are bidding for is a £1.2 billion benefit to the city. The Olympics; a little bit of benefit to the city potentially!

John Biggs (Chairman): I am not sure everyone around the table agrees with that! Which takes me on to my final question. You are saying that you have a sum of money which will underwrite this in the event that the sponsorship and the external funding does not come in. That, I think you told us, was an Olympic budget. This is not an Olympic event. So can you clarify - and perhaps Mr Coleman [Neale Coleman, Director of London 2012 Coordination] can help us in understanding this a bit after you have clarified it: why are we spending Olympic money on a non-Olympic event?

Daniel Ritterband (Director of Marketing): It could be seen as an Olympic event. SportAccord, which is the name of the international group of international sporting federations, previously known as the General Association of International Sports Federations, are the people who make up the Olympics.

The Olympic budget that I put aside in my GLA budget and my LDA budget was £400,000 a year, £200,000 from each, to have Olympic related events. For instance, we are working on plans for a Paralympic event in Trafalgar Square to go along the side of Liberty, we are looking at sports participation events and anything that we can do on the build up to the Olympics to increase participation and get people excited by sport on a city level. This is obviously something that The London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) does not provide and we saw it as a very important part of our budget to have.

Then also, in 2012 time, we know that it is going to be very difficult to get any extra budget for things that we might want to do as a city, so I have agreement from the LDA and from the GLA that, of this £200,000 a year, I can carry forward whatever is not spent, with a view to giving us approximately £1 million to spend in Games time for other things that we wanted to do as a city.

John Biggs (Chairman): That sounds like a rather tenuous argument to me but, Mr Coleman, you are part of the management team, and therefore you have to defend this decision as well. In what way is this an Olympic expenditure?

Neale Coleman (Director of London 2012 Coordination): I think it is fairly obvious. It is fairly traditional for the SportAccord Convention immediately before the Games to be held in the host city. It is one of the things the International Olympic Committee (IOC) likes to see and there is obvious benefit for all parties to that - both for the IOC, for the international federations and for the city itself. I know that, certainly, it was involved in the discussions around the host city for SportAccord 2011 and is very pleased that the event is happening in London. It will, obviously, provide us with a lot of opportunity to show international federations and other people who are attending the event the progress we will have made in the Olympic Park. I think it will be a great opportunity to do that.

Clearly, an awful lot of the marketing and promotion that the city will do in 2011 and 2012 will be very directly linked with the Games so, understandably, quite a lot of Dan's [Ritterband] budgets are set aside for doing that and that is something that we discuss and work on together. I think it should be a very successful event.

John Biggs (Chairman): I think that is a very good explanation. I would not say it is a total defence of it.

Mike Tuffrey (Deputy Chairman): It must be right to concentrate on sport, given the Olympics, and to try to build a critical mass in that area. Certainly, from my side, I am not doubting the wisdom of the direction; it is just the management of the sums.

Can I just be clear in terms of the GLA element? On the underwriting, the GLA underwriting will only kick in when the LDA underwriting is exhausted or are you sharing it pound for pound or something?

Daniel Ritterband (Director of Marketing): I am defending our pot first as the GLA so --

Mike Tuffrey (Deputy Chairman): Is that the agreement with the LDA?

Daniel Ritterband (Director of Marketing): It was not written down.

Mike Tuffrey (Deputy Chairman): Does that not need to be clear? That, if there is a shortfall, who pays the first pound of the shortfall?

Daniel Ritterband (Director of Marketing): Yes. We can clarify that. I will sort it out with the LDA.

Mike Tuffrey (Deputy Chairman): It seems to me it is pretty basic isn't it? In term of an agreement to underwrite as to who underwrites at which point? I was presuming - perhaps hoping - that the LDA underwriting was up to £300,000, £400,000, £500,000 and then the GLA's underwriting kicks in after that. If that is not the case then it is all the more reason for my second question which is where does the buck stop with this? Is this the buck ultimately stops with you? This is a GLA --

Daniel Ritterband (Director of Marketing): Absolutely. Yes.

Mike Tuffrey (Deputy Chairman): OK. So far we have been talking about if the income cannot be raised, and we absolutely appreciate the difficulties in the current environment. But that is only income shortfall. What about costs overrun. Who controls the costs on this?

Daniel Ritterband (Director of Marketing): Like all things the LDA is at the direction of the Mayor and we will use its contingency as and when needed. We know we will not be able to get more out of our budgets here but we know that there is an ability to get more from the LDA.

Mike Tuffrey (Deputy Chairman): Right. That is the underwriting. I am now coming on, if you like, to the organisation of the event; in other words, who is controlling the cost side of this equation? Is this a GLA organised event?

Daniel Ritterband (Director of Marketing): Yes, it is.

Mike Tuffrey (Deputy Chairman): So in terms of cost overruns you are in control of that?

Daniel Ritterband (Director of Marketing): Yes. We are but we know that we have limited funds here so we will have to go to the LDA if there are cost overruns. I do not envisage there will be but the LDA will be there to underwrite any further amounts.

Mike Tuffrey (Deputy Chairman): Well, no, the LDA has said it will only pay £345,000.

Daniel Ritterband (Director of Marketing): And, if necessary, then we would direct them if we felt the need to.

Mike Tuffrey (Deputy Chairman): I do not think I am very happy with this outcome. So, on the cost side of the equation, you are running the event so you get to determine how much it costs, ultimately. These figures of the sponsorship income required have been based on some estimates of what the costs are likely to be.

Daniel Ritterband (Director of Marketing): They are pretty fixed costs because there are hotel costs, there is exhibition space and there is a lot of value in kind that we have managed to get from partners such as LOCOG. So the costs are pretty fixed. There are chunks in there about, for instance, an opening night gala. Now those costs could be £5,000 for canapés and a glass of drink, or it could be a £20,000 production. That is our call. If budgets are overrunning then they will get the canapés.

Mike Tuffrey (Deputy Chairman): I suppose the reason we are asking these questions is there is a degree of scepticism. I have been round the block a few times in terms of the public sector saying, "Oh, let's have a great event". Costs have a habit of running out of control.

Sir Simon Milton (Deputy Mayor and Chief of Staff): It is a conference.

Mike Tuffrey (Deputy Chairman): It is a conference.

Sir Simon Milton (Deputy Mayor and Chief of Staff): People do know how to put on conferences.

Mike Tuffrey (Deputy Chairman): But it is not a core competency of the GLA to run sporting conventions so I suppose I would be more happy if there was a third, professional, party that we had a clear contract with, that was cost limited and thus our downside was strictly ...

Daniel Ritterband (Director of Marketing): In the last six months we will hire, as part of the cost, an events company, who will be on a fixed contract obviously, that will be running the logistics of the greeting people at the airport and getting them around. So we will be hiring in logistics to do delivery.

Mike Tuffrey (Deputy Chairman): OK. Having noted my concern about the dangers on this side; both the ambiguity on who is actually underwriting the revenue shortfall and the costs --

John Biggs (Chairman): It is not ambiguous that the LDA has not agreed to underwrite anything beyond the £650,000 that it agreed initially. I think any other overrun would have to be funded from within the GLA's budgets at present. You might have some jiggery pokery afterwards but that is the current position isn't it?

Daniel Ritterband (Director of Marketing): Our original ask was for £800,000. They came back with £600,000 --

John Biggs (Chairman): £650,000 I think, is that right?

Daniel Ritterband (Director of Marketing): £650,000, sorry, yes. We obviously pushed as hard as we could. The LDA finances are not particularly in the strongest position so it was obviously quite difficult for them to underwrite that full sum at the moment. I have confidence in being able to generate the sponsorship so therefore I was prepared to split the risk with them, with the GLA events budget.

Mike Tuffrey (Deputy Chairman): OK. I think that needs to be, just as a matter of procedure, clarified as to who pays what element.

John Biggs (Chairman): Just to be clear, on the Mayoral Decision Form, the risk would appear to be the failure to achieve all of the sums against which there was a no on the question, "Is the money secured?" That was new cash sponsors, £300,000. Technology partner, £110,000. Airline partner, £25,000. Hospitality partner, £40,000 and UK Cities, Nations and Regions, £200,000. You have since clarified that UK Cities, Nations and Regions have come forward with their £200,000. That leaves, roughly, £500,000 which has not yet been secured. Is that right?

Daniel Ritterband (Director of Marketing): Yes.

John Biggs (Chairman): So, potentially, if none of that came in, City Hall could be £500,000 out of pocket although London would be glowing with happiness as a result of the event. I think that is roughly it, is it not?

Daniel Ritterband (Director of Marketing): I think it would be fair to say, short-term, yes, it could be out of pocket. Long-term, if we win an event off the back of it - which is, I think, one of the points of having the Olympics, that we can have a legacy - then one event could generate hundreds of millions of pounds of revenue for the city. So I do think it is a bit of speculate to accumulate on this.

Mike Tuffrey (Deputy Chairman): The thinking must be right. So it is really just a question of the management. Simon [Milton] is saying, "Oh it's a conference" but I have to say, sitting round this table over the last eight years, various bright ideas were had on the eighth floor to sponsor St Patrick's Days and all sorts of things, and we discovered the bills came in afterwards because they were not properly controlled. So I am as worried, Chairman, as the --

Daniel Ritterband (Director of Marketing): Can I just ask, does that mean you do not want us to support St Patrick's Day?

John Biggs (Chairman): No, no. Our job is to ask you questions.

Mike Tuffrey (Deputy Chairman): Do not take us off track. Chairman, I am as concerned about the cost side of the equation as the income shortfall because that is, actually, probably the biggest area of risk.

Can I just then, finally, about the criteria for success, because the LDA, when it was considering it, was not happy with what was presented to it in terms of the means of measurement for success because the paper that it had was talking about improved satisfaction among stakeholders.

So what you just told us was the key measure of success is securing, off the back of this, an additional major sponsorship event?

Daniel Ritterband (Director of Marketing): Yes. Absolutely.

Mike Tuffrey (Deputy Chairman): What timeframe do you expect to get that decision in so that we can come back as a Committee, in a year's time, and say it worked or it did not work?

Daniel Ritterband (Director of Marketing): Sure. There are some events that are working on an 8 to 12 year turnaround. The World Cup football is massive. It has a huge lead-in time. Some of the smaller events are less so. Right now we are just doing a SWOT analysis of exactly which federations we think we are in with the best chances of winning. Obviously, with the new facilities we will have primarily the velodrome and the aquatics centre as two potential venues. There is still the looming question about the retrofit of the Olympic Stadium and what size that will be so that slightly hampers which events we can go for because, if it is taken down to a seating capacity of 25,000 people, we cannot go for major international events. We do think there are particularly good opportunities, with the cycling and the swimming, to bring something in within five years of the Olympics.

Mike Tuffrey (Deputy Chairman): What is the decision timeframe that you would expect this event to result in a decision - not an actual hosting of an event - to come to London?

Daniel Ritterband (Director of Marketing): Right now our guys are doing the analysis. They are starting the lobbying to see exactly which ones there are. There are over 60 or so sporting federations that are there. Obviously, we cannot host the skiing or the luge but there are significant other events that we could try to bring in. So we are just working on a lobbying strategy to ensure that we do bring in one of these events.

Mike Tuffrey (Deputy Chairman): With climate change I am not sure about the skiing; we may get there yet!

Daniel Ritterband (Director of Marketing): There is one other opportunity which we think is really good. As you know there are a lot of fantastic UK and London firms who are constructing the Olympic Park and, due to licensing issues, they are not allowed to market the fact that they are building the Olympic Park. So we see this as a really good opportunity to sell our infrastructure partners to the sporting world and that is where we are looking at our sponsorship. So, as part of the city's Economic Recovery Plan, this is also an extremely good opportunity for us.

Mike Tuffrey (Deputy Chairman): Can we then just ask, can we have then that list of the events that you are targeting and the date when the decision is made for each of those so that we can then come back --

Daniel Ritterband (Director of Marketing): Sure. Yes. Not a problem.

Mike Tuffrey (Deputy Chairman): -- and, on the underwriting, can we have clarity about the relationship with the LDA?

Daniel Ritterband (Director of Marketing): Yes. Not a problem.

Mike Tuffrey (Deputy Chairman): Thank you.

John Biggs (Chairman): Would it be unduly harsh to summarise what you said then as, this event is a fantastic opportunity for us to lever other events into London, but we are not quite sure what they are yet? I put it to you that that is not a very substantial foundation for a business planning process.

Daniel Ritterband (Director of Marketing): No, that is unfair and untrue. I can sit and list them if you are interested. There is the International Athletics Championships and there are the European or the World Swimming Championships. International badminton. We have already secured the European badminton, I believe, so we can go for international badminton. Rhythmic gymnastics we actually had at the O2 a little while ago and if we can secure that coming back again. There is triathlon. There is decathlon. I can list all the Olympics sports. There are --

John Biggs (Chairman): Right. Your principle is that, by having this event, the SportAccord Convention, we raise the likelihood of securing these other events?

Daniel Ritterband (Director of Marketing): It is a very simple lobbying campaign. We do an analysis where we see where we have got the best chances, we see what other facilities cities have got, and we will work out a top three and we will put all efforts into lobbying and winning those events.

Murad Qureshi (AM): Securing more sporting events is certainly welcomed on my part. I just want to have an appreciation of what else you are doing apart from that, which the GLA group needs to do, given that there are many other sporting events other than tournaments and what have you. What is being done to make sure the spectators are getting the most out of those events?

Daniel Ritterband (Director of Marketing): Through the LDA and Visit London we have recently hired somebody who is former IOC and former Sydney organising Games. She is doing a six-month project for us on sporting events that we can bring to the city, both in the Olympic Park and across London. The report is due back, I believe, in the first week of February and this will be the key strategy document that the GLA, Events for London and the Olympic Park Legacy Company will work together on to ensure delivering major sporting events across the capital.

Murad Qureshi (AM): I was actually trying to point you towards Transport for London (TfL). One of the things I constantly get is complaints about travel arrangements to big games in and around London. I will give you, as one example, the Stamford Bridge Chelsea Manchester United game. A lot of Chelsea fans had a lot of difficulty getting there. That was one of the biggest games in the season. Probably watched by millions around the world. If we cannot get fans to those games, what does that say about our city's ability to host other events in subsequent --

John Biggs (Chairman): A quick answer to this because you are straying a little bit off the brief.

Daniel Ritterband (Director of Marketing): No, no. It is a very important point and something that we are working very closely with TfL on. We do often get complaints from the O2 which is positioned that it is quite difficult and with the Jubilee line closures that there have been.

We work very closely with the major conference centres and exhibitions. For instance, two weeks ago, was the world's largest travel market at ExCel. Two years ago there were problems with the Docklands Light Railway (DLR), that people could not get there, so we had a whole contingency plan worked together with TfL to ensure that there were extra buses laid on and there were extra DLR trains laid on. So, on a project-by-project basis, we do have a working group with TfL. Obviously, we try to avoid all closures where possible but we know that, in order to meet the deadlines that have been put in against it, there have to be closures. Where possible we put bus replacement services on or other means of transport. We have extra staff put on, during those events, directing people to the best way to get to and from the venues.

John Biggs (Chairman): I think that covers the ground adequately given that it strays off the brief of our questions.

Daniel Ritterband (Director of Marketing): I am happy to discuss it with you outside.

Andrew Boff (AM): The £29,000 for flights and transfers. What is that all about?

Daniel Ritterband (Director of Marketing): It is not going to cost us anything in cash. That is part of the LOCOG deal that it did with British Airways and, as part of their value in kind deal, it gets X hundred amount of flights from British Airways. This is for bringing in key people to the event - so senior IOC Members and senior members of the federations.

Andrew Boff (AM): Oh I see.

Daniel Ritterband (Director of Marketing): As I say, it is something that we refused to pay for. We pushed back very hard on that and we said that if they wanted to come on somebody's ticket, it would have to be on other people's tickets, which is why we --

Andrew Boff (AM): So that £29,000 is not really £29,000. What is --

Daniel Ritterband (Director of Marketing): There is no cash amount of £29,000. No. That is all value in kind. There will be no cash changing hands. That bit has got nothing to do with us directly here because I said, quite simply, we refuse to pay for VIPs to be flown into London.

Andrew Boff (AM): Right. So if we did not have that £29,000 there it would not benefit somewhere else?

Daniel Ritterband (Director of Marketing): No. It is value in kind. The reason we did it with LOCOG is because we knew it had an airline partner and it was something it would be able to provide --

Andrew Boff (AM): So why it is in there if it is neutral?

Daniel Ritterband (Director of Marketing): Because we still have to show the balance sheet. We have to show exactly the cost of the event, whether it is in cash or value in kind, because otherwise we might get accused of trying to hide costs.

John Biggs (Chairman): So there are no opportunity costs in this then? If British Airways is happy to fly 20 men in blazers across the Atlantic for £29,000, that does not mean that they are not going to fly Boris [Johnson] to New York next time or something?

Daniel Ritterband (Director of Marketing): No. We do not have any deals. That was a one off deal that we did to New York with something specific. No. We were very clear that we would not be paying for VIPs to be flown in.

Andrew Boff (AM): Will the sports federations be contributing at all in any way to this event?

Daniel Ritterband (Director of Marketing): They all pay to attend the conference.

Andrew Boff (AM): Right. But they are not contributing up front for it to come to London?

Daniel Ritterband (Director of Marketing): No.

Andrew Boff (AM): OK. What other sites did you look at? What other convention centres?

Daniel Ritterband (Director of Marketing): There are two requirements put in by SportAccord: one is all the delegates must be able to stay in one hotel and the other one is so many hundred square foot of exhibition space. There are only two hotels in London that could do that: the Park Plaza, that is currently being constructed, and the Grosvenor House. The Grosvenor House would have added an extra £2 million on to the bill if we went with the Grosvenor House which, again, we did not think was appropriate. So that left us with the option of Park Plaza as the only hotel that could host up to 2,000 delegates. It has got 1,021 rooms and it has the largest exhibition space within the hotel as well. We were actually quite limited on the amount of hotels that we could look at for this event.

Andrew Boff (AM): We could have put them all in the Olympic Village of course could we not? Anyway, thank you very much for that.

John Biggs (Chairman): Let us delve into this a little bit more then. It is all very well to say that one has to have a single hotel with over a thousand bedrooms. There are very few such things in the world. I suppose there are in various resorts.

Daniel Ritterband (Director of Marketing): In the last seven host cities ...

John Biggs (Chairman): But there are many parts of London where there are clusters of hotels which would provide over 1,000 bedrooms and, indeed, we are always told that people come to London because they like the ambience of London, the shopping, the shows, the West End, so sticking them in five hotels in the West End, allowing them to enjoy all the facilities there and then to tootle along to a convention centre or an exhibition centre would be a perfectly credible package would it not?

Daniel Ritterband (Director of Marketing): Not really. The way the convention works is, yes, there are plenary sessions where there are big presentations and the usual convention things that go on, but the truth is that a lot of the deals that are struck are done in the lobby and in the bars and around the facilities. So it is a huge networking event for all the world's sporting federations and SportAccord has worked out that it works better for them in a more concentrated atmosphere.

John Biggs (Chairman): Most people in this room have been to party conferences where there are very few hotels that house the entire delegation. Unless, perhaps, you are in the Green Party of course!

Darren Johnson (AM): Not all Members like dodgy bed and breakfasts, Chairman!

John Biggs (Chairman): I withdraw that slanderous comment. Or the UK Independence Party. In which case you use a telephone box I suppose!

Daniel Ritterband (Director of Marketing): It is Labour next year!

John Biggs (Chairman): We are planning on that, yes. The fact is you can have all the networking opportunities in the world without having to stay in the same hotel.

Daniel Ritterband (Director of Marketing): Unfortunately, we would have been taken off the shortlist. It is a basic requirement for SportAccord. There are certain things we can push back on but if we push back on one of its fundamental principles, which is everybody in one place, we would not have won the event.

John Biggs (Chairman): OK. So my mates at ExCeL. They are not really my mates but it is an area that I know and --

Daniel Ritterband (Director of Marketing): My mates as well.

John Biggs (Chairman): Yes. Good. Our mates at ExCeL would argue that they have a splendid convention centre. They are expanding it at a rate of knots. They can house a convention of this size very easily and they have well over 1,000 hotel rooms in the vicinity of ExCeL which people can wander into without even getting wet. They can provide everything that you need at a competitive price and there is no need for a single tender process, which always raises question marks.

Daniel Ritterband (Director of Marketing): It does but, as I said, the two primary things on the contract with SportAccord is one hotel that has the exhibition space and the hotel rooms in one space. So we did push back on that because, at the time when we started negotiating it, the first brick had not even been laid at Park Plaza so we were trying to find alternatives. It was a requirement from SportAccord that we have honoured.

We are doing lots of things with ExCeL and pushing more business their way. The Mayor announced the launch of London's first International Convention Centre jointly with ExCeL, so I do not think this is a case of snubbing other venues. This was simply finding the most suitable venue that met the criteria of the convention.

John Biggs (Chairman): Do you think an inquisitive Londoner would be interested in the attendance of our Mayor at the topping out of the hotel and wonder whether there was some sort of behind the scenes deal to secure this venue?

Daniel Ritterband (Director of Marketing): If you have any evidence of that, then it should be put before a Standards Committee --

John Biggs (Chairman): No. I do not have but I am asking you the question so if you would answer the question that would be helpful for this session.

Daniel Ritterband (Director of Marketing): I do not have anything to do with the Mayor's diary so I am afraid I do not know.

John Biggs (Chairman): I am not asking you about the Mayor's diary. I am asking about the Mayor's involvement in the opening and the topping out of this hotel, the fact that he spoke glowingly of it and said it was a superb venue.

Daniel Ritterband (Director of Marketing): Sure. As you know the Mayor supports tourism. I believe some Members of this Committee were having a go at the Mayor for not spending enough on promotion and tourism. This was a significant addition to London's hotel stock. Very few hotels of this size. It will be a key part, especially for our business tourism offer, to be showcasing the fantastic new facilities that London has, and a 1,021 room hotel is definitely something that should be celebrated.

John Biggs (Chairman): All those things may be true but they still do not answer the question though do they?

Daniel Ritterband (Director of Marketing): I can categorically say there was no deal that was struck between the two; that one was conditioned on the other.

John Biggs (Chairman): Would you say it is merely a coincidence then? The Mayor tops out a hotel and it turns out to be the only hotel in London that could be suitable for this event. They then offer us a reduced rate promotional offer and we end up using the hotel for this particular event when there are other combinations of venues in London which would argue --

Daniel Ritterband (Director of Marketing): I have said a few times now that the combination offer was not possible so therefore we have picked somewhere and the fact that the Mayor is celebrating the opening of one of London's largest hotels, which significantly improves our tourism and business tourism offer, I think is a good thing and I would support it and encourage things like that.

John Biggs (Chairman): OK. So it is all pretty above board and no questions should be asked --

Daniel Ritterband (Director of Marketing): It is extremely above board.

John Biggs (Chairman): The implication then is that if this hotel had not been built there was no possibility on God's earth that this event could be held in London, even though Neale Coleman has told us that it is customary practice to hold this event in the host city just before the Olympic Games?

Daniel Ritterband (Director of Marketing): Yes. It would have been very difficult but we would have been looking at the Grosvenor House.

John Biggs (Chairman): Very difficult but not impossible, even though no suitable venue would have existed.

Daniel Ritterband (Director of Marketing): As I say, there is the Grosvenor House and we would have, obviously, started lobbying particularly hard to get a deal on that that it would not have cost us £2 million just to hire the place. Luckily we did not have to go down that option of paying excessively for another hotel.

John Biggs (Chairman): Any other questions from Members? No? Can we thank you for your attendance today.