

Budget and Performance Committee – 7 November 2012

Transcript of Agenda item 4 – London Legacy Development Corporation

John Biggs (Chairman): Item 4 is London Legacy Development Corporation (LLDC). Can I welcome our witnesses who are Dennis Hone, who is newly appointed the Chief Executive of the Corporation and who was the interim, so congratulations.

Dennis Hone (Chief Executive, LLDC): Thank you very much.

John Biggs (Chairman): Thank you, I hope we get an invite to the party! Jonathan Dutton, who is the Executive Director for Finance and Corporate Services [LLDC], and Neale Coleman [Director of London 2012 Coordination, GLA] who we all know who is an old lag here at City Hall; is that a fair description? Do you want to say anything to start the ball rolling?

Dennis Hone (Chief Executive, LLDC): If I just start off on my own position, thank you very much for your congratulations. Currently I am Chief Executive of the Olympic Delivery Authority (ODA) and from 1 April I will be the permanent Chief Executive of the London Legacy Development Corporation and in the interim period I am going to be doing both jobs under my period of notice from the ODA and I am already spending over three to four days a week at LLDC, which is the largest part of my time at the moment.

So, if I just give an update on progress at LLDC; as an organisation we are really moving now from planning into delivery, as you would expect. On 1 October 2012 the planning powers transferred across from ODA to the Legacy Corporation. The handover of the part from the London Organising Committee of the Olympic and Paralympic Games (LOCOG) to LLDC is currently happening. On 22 October 2012 we took control of the perimeter security and over the period to 23 November most of the assets on the Olympic Park and the Park will move across to the Legacy Corporation, and that means we can then get on with our transformation works on the Park and our activities to try and bring the Park back into use and open it to the public as soon as possible.

So, quite a lot of things going on. In September 2012, we took the legacy community scheme through the planning process, so we have our planning permission in place and we signed our section 106 arrangements, so that all of the outline planning is in place for us to now take forward development on the site. We have just entered into the development agreement for the first neighbourhood on the Park at Chobham Manor, we have signed the agreement with Taylor Wimpey who are going to bring that forward, and that has been signed in the last week or so. So everything is moving very quickly forward.

What I would say then is about the Park opening and I think you will probably be very keen on seeing that come back into use, so from this December the View Tube will be opening, the Greenway will be open to the public again, so the activity around the Park that has been disrupted by the Games, we will be clearing away all of the stuff so that can open in the next few weeks.

Our main objective is to get the North Park opening on 27 July 2013, one year after the games. So the North Park will open and so will the Copper Box at that point in time, which is the multipurpose arena on

the Park. So already, one year after Games, the general public will be able to get access to the Park and enjoy the landscaped areas. We are obviously working on an events calendar at this point in time so that there will be activity in the Park from that date.

The rest of the Park will unfold over the following eight months and that really means that Lea Valley Regional Park Authority will open the velodrome around Christmas 2013 and the facilities at Eton Manor across the A12 will also open. Then we will be working very hard with Balfour Beatty to make sure that the aquatics centre comes into use by April 2013. So the activity will move south in the Park and by around April 2014 we envisage that everything bar the stadium will be then open and in productive activity.

In terms of our three main tasks as an organisation, they remain unchanged. We want to create a destination; we want the Park to be a destination, so it will be a destination based around sports and venues, but we want to make sure that it is a place that people will want to come to from all over London and wider afield.

Secondly, we obviously want to make sure we get investment into the Park, not just investment in terms of housing and other activities, but we want to make sure that also leads to job creation in the area.

Finally, obviously we want to make sure that we are supporting the convergence agenda and that is our third major objective. Those are my opening remarks; we are obviously happy here to take questions on our activities and financial performance.

John Biggs (Chairman): I noticed your presentation was almost exclusively about the Park and its transformation and its use as a visitor attraction, holding public events or sporting events, but obviously you also have another primary role, which is about development platforms for housing, so just to ensure we have a balanced context perhaps a couple of sentences on that; you want to deliver 10,000 homes or something?

Dennis Hone (Chief Executive, LLDC): You are absolutely right that our planning powers and our activities go wider than the Park. The red line area of our planning powers goes beyond that and it takes in some of the neighbourhoods such as the Carpenters Estate and others that are around there. Our activity is not exclusively focused on the Park, it is also focused on making sure that we can help promote regeneration in its wider sense in that area.

I think it goes further than that, I would say. We are also about making sure that the benefits of the Park and surrounding areas bleed out into the community. We cannot do work on the convergence agenda if we are not looking wider afield at what the impacts will be into the whole of the surrounding areas and boroughs. So we are working, we have obviously a team that is geared up to work on regeneration initiatives and work in partnership with the host boroughs in the surrounding areas to make sure that we can create jobs; that we can deal with the convergence agenda. So we are doing that as well.

In terms of the Park though, in the terms of their landholdings, we are trying to bring forward five neighbourhoods in the Park and that will lead to 7,000 new homes in addition to the 2,800 homes that are in the East Village, the old Athletes' Village, and it is our intention to create some 8,000 jobs, 4,000 in iCity and 4,000 imbedded within the venues and the activities within those neighbourhoods. So we are aiming for at least 8,000 jobs in the Park. Of course we have an opportunity through the

construction work that is happening on the Park to influence the jobs that are brought forward under those activities and that construction phase, whether it be the building of the houses or the works we are doing in remodelling the bridges, we can work through the contractors there to influence and work with job brokerage agencies to get employment for local people.

John Biggs (Chairman): So the first question is assigned to me. A lazy person looking at the LLDC from the Greater London Authority's (GLA) resource point of view would see you as a zero budget organisation, so you do not cost the precept anything and you just get on with your job. Obviously, it is far more complex than that, you do have a lot of assets and resources. Can you just take us very briefly through what sources of funding and income might be available to the LLDC from 2015/2016 onwards, because we have I think a three-year budget profile, but life looks quite challenging after that and maybe Jonathan [Dutton] can help you with that.

Dennis Hone (Chief Executive, LLDC): Yes, I will do the opening remarks on that and then I shall quickly pass it to Jonathan.

You are absolutely right. Over the period of the Comprehensive Spending Review (CSR) through to March 2015, we have resources allocated, quite substantial resources in terms of capital spend, there is around £300 million, I think it is £292 million to be precise, that has come across in terms of transformational spend. It has come out of the Olympic public sector funding package and that enables us to do the transformation works on the Park. We also have money through the settlement of around £200 million that we are investing also on the Park in terms like the Park buildings and the other investments on the Park. So we have a balanced position right the way through this.

Going forward, we are obviously in a budget-setting process at the moment, we are looking at what will be required at a later date and we are looking at how we can live within those resources and it is part of the budget discussions that are ongoing at the moment with the Mayor. Of course, in January, we will have made our submissions and we will be going through our dialogue with the GLA and we will be in a better position to explain to you exactly what our financial position is.

Of course the sources of funding post-Games are that there is a commitment from the Mayor to put at least £10 million per annum into the running of the Park, shall we say, and in addition to that we will be moving forward with events and we want to make sure that we have a balanced programme of events, but also that they are profitable. We will have issues such as ground rents coming in as we start to develop the new neighbourhoods and the first people move in. There is the opportunity for sponsorship across the venues and other events as well. So there is a number of variety and different sources and we are going to have to work very hard to make sure that we can get the right amount of income in to support the activities that we want to do.

I do not know if Jonathan wants to add anything.

Jonathan Dutton (Executive Director of Finance and Corporate Services, LLDC): I think that is a very full answer. If there is anything specific I can help you with I would be very happy to do that.

John Biggs (Chairman): So you will not be going to the Mayor seeking additional funding; you said at least £10 million a year from the Mayor, which is an undertaking entered into by the previous Mayor and confirmed by the current Mayor; you would not be seeking anything further from taxpayers in London?

Dennis Hone (Chief Executive, LLDC): All I am saying is, at the moment, that we are working through the details of the plans. As you can imagine, at this point in time, until we have worked through what an events programme is going to look like, until we have gone out to the market on sponsorship, I cannot give you cast-iron guarantees about what the financial position will be in 2015, 2016, or years going forward. What I am trying to say is that we are working through those issues now and our intention is to minimise, if not eradicate, any call on extra taxpayers' money going into --

John Biggs (Chairman): I am not trying to spin a doom-laden story here, but you have a budget outlined for the next three years I think, everyone talks about the risk of 'white elephants' in the Olympic Park; do you have sensitivities on the worst outcomes for say the media centre and the stadium, which we are going to come to in detail later on, which would leave you with a hole in your budget, or have you planned, strategised, for covering your costs in those eventualities?

Dennis Hone (Chief Executive, LLDC): Certainly, as you would anticipate, we have looked at, as you would expect, a range of possible outcomes and scenarios, but it is work in progress, I cannot really say more than that; it is work in progress at the moment. We have to finalise our budget submission within the next four to six weeks, we are going through that process at the moment and we are looking at those options. In terms of the media centre, we can talk about that in some depth, but we are very content with the position we are in at the moment in terms of the competition process and the work we are doing with iCity, so that gives us quite a lot of encouragement that it will not be a further drain. Obviously, we can talk about the stadium process as well, but we have factored into our numbers going forward what we would need to maintain those buildings if they did not pass into the hands of others.

John Biggs (Chairman): In terms of capital resources, and again this is going to be dealt with in greater depth in the next question about housing, but you have a memorandum with the Government to repay a large part of the Olympic cost, the funding package, which means that if you dispose of land the first call on that is to repay the Government or the National Lottery or our own borrowings at City Hall. So, whereas on the face of it the Olympic Park has land assets that could be disposed of to cover its costs, in reality they are all spoken for, are they not? So capital disposals of land are not going to be a source of finance for the corporation; is that a fair summary?

Dennis Hone (Chief Executive, LLDC): Yes, it is absolutely broadly correct. Obviously the London Settlement Deal that was put in place in terms of disposing of sites and repaying money is a pretty good settlement when you look at the previous position; it is a very good settlement. The first £223 million of any receipts generated on the site goes back to City Hall to repay the debt, and that is the first call on it, and after that there is a sharing arrangement between the lottery and GLA in terms of how those monies are allocated.

As you can anticipate, the receipts that will be generated over a period of time depend on the property market at any point in time, the timing of those sales and the way those sales are structured. So there are a number of uncertainties in terms of what the ultimate returns will be. We, like everybody else, use independent property consultants, we are using Drivers Jonas Deloitte [commercial property consultants] on that. We have a modelling system that looks at various different scenarios and our present projections are that we will achieve in excess of £1.1 billion worth of sales on the Park, over quite a long period, as you know it goes out to 2030, but over that period we still remain confident, even though the property market can be an uncertain area, that we can achieve those levels of sales.

So your point though that we do not get that money to reinvest in the Park is absolutely correct and one of the issues that we were talking to the GLA through the budget process is about how we can put further capital resources into the Park, because ground rents and sponsorships and other things will help us to meet our revenue obligations, how we cut the grass, how we maintain the Park, all of those sorts of good things, but we do need, if we want to do further capital investment at a later time, because we have all the money now to do all the initial investment that we need, but if we need money at a later date how that could be sourced.

John Biggs (Chairman): Do you envisage that you will want substantial further capital in the future?

Dennis Hone (Chief Executive, LLDC): I would not say it is substantial because, if you buy a new property and all the white goods are brand new you do not need to replace them for a number of years, but there will be a point in time, going into the future, it is inevitable that some investment will be needed in the ongoing refurbishment and maintenance of the Park. At this point in time we have sufficient resources to deal with the near to medium-term future and we are just in discussions with GLA on a sort of open-book basis to make sure that there is no surprises in what will be required at a later date.

John Biggs (Chairman): Can I ask you two specific questions then, one is about the role of section 106 [of the Town and Country Planning Act 1990] agreements, because they will be potentially quite a source of revenue, possibly capital, for the corporation. What is their scale within your business plan?

Jonathan Dutton (Executive Director of Finance and Corporate Services, LLDC): There is an obligation to pay I think a total of £238 million in the section 106 agreement we have signed. We have discussed with officers at the GLA about funding that obligation, because obviously it is a long-term obligation that goes outside the current funding envelope that we have, and so that is an issue that needs further discussion with the GLA.

Dennis Hone (Chief Executive, LLDC): If I just pick up on that; under the legacy community scheme, there is obviously a section 1 obligation that we have entered into, which in large measure secures the quality of what we want to deliver on the site, so it is the development, it is putting in roads and utilities and everything to the development parcel's door. It is all of the things that you would expect to come through that. It is about how we are going to fund schools and the obligations for that on the Park. So you can look at the price tag of that in today's money, but it really is obligations that go out over the whole period of the development of the Park.

What is not decided obviously at this point in time is how much of that will be undertaken by the developers. It is clearly our intention, as we let or sell individual plots of land, to pass those obligations on in full to the developers who are coming forward. So, for instance, Taylor Wimpey taking on Chobham Manor, we will back-to-back all of our obligations through the planning process on to them. In the development agreement, we will make sure that we set the standards for the quality of the developments that are brought forward. So we have a large piece of work, so if I just try and summarise that very simply, we have entered into an obligation that binds us to the planning process in terms of the investment that needs to be made in later years in the Park, we will be passing a large proportion of that on to the developers who bring forward the individual schemes, if that makes sense.

John Biggs (Chairman): So, if you wanted to build a school or a health centre, and there are several of those envisaged, they would be funded by what means?

Dennis Hone (Chief Executive, LLDC): We have money set aside for some of those activities but to the extent that we can get developer contributions we will be pursuing those.

John Biggs (Chairman): If you have a piece of land that is worth say £10 million, you could, as an alternative to getting £10 million for that land, get £3 million of planning obligations and £7 million of cash. I assume you are free to do that, although that would appear to count against the spirit of that memorandum with Government, which says they want their £200 million and whatever back.

Dennis Hone (Chief Executive, LLDC): It is an interesting point. We are free to do that, but obviously we are also bound by looking at the value for money of any individual situation, and in that hypothetical example you gave it may not be cost-effective to do it in the way you suggested, because a developer might not charge you £7 million for that; they might charge you £9 million, whereas you might be able to do it for £7 million. So you do have to look, in every situation, at the best way of bringing things forward.

John Biggs (Chairman): Does the Mayor's Office have a perspective on this, Mr Coleman?

Neale Coleman (Director of London 2012 Co-ordination, GLA): Yes, I think so. A lot of what you are talking about is in the period after the current spending review settlement obviously where we do have a balanced position, so we are looking quite a long way into the future. Clearly, in discussions around the next spending review, whenever those take place, I think there would be an expectation on our side that we would have a discussion with the Government about continuing to finance development in the Park. It is a thing that they have said they are very strongly committed to, the Olympic legacy, and inevitably that brings with it funding obligations as well. That is something that we would, I am sure any Mayor would want to have that discussion with Government and would want to look at seeking funding of that type.

Equally, where we were looking at, for example, the development of new schools, as we will be, in the Park, we would also be looking, not just to 106 contributions from developers or to money that LLDC might put in, but we would be looking to money that was available in a straightforward way from the Department for Education to fund that new provision. I do not think we accept that there is a closed book in terms of discussions with Government about further funding towards making the Park a success, towards making the new communities a success; it is a commitment that both Government and the Mayor are strongly signed up to, regeneration in East London is one of the main themes around Olympic legacy that the Prime Minister and the Mayor have agreed to work together on, and we do not see this in any sense as something that has simply been chucked at the Mayor without Government having a recognition that there will be additional funding. For example, in some of the early discussions we have had, colleagues Communities and Local Government (CLG) have been particularly anxious to make sure that we do back this issue of making sure that, when you are bringing forward new housing, you are looking in a sensible way at the money that should come in from other Government departments around health and education to make sure those communities are successful.

John Biggs (Chairman): It would be a pretty foolish Mayor who did not envisage bidding for additional Government resources at some stage in the life of this Body, and two tiny technical questions

then. One is, are you happy to share with us - I think this is to Mr Hone - the appendix detailing your section 106 Park-wide agreement; is that public information?

Dennis Hone (Chief Executive, LLDC): I think it must be. I would have to check that, but can I --

John Biggs (Chairman): It is a confidential Board paper I think from the 27 September 2012 Board meeting agenda.

Dennis Hone (Chief Executive, LLDC): Can I take that question away; I am sorry I cannot just answer it off the top of my head, but if I go and look into that and come back to you.

John Biggs (Chairman): I will take that as a yes. Is this in any way altered by the emergence of community infrastructure levy (CIL), because that sets pretty hard deadlines, which you might have trouble meeting in terms of --

Dennis Hone (Chief Executive, LLDC): We are working on the implications in terms of CIL at the moment. We hope to get our local plan for that in place by 2014 to support that and look at further infrastructure. It is another source of potential funding there to bring forward, so we are working very hard to do that. We are obviously not starting from a blank piece of paper; there has been a huge amount of work done over the years in what is coming forward in the Park and what infrastructure is needed to support that, and we also have the local plans for the four local boroughs there. We are working in conjunction, in partnership with them to bring forward proposals for CIL. So we hope to have that in place by 2014, so it is another source of potential income, we are working very hard on it.

John Biggs (Chairman): Finally from me then, there was a Mayoral decision that said that a memorandum was in place between the Mayor's Office and the LLDC, helping to define the relationship, financial rules, approval rates and so on. Is that in the public domain?

Neale Coleman (Director of London 2012 Co-ordination, GLA): It is not finalised yet, and the reasoning for that frankly is that, as you know, quite recently the Mayor took over the Chairmanship of a Development Corporation and inevitably that makes some difference to the contents of such a memorandum, and we are at a fairly advanced stage of trying to agree a revised version of that and we hope it will be in place within the next month or so.

John Biggs (Chairman): Would you will be happy to share that with us?

Neale Coleman (Director of London 2012 Co-ordination, GLA): Absolutely.

John Biggs (Chairman): Unless there are supplementaries on that, shall we move on to Roger Evans' question.

Roger Evans (AM): Thank you, Chairman. Mr Hone, can you tell us what your strategy is for housing in the Park?

Dennis Hone (Chief Executive, LLDC): I suppose, in terms of strategy, we are trying to create five different neighbourhoods across the Park and I think there are two underlying elements to that strategy; one is that we want to make sure that there is a right and fair proportion of affordable housing and our obligation is to bring forward up to 35% affordable housing; secondly we want to make sure that we can

bring forward family housing on the Park, we do not want to just make this an area where you have apartments for singles and couples and whatever, we want to see family housing on the Park. So our target is to bring forward 40% of housing for families, and what I mean by that, it means three bedrooms or more in terms of housing, so 40% in that area.

Roger Evans (AM): Three-bedroom houses or flats?

Dennis Hone (Chief Executive, LLDC): There will be a mixture. At Chobham Manor we are definitely bringing forward houses, houses with outdoor space that are more orientated towards families, but in other places there will be apartments with three bedrooms, so it is a mix, but that is what we are aiming for.

Roger Evans (AM): What is the timetable you are working to and what sort of financial returns are you expecting?

Dennis Hone (Chief Executive, LLDC): I think that goes back to some of the questioning before, in bringing forward these neighbourhoods you need to bring them forward in line with demand and in line with the market. I think we are obviously acutely aware and we are looking and re-evaluating our plans at the moment about whether there is the potential to accelerate the disposal of those sites to bring forward housing even quicker, so we are just looking at that now.

The construction phasing goes all the way out to 2030 on the Park at the moment, but I want to look at that and see if we can bring that horizon forward, because I think there is an opportunity to do that because I think it is going to be a very attractive destination and a place where people want to live.

In terms of the receipts, the level of receipts, in answer to an earlier question we said that we obviously model that and at the moment we are predicting the total receipts to be in excess of £1.1 billion coming forward from all of our potential sales of land on the Park.

Roger Evans (AM): How are you balancing your expected receipts against your aspiration to build three-bedroom houses? After all, if you were to build a tall block of flats you could get more money out of the site you build them on than if you build houses, how do you balance those conflicting pressures?

Dennis Hone (Chief Executive, LLDC): I think we have been very frank in terms of our aspiration to look at, as I say, family-oriented housing, to look at the sustainability agenda, to look at design, good design principles, to build on the work that has been there. We set thresholds really in terms of what we are going to do on the Park and we factored that in to all of our financial projections going forward. So achieving £1.1 billion is possible while still maintaining the standards that we set for this organisation.

Roger Evans (AM): You have five different sites that you are working on; are you using different strategies for those different sites, or are you using one strategy across the whole of the Olympic Park?

Dennis Hone (Chief Executive, LLDC): They have slightly different characters. As I say, some are more family-orientated; the 850 units that we are building at Chobham is much more family-orientated, so there will be different balances between those. In terms of strategies, at the moment the disposal strategy is really to partner and take market risk with the developers, so at Chobham Manor we have taken a relatively modest deposit, which will be payable once the section 106 and the planning is all in place, and then we will take a percentage of the gross sales price as each unit is sold. So we get our land

value out as the developer sells. That means that, if the prices go up, then we benefit from that as they go forward.

Whether we will adopt that on all of the plots and the development areas going forward is a matter of judgment depending on the market at the time, so my own view is, we need to think very carefully, as we take each opportunity to market, what we are trying to achieve and how the market is at that point in time. So you could take a larger deposit up front, you could ask for the whole land value up front, you could do a variety of things, but I do not think you should be hard and fast at this point in time what you are going to do, because you have to look at the market at the point in time you are disposing. What I am trying to say is, I am not going to say we will always do this, because that would be a foolish thing to give that sort of commitment when you want to adapt your disposal to how the market would like to receive it.

Roger Evans (AM): So you are saying that the future strategy will depend on property prices and where the market goes?

Dennis Hone (Chief Executive, LLDC): Absolutely, because obviously we went through a dip in the housing market, to say the least, in 2008, and if you were launching a site in that market you might have to think very carefully about your strategy at that point in time and whether it was even sensible to dispose at that point in time. Therefore, you need to look at all of those factors before deciding exactly how you are going to put together your package.

Roger Evans (AM): Is there a danger that the price of Chobham Manor with houses and gardens is going to be that to balance the books you will need to have another strategy up the road that is “pile them high, sell them cheap”?

Dennis Hone (Chief Executive, LLDC): No --

Roger Evans (AM): Or pile them high, sell them expensive?

Dennis Hone (Chief Executive, LLDC): No, not really, our projections, as I say, look at variances in the market, but what you are right in saying is there can be variations caused by the market and how the market reacts over a period of time that could impact on our overall projections of receipts. So that is fair. In a period where you are selling sites and they are going to be constructed out over a period to 2030, in other words over the next 18 years, there could be various changes in the property cycle going forward, so there has to be some ultimate uncertainty around that. I believe that the Park is going to be one of the premier areas for house builders and others to invest in. I think the transport connections, the landscaping areas, the waterways, I think it is going to be a very resilient place in terms of property market going forward, so I believe that we could probably outperform some of our projections, but we do not want to make bullish or outlandish commitments now; that would not be sensible. We need to just work through those areas bringing them to market, and there is no suggestion that we would move away from our standards to just increase the receipts at a later date purely to try and make sure that all the repayments went back to lottery or the GLA. We would have to work that through in conjunction with the GLA and others as we take sites to the market.

Roger Evans (AM): That is reassuring. We are somewhat down the road on Chobham Manor now, can you tell the Committee what level of receipts you are expecting that to generate?

Dennis Hone (Chief Executive, LLDC): Again, I do not want to speculate on that, as I said, it --

Roger Evans (AM): I presume your plans contain a figure that is harder than speculation.

Dennis Hone (Chief Executive, LLDC): They do contain a figure, but, as ever, it is something that -- let us just put it this way, because --

Roger Evans (AM): Are you saying the figure is commercially confidential and you cannot share it with us?

Dennis Hone (Chief Executive, LLDC): I would prefer not to put it into the public domain because obviously it sets an expectation level around that, and obviously we are working in partnership with Taylor Wimpey around that. So at this point in time, as I said before, it depends on the gross sales received what we would get. We have modelled obviously a range around that and, as I say, I just think for the commercial sensitivities of it and for expectation management it --

Roger Evans (AM): When will you be able to share that figure with us? Because, if it becomes attached to what you are doing with the other five sites, then it continues to be confidential, it is going to be quite hard for this committee to scrutinise and monitor what the LLDC is doing and how you are approaching your budget, given that the receipts are a major part of your income.

Dennis Hone (Chief Executive, LLDC): I think it is a very fair question. Obviously we still have to get the detailed planning in place for this and until we have gone through the planning process I would not want to speculate on the receipts in case anything happened during that process that impacted on the level. So when we are through that I think we would be in a better position to disclose the number and we would have more certainty then of the timing and the deliverability of the development. So that is the first point to make.

The second point I would say is that the level of receipts that we are getting for Chobham Manor are entirely in line with our expectations and projections, so everything we have looked at in terms of our budget coming forward and what we have achieved through a market process, against a market and a procurement process, is in line with what we expected. So we are pretty happy about that deal and we are pretty happy it will deliver the level of receipts that we were expecting. Once we get through the planning process, I think we will be in a fair position then to disclose to the Members what our projections are on that site.

Roger Evans (AM): I am sure the Chairman will keep us up to the mark on this.

John Biggs (Chairman): Just to explore this a tiny bit more, you have talked about £1.1 billion several times, so that figure is out there. Is it a cash sum; is there a discounting issue?

Dennis Hone (Chief Executive, LLDC): It is cash.

John Biggs (Chairman): It is cash, so when you accumulate all the sums over all the years it comes to £1.1 billion, so it may be more like, depending when you get the money, depending on inflation, it could be more like £500 million, £600 million, £700 million at current cost.

Dennis Hone (Chief Executive, LLDC): It could move; that figure. The point is, when you are talking about a number of different sites going to the market, you are talking about the timing of that, you are talking about the number being conditioned by how quickly sales take place. There are a number of reasons. So the £1.1 billion is within a range, but the £1.1 billion is our realistic or reasonable estimate at this point in time, but it is a cash figure.

John Biggs (Chairman): Now without breaching confidentiality, where can we find that £1.1 billion in your various planning documents?

Jonathan Dutton (Executive Director of Finance and Corporate Services, LLDC): I do not think you can at the moment, is the answer, and I would make one additional point; that £1.1 billion is indeed a cash figure, but it is a cash figure pre-tax, and there will be corporation tax payable on the profitability of the company in the ordinary sense.

John Biggs (Chairman): You spoke also about the different models, such as pure cash disposals or sharing some of the uplift in value later in the development chain, where can that model be found in your documentation, or is that again a confidential item?

Dennis Hone (Chief Executive, LLDC): In terms of the agreement with Taylor Wimpey, it is clearly commercially confidential and it is enshrined in the development agreement we have with them. In terms of models that we could put forward, I do not think we have ever sort of produced a document that would explain the full range of options that would be available to us in bringing sites to the market.

John Biggs (Chairman): So it is a sort of competitive process where you ask people to give you options as to whether they just want to let you take the money and run or give you a little bit of money and more money depending on disposals up the line?

Dennis Hone (Chief Executive, LLDC): No, in this case we set down in the procurement document or the disclosure document what we were expecting and how we would want to see that structured and then we received competitive bids on that process.

Andrew Boff (AM): I am pleased to hear that you want to outperform those ambitious targets and therefore it makes my next question quite relevant, which is, have you considered the financial benefits of building to an even higher standard than you are currently aspiring to, for example to code for sustainable homes level 5, in order to reap the higher sales costs that environmentally-friendly buildings can fetch on the open market?

Dennis Hone (Chief Executive, LLDC): I think it is something that we would keep under review. As you know, we are at code 4 in terms of our levels at the moment, and we are looking, say within Chobham Manor, we are doing a sort of exemplar element, 25 units that are going to be zero carbon homes as well, to look at how they work and the profitability, if that is the right word, of those homes. The point I would make to this Committee is that we will continue to look at the balance between receipts and sustainability and standards. We have a floor that we will not go below in terms of the standards that we set in developments, but if we think that it is a sensible thing or Government policy moves in a way, we will of course adjust our standards.

Andrew Boff (AM): Would you be willing to learn from the record of other developments throughout London or are you just going to learn from the Olympic development?

Dennis Hone (Chief Executive, LLDC): You are absolutely right, we have to be open to what is happening London and wider. If there is good practice out there I want to make sure that we take that good practice onboard and we incorporate it in what we are doing.

Andrew Boff (AM): I would be pleased if you could acquaint yourselves with the sale value of high-standard environmentally-friendly homes that are at code level 5, which can sell way beyond the average price for current buildings, so I hope you could acquaint yourself with that and factor that into your decisions with regard to the quality of the build that you are anticipating for the Park.

Dennis Hone (Chief Executive, LLDC): Certainly we will look at that. What we want to do, I really want to stress this, is we want to bring forward an absolutely fantastic area here and this is a real opportunity for us to make sure that, not only do we achieve sale values, but we have very high standards in everything we do. So I am more than willing to look at good examples wherever they come from that can add to what we deliver on the Park.

Andrew Boff (AM): Also, you have alluded to Taylor Wimpey developments, it is a rather large contract obviously, and I am very pleased with the change that produced Chobham Manor. Will you push ahead with proposals to split some of the future developments into multiple smaller phases allowing smaller and more innovative developers to bid for smaller contracts, and I particularly am thinking of the growing number of developers that are talking about street-based family-based developments as being viable housing for the future?

Dennis Hone (Chief Executive, LLDC): We are at the moment looking at the feasibility to look at a whole range of the initiatives you talk about, whether it is self-build or where individuals come in and do, as you say, a street or whatever. So we are looking at the feasibility of that as we speak. We have commissioned a piece of work to look through that because we do think that could add to the variety of housing types and the different offer coming forward, so --

Andrew Boff (AM): If I was to send you a couple of names of the kind of developers that are out there, you would give them serious consideration?

Dennis Hone (Chief Executive, LLDC): Absolutely. As I say, we are doing a feasibility study at the moment to make sure that we -- the last thing I want us to do is have huge housing estates without variety and without different forms of tenure and with everything looking the same. I have no interest in doing that. I want this to be a very broad church in terms of the developments coming forward and that is why we are doing that piece of work at the moment.

Andrew Boff (AM): In regard to those, you have already alluded to one demonstration development that you will be doing at Chobham Manor for a code level 6, is that correct?

Dennis Hone (Chief Executive, LLDC): Yes.

Andrew Boff (AM): Is that something that you would repeat in the other phases as well?

Dennis Hone (Chief Executive, LLDC): I would not like to give an absolute commitment. I would obviously like to see what happens in Chobham Manor and the success of that. I think the point that you make is one that I agree with; we have an opportunity as we bring forward these phases of

development to use elements of that to try out new things, new opportunities, and I do not want to predict what is going to be happening or what new innovations there will be in ten years' time, but I would want to make sure that we have the ability to incorporate those into our developments.

Andrew Boff (AM): Can I ask if you think that the definition of a family house as having three bedrooms-plus will be sufficient to help tackle the problems of the 18,000 households who are currently in over-crowded accommodation in London who are seeking four bedrooms?

Dennis Hone (Chief Executive, LLDC): We have an element of the Olympic Park and we have certain sites that we can bring forward and it would be foolish of me to claim that we can deal with all of those sorts of problems, although I hope very much that we will be able to help in that way. So our family housing definition is three bedrooms or more. We can certainly look at, in terms of if I take Chobham Manor, we are working with London & Quadrant there as well, so we have Taylor Wimpey, but we have London & Quadrant coming forward in terms of the affordable housing provider there, and we look very closely at where the levels of demand are and therefore the product that we should be providing.

Andrew Boff (AM): Would you entertain the idea of perhaps a separate target of four and five-bedroom homes on these developments; something that you can aspire to at least? Because obviously you can see where I am coming from is that we see that the developments have worked down to the lowest common denominator and where it says, "You have three bedrooms defines family housing", you get developments full of three bedrooms.

John Biggs (Chairman): You are straining at the edges of the Budget and Performance Committee's remit

Andrew Boff (AM): I am keeping my mind on it.

Dennis Hone (Chief Executive, LLDC): I would not want to bring forward additional targets in that. What I would say is that, in each of the developments we bring forward, we will work with affordable housing providers and the local authorities to look at where the levels of demand are and how therefore we should configure and pitch those offers to the market.

Andrew Boff (AM): Because, forgive me, Chairman, it is just about the point I am trying to make is that the larger properties you can sell for a premium, you can make money out of it. Building small and cheap is not necessarily the way to get the maximum financial return out of the development. To be more ambitious in your standards can give you a better return.

John Biggs (Chairman): The very final five of your two last questions now.

Andrew Boff (AM): Very, very final point, one was a supplementary. I hear that you have defined some of your family housing as apartments with three bedrooms, would you acquaint yourself with some of the surveys that are going on at the moment about those families on waiting lists, whether or not they are aspiring to have an apartment with three bedrooms or whether or not that is considered a --

John Biggs (Chairman): Mr Boff, I think this question feeds very neatly into the next question, which is about the wider social context. Just a little tidying up, could I ask a question of Mr Coleman, which is, I am assuming when there is social housing being built as part of this that another part of the GLA family

is providing a grant towards that; can you provide us with some figures about that outside of this meeting?

Neale Coleman (Director of London 2012 Co-ordination, GLA): Yes, we can. That is not necessarily the case, but we can certainly cover that point.

John Biggs (Chairman): If we can move on to Mr Johnson's questions.

Darren Johnson (AM): Yes, thank you, Chair. I want to explore this theme further of balancing the conflict obviously between delivering a financial return to the public purse and delivering the wider social and economic benefits and the affordable housing legacy and so on. Can you say a bit more about that?

Dennis Hone (Chief Executive, LLDC): What I would say is that we are a body under the Mayor and we have obviously targets and we have obligations through the section 106 in terms of the standards and the quality of what we are going to bring forward and so our remit is not just about disposing of land on the Park, it is really, as I said in my opening remarks, the convergence agenda is a really big important thing for us. When you describe it as a conflict, I would say, yes, it is a challenge, because we have a number of different priorities to hit, but it is in the forefront of our minds in terms of what we bring forward, and we are absolutely committed to making sure that we make this a very successful and sustainable development on the Park. So, yes, I suppose what I am saying, that conflict is part of the day job; that is exactly what we do.

Darren Johnson (AM): The recent paper to the LLDC board I think puts it clearly, the obligation is to return significant receipts and to deliver the wider socioeconomic objectives are not necessarily aligned, so that is a serious challenge for you, is it not?

Dennis Hone (Chief Executive, LLDC): It is a challenge for us but my own view is, if we create quality development on the Park, and sustainable development, and we put in the facilities, whether it is bus routes through the Park or we promote all of those, we will make this a very attractive place and therefore receipts will flow as well. I do not think these objectives are incompatible. We are also working, as you know, with local authorities in the surrounding areas, we are trying to promote new educational offers there. We have Birkbeck College coming in, in Newham, in the surrounding area. There are proposals that London Borough of Newham are taking forward on the Carpenters Estate to bring in University College London and things like that. So there is a whole range of offers that will improve socioeconomic conditions around and in the vicinity of the Park that we can help with, working in partnership with various organisations that will lead to increased returns from the land disposal in the Park. So to an extent they are a challenge, as I have said, and I agree with you on, but I do not think it is incompatible between promoting those convergence objectives and getting returns on the Park.

Darren Johnson (AM): I think Canary Wharf acts as a reminder of how you can get it wrong and you can get the high property values and the commercial interest in, but there is very little benefit for local people and they get totally squeezed out and find the properties completely unaffordable.

Dennis Hone (Chief Executive, LLDC): Yes, I think that is a very good point. Canary Wharf is obviously a fantastically successful development on one level, and I would not, as someone who worked for the London Docklands Development Corporation, I would not want to go against that. You are absolutely right --

Darren Johnson (AM): It seems fantastically successful on its own terms, but it is not a model of convergence, is it?

Dennis Hone (Chief Executive, LLDC): You are absolutely correct. The last thing I want to see is that we bring forward developments or employment opportunities and we find that the only jobs that go to local people are sort of caretaker and cleaning and roles like that; we do not want to do that. If I give as an example in our work with iCity, in terms of their bid for the media centre, we are working with them very closely to make sure that they are creating the jobs there, they create jobs for local people at all different levels throughout that structure. I am not saying that is going to be easy because you have to work through these things and you have to make sure that those opportunities are out there, but that is exactly what we want to do. We want to create opportunities for local people at all levels of employment.

Darren Johnson (AM): That is interesting on the jobs aspect; there is also the housing aspect, which again Canary Wharf was a very poor example of making housing affordable to local people in the area, so how are you going to ensure that housing in the area is accessible to local people?

Dennis Hone (Chief Executive, LLDC): We are bringing forward affordable housing, as you know. Within that, our aspiration, as you know, is 35% affordable housing across the Park. We are working with local authorities and others so that, of the 35%, 70% will be socially rented and affordable rented within that, and of which 40% will go to people who are currently resident in the borough where that development takes place. So we are making sure that there is a clear linkage between affordable housing provided on the Park and those people who are resident in the borough. So through the nomination rights and working with the housing associations that will be in place, we want to make sure that the majority of the affordable housing homes will go to people who are currently resident in those boroughs.

Darren Johnson (AM): We will obviously be tracking this and looking at this further.

Neale, can I just ask what the Mayor's role in this, in ensuring that the convergence objectives are delivered?

Neale Coleman (Director of London 2012 Co-ordination, GLA): I think it is worth saying that we have ensured that the convergence objectives are very firmly written, both into the London Plan and also into the Olympic Park supplementary planning guidance that has now been approved and strongly endorsed by LLDC, but also, I am very pleased to say, endorsed by the local boroughs as well. We have a very firm policy framework around that.

I think that if you look at the planning consent that was granted, it does address in I think quite a strong way issues around affordability and rent levels; it does provide for social rented housing as well as for rents that are at slightly higher levels, so I think that is an important element in this, particularly as inevitably we will be looking in some cases at re-housing people who are existing council tenants in the area in new housing that LLDC builds and there will be an understandable feeling from those people that they do not want to jump into a different sort of rent category as it were, and I think that is an important reason why we have done that.

I think the other thing to say is I think the issues around jobs and employment are very fundamental here. I think LLDC itself is following some good practice that began to be established by the ODA and

LOCOG, perhaps could have gone even further in terms of making sure that we practically take a range of steps to provide jobs for local people. They have a very good apprenticeship scheme underway now, which brings in a social enterprise to make sure that when people go into construction apprenticeships with one of the contractors on the Park, they then have a further apprenticeship to go on to with another contractor, so they get right the way through that. We will be doing more of that in the jobs in the venues and so on. I think the iCity development is a very important one because that is really a real opportunity, if we can get the right occupiers in there, to create a significant number of jobs at all levels. I know Hackney work in very close partnership, particularly with Hackney, around that.

Then I think the final issue, which I think is very important around convergence, is the point that Dennis [Hone] touched on, the whole issue of education provision and learning provision in the area. We are hoping to see a significant education offer in the broadcast and media centre as well. There are the Birkbeck and University College London (UCL) propositions, but obviously one of the other things, which is built into this, is trying to make a success of the new schools we will be building, we have a very large school opening in the Olympic Village shortly, a new health centre there, but I think one of the things we will want to do, the Development Corporation will want to do, is to try and make the education offer in this area absolutely first class because that can really support -- I think it comes back to the point you were making earlier about how do you support high receipts and deliver the convergence agenda. If you have first-class schools and a first-class education offer that will be a huge attractor and a support for property values, provide affordable housing alongside it, and you can look at having a balanced community as well.

John Biggs (Chairman): I guess for the record I should declare I am a Governor of Birkbeck College, although that does not bear any relation to the negotiations; I did not play any role in those.

Can I just ask one tiny question on the back of Darren's [Johnson AM], which is, could you just outline the extent to which the LLDC will be applying its resources to areas and communities outside the Park itself? So do you have a number you can attach to that?

Jonathan Dutton (Executive Director of Finance and Corporate Services, LLDC): It is not an easy one to identify, but if I can come back to you at a later point with a specific number I will do so.

John Biggs (Chairman): I guess an example, if you might want to help illustrate your answer, would be the various jobs, skills and employment initiatives in the boroughs and the extent to which you are supporting those. The one that always gets publicity of course is Workplace in Newham, which had significant Olympic funding and will it be securing funding to help broker links between the communities and employment opportunities. I think that is quite a good example. There might be collaborative things with Stratford City as well.

Dennis Hone (Chief Executive, LLDC): I can tell you that we are working through with the four boroughs that straddle our area. We are working through their job brokerage schemes. It is certainly our target to make sure that, in terms of the construction work on the site; we get as many local people into those jobs as possible. We set a target of trying to get 25% of all people who work on the transformation work on the site to be from local employment, and we want 10% of all workers to be people who have been previously unemployed. So we are working with the job brokerage schemes that are already in place in the host boroughs.

John Biggs (Chairman): I hope you will not be allowing any of the contractors to use the blacklisting system, which has been reported in the press recently, in the recruitment of their construction employees?

Dennis Hone (Chief Executive, LLDC): Just to comment on that, and wearing both my ODA hats, I can tell the committee that the ODA did not receive any evidence or could find any evidence of blacklisting on the Olympic Park during the construction phase or otherwise. If we had, we would have gone after that, because it is a practice we would not have supported in any which way, shape or form.

John Biggs (Chairman): Can we move on then to Joanne's question.

Joanne McCartney (AM): I want to ask about future income generation for the Park. Your business plan at the moment forecasts revenue funding of £3.6 million 2013/2014 and then £12.9 million 2014/2015. Do you have any predictions for the years after when the Park is fully operational and what is the ballpark?

Jonathan Dutton (Executive Director of Finance and Corporate Services, LLDC): As Dennis [Hone] has already mentioned, we are currently in the depths of our budgeting process and business-planning process for the next three financial years, and will be reporting to the Mayor on that in the next few weeks. We have spent a great deal of time looking at the revenue side of things. A number of things are clear, because, for example, we have let an estates and facilities management contract, a ten-year contract, so we understand what those costs will look like and it is relatively straightforward then to plan that for the foreseeable future. We have also had work done by external consultants to advise us in creating business plans, for example, on operating the Orbit. We have appointed an operator for the aquatic centre and for the multiuse arena. So therefore a number of the figures that contribute to our revenue forecast are pretty firmed up.

Other areas are less certain and there is work that we are doing with external advice to help us to pull things together, and, as I say, that will all be in our submission to the Mayor in the next few weeks. However, the overall position will be tight and challenging but certainly in the short term we can see our way to live within the funding that we have available, and just to refresh the committee's memory, we secured a total of £74 million revenue funding from the London Settlement over the whole of this spending review period and so that funding will be necessary and important to pay for the corporation itself and the investment in the Park events and attractions and so on in order to make the place the dynamic and exciting location that we want it to be.

Joanne McCartney (AM): To put it another way, how much money do you need to generate each year?

Dennis Hone (Chief Executive, LLDC): It depends, if we are aiming for a balanced revenue position, there are different ways of achieving that, one is revenue generation and the other is cutting your cloth accordingly, and undoubtedly we are looking at both propositions to make sure that we can be as balanced as possible going forward. So you cannot say you just need this amount, we are looking at how the organisation will change, how we can be much more efficient about running the Park and how we can do that.

What we are doing at the moment, which will give us much more certainty around this, is we are starting to take propositions to the market. So, what do I mean by that? In terms of our operations and how we

are going to run the South Plaza, how we are going to run some of our interim sites, we are going to use the development sites in an interim basis to bring in events and attractions. So we are bringing in operators, we are going to take a package to the market to bring in operators to run those and we will be able to work with those operators over the coming months, before the South Park opens in April 2014, to make sure that we have much more robust projections in terms of what we can get in through that.

It covers a variety of things, as I am sure you know, everything from ticketing, food and beverage, events, sponsorship, so there is a number of things that we need to nail down over the coming months to give much more certainty to this. What I am trying to do, and as I get my feet under the table, is look at how we can make the organisation efficient and the organisation will change over time and scale down as we get a number of these things in place, and look at the robustness of forecasts coming forward in terms of income generation and how we can optimise or maximise that income. Until we get to that position, I cannot give you an answer of exactly how much we need to generate or, which is a better answer, how much we will be able to generate through the use of those sites.

Joanne McCartney (AM): One of the reasons I am asking is because your business plan, and obviously your income generation will depend on visitor numbers, how many you attract, and your business plan has some figures in there that you are forecasting more than 9 million visitors per year by 2016. The arena expected to attract half a million, aquatic centre 700,000, and the Orbit 800,000. How robust are those figures and are you reviewing those.

Dennis Hone (Chief Executive, LLDC): There is one point I would make, the 9.3 million visitors did assume the main stadium and the utilisation of that on a very regular basis, so, depending on what happens with the stadium, it would have impact on those projections. What I would say is that we used external consultants and we worked with Lea Valley Regional Park Authority who, do not forget, are the owners of the attractions, the velodrome and the attractions in the north of the Park, Eton Manor. We worked very closely with them in bringing those projections together. We do need to revalidate that process as we bring operators on and they start to develop events programmes in the different areas across the Park, of course we need to revalidate that and see whether that is accurate and can work to that sort of level.

Joanne McCartney (AM): I do not want to get into this stage of it at the moment because we have some other questions in a minute but you mentioned that 9.3 million was dependent on the stadium having a -- how much of that 9 million was the stadium?

Dennis Hone (Chief Executive, LLDC): I think about 1.5 million, between 1.5 million and 2 million.

Joanne McCartney (AM): So the visitor forecasts are a risk. Are there any other major risks you have identified at the moment that you are concerned about?

Dennis Hone (Chief Executive, LLDC): What we said is that we are in the process of going out to the market; we will be going out shortly to put operators in place. As those operators work with us we will have a better understanding of what income can be generated from intermediate and permanent uses on the Park. As Jonathan [Dutton] has already said, some of our risk is already mitigated by the fact that we have operators in place for maintenance across the Park, for Orbit, for multiuse arena and for aquatics, and we have contractual arrangements in place for those. So, to an extent, we have mitigation to this position. I would not want to say anything that would be alarmist in terms of risk. I think the two major risks for us are, the one that we touched upon is the receipts profile, which is dependent on

market, and the second one is in terms of receipts generation, revenue generation on the Park, to meet our required expenditure to maintain the Park in as good a condition as we can. So they are the two major activities for us.

Joanne McCartney (AM): Also, if you could attract professional sports teams to have a base in the Park that helps. I know that the Milton Keynes (MK) Lions basketball franchise has agreed to relocate to your multiuse arena, and again I do not want to go into the stadium, but the other venues, are you looking at home teams, if you like, being based in the Park?

Dennis Hone (Chief Executive, LLDC): We will obviously look for any opportunities to do that. I know that we are looking at other options for the multiuse arena at this point in time, so you are absolutely right, MK Lions become London Lions, and they will start playing basketball on a regular basis.

The point I would make to you here is that what we have to do is really get the balance right here, because we want those facilities used by elite athletes, we want them used by home teams, but we do not want to crowd out community use, people playing badminton, doing all of those activities. So for us another one of our trade-offs is to make sure that this is not a Park that is exclusively for home teams, but it still is open for local communities, people who live on the Park and live in the surrounding area. Therefore, it is about getting that balance right. So we are looking at opportunities, we will always continue to look for opportunities for home teams, as you put it, to go into those venues, but we really do not want to crowd out the calendar for the person who wants to go swimming once a week or wants to go and play badminton.

Joanne McCartney (AM): I want to ask finally about another area of risk that this committee has identified and that is around sponsorship, and particularly I think this committee, with regard to Transport for London (TfL) sponsorship, has highlighted the reputational damage that can be done to an organisation if you have the wrong sponsorship or certain type of sponsorship is attracted. I know that many people, for example, found the Wonga adverts on New Year's Eve particularly concerning, and around the Olympics there was much debate in this Chamber about fast-food outlets and so forth being able to sponsor sporting events where one of the legacies is meant to be the health of Londoners. In response to that previous recommendation from this committee, the Mayor has noted that a policy will be published in October. Can I first ask Neale, we have not seen a policy yet on sponsorship, how far has that reached?

Neale Coleman (Director of London 2012 Co-ordination, GLA): I am afraid that I will have to come back to you on that because I am not directly leading on that. I will make sure you to get an answer. I am assuming this is a broad policy; not just affecting LLDC's operations. I am sorry; I will have to come back to you on that.

Joanne McCartney (AM): Can I ask LLDC then, are you going to have a sponsorship policy at all or is it the highest bidder will take it?

Dennis Hone (Chief Executive, LLDC): I am very sensitive to the question that you have put forward, so it certainly would not be our intention to bring forward sponsorship arrangements that were wholly inappropriate, as you would expect me to say. I understand the question.

If there is a wider sponsorship policy via the Mayor, we will of course adhere to that policy, but at the moment I am just getting my feet under the table, I would have to, like Neale, take this away and look at how we would develop a protocol or policy on that. So I will have to come back to you on it, I am sorry.

Joanne McCartney (AM): A protocol would be welcome and I think it would be helpful.

John Biggs (Chairman): Two tidying-up questions on this section: the first is, just in terms of a thoughtful member of the public looking at this, are we looking at the Olympic Legacy Park as being basically a major tourist destination, or alternatively a sort of mosaic of attractions cumulatively that will provide 9 million visitors a year? So when you get your Lonely Planet Guide out, would you expect one in ten American tourists to come up here because it is worth going to, or is it the ones who quite like funny-shaped buildings will go there, or what?

Dennis Hone (Chief Executive, LLDC): I would like to think that it would feature in the Lonely Planet Guide on a number of levels. I think the point is, we want visitors to come to the Park, we want them to spend money in the East End of London and we want them to have that economic impact. So we are not creating a theme Park, we are not creating a theme Park there for Americans to come to, or any other nationality, but we do want people to come there, so we do want it to be a destination. We want it to be a destination foremost for people who live on the Park and who live in the surrounding areas and those communities; secondly, for London as a whole; and then thirdly for anybody who comes from wider afield. It is going to have, if you look at the character of the Park, five major elite sporting facilities on the Park, and therefore we want people to come and enjoy those. We are building five housing neighbourhoods there, so we are creating a new quarter of London. I suppose my answer to you is that it is going to appeal on different levels to different people. Some people will come because it is the ex-Olympic Park, some people will come to use the sporting facilities there, some people will be living there as a new neighbourhood in London, and some people will come because we are going to run very good events there and a large proportion may be community based but there will be some spectacular events we hope in the main stadium and other places on the Park at various points in the year. We would hope that people would come to those events as well. So for a variety of reasons we want people to come to the Park.

John Biggs (Chairman): The High Line [public park built on a former elevated railway in New York] has been a spectacularly successful attraction in Manhattan and you have publicised your use of the same designers for the legacy Park, so are you looking for the same spectacular success?

Dennis Hone (Chief Executive, LLDC): I would love it to be a spectacular success. James Corner designed the High Line, and we are using James Corner to design what we call the South Plaza, which is the area north of [The ArcelorMittal] Orbit but between aquatics and the main stadium. That is a series of outdoor rooms and small amphitheatres and different facilities. It has children's play areas, it will have fountains, it will have a carousel, it will be fantastic on sunny afternoons. We want people to come year around so we are looking now at how we can make that a great destination. It is one element of the offer on the Park. What we have to look at is the collective offer on the Park.

John Biggs (Chairman): We will now move on to the uncontentious issue of the Olympic Stadium, which starts I think with Richard.

Richard Tracey (AM): Yes, thank you, Chairman. The future of the Olympic Stadium and several of us want to ask you some questions about that, and of course it is the thing that I guess Londoners in

general are most interested in, because both the print and the broadcast media keep popping up with stories about it. First of all, what has it cost so far for you to try to secure a tenant for the stadium?

Dennis Hone (Chief Executive, LLDC): I cannot put a precise figure on the competition cost, because we have been carrying costs, but we have been carrying costs in a variety of different ways. Quite a lot of the expenditure that has gone to date has been on design options for the stadium. What I would say to the committee is, in terms of the stadium, as you know, it was a fantastic venue for athletics during the Games, and I think it achieved iconic status in sort of the nation's hearts and other things, but for it to house a winter sport and to have full functionality, we need to look at how that stadium can be adapted and modified. So most of our expenditure to date has been on design options and I think that has been wholly appropriate expenditure, it is not aborted expenditure, it is what we should be doing to make sure that when we do start adaptations to the stadium we end up with the functionality that we want in the future and we get a stadium that can be used as far as possible 365 days a year. So that is where our money has gone to date.

Richard Tracey (AM): So far. But you have, I think, four bidders or do you have some more now? You have a couple of football clubs and then something to do with Formula One and the University College of Football Business; are those the four?

Dennis Hone (Chief Executive, LLDC): Yes, we are getting towards the end of a competition, we have four bidders on the table, and we have been going through clarification discussions with those bidders.

Richard Tracey (AM): All right. The problem seems to be, I mean you talked about redesign and so on, but of course there are a lot of people who fear that the stadium could indeed become a 'white elephant'. Part of it surrounds the manner of the running track. I know Lord Coe [Chair of LOCOG] for one and the athletics body particularly want a running track retained but are you now looking at the possibility of removing the running track, indeed after the World Athletics Championships? That might be a moment to think about it in 2017.

Dennis Hone (Chief Executive, LLDC): Two points to make on that. One: you are absolutely right. We have the World Athletics Championships in 2017 and the stadium performed fantastically during the Olympic Games and there is no reason it will not perform fantastically again for 2017. As you know, we are bidding for the Paralympic Athletics World Championships in the same year, so we hope that we can sort of recreate in terms of track and field the great excitement that we had during this summer in 2017.

Also, the Government was very specific at the time about retention of the running track and entering into long-term arrangements with UK Athletics for their use of the running track, so all of our focus at the moment actually in terms of functionality of the stadium is based around retaining athletics long term.

Richard Tracey (AM): There is surely going to need to be considerable conversion costs to manage to satisfy your bidders or one of your bidders. Is that not right?

Dennis Hone (Chief Executive, LLDC): You are obviously talking about if we convert the stadium for football or for any other winter sport and the opportunities around that. Yes, you are right. The stadium was built primarily as a bowl for athletics. The original plan was that after the Games the top tiers could come out and the roof would drop and we would end up with a 25,000-seat athletics facility. That was

the planning decision that was made way back in 2006-2007 and that was how the stadium was designed and brought forward. If we then choose through this competition or otherwise to make adaptations, yes, there will be a price tag to that and that is the reason that we have spent money on looking at those options to make sure that we get as cost-effective an option for delivery of that functionality as possible.

Richard Tracey (AM): £200 million is one figure that has been certainly written about and talked about. Is that your view, £200 million?

Dennis Hone (Chief Executive, LLDC): We are still going through the options and the pricing of those options and, as I say, we are looking at value engineering of all of those options. I would not want to speculate on what the budget would be and certainly we have not taken any proposition on adaption works to the market to see how the market would price it. So figures like that are speculation at this point.

Richard Tracey (AM): One of the dangers is going to be a delay, surely, in reopening the stadium. What is the financial impact of that if you go beyond 2014? I think that is the key date, is it not?

Dennis Hone (Chief Executive, LLDC): Let me just explain, then, what the issues are we are wrestling with. I will be very plain about this. One: we have bids on the table as you know and it is public knowledge, so we are looking at whether those bids are value for money and how they work singly or in combination. We are looking at the value for money of that and you would expect me to say that we would not proceed with any bid if we did not think it was a value-for-money proposition. So that is the first part and, as I say, we have been going through clarification meetings with the bidders to make sure that as part of this we understand fully their bid and any tweaks they wish to make to those bids before we come to the final assessment process, so the first thing is value for money.

Secondly, the bidders obviously put requirements on the landlord, the LLDC, and under football that is about seating positions from the pitch, roof coverage, hospitality requirements and things like that. Those can change from bidder to bidder, so there is an issue about what are the best options, how those options would be funded and how they would be taken forward. So that is the second thing we are wrestling with.

The third thing, as you have identified, is programme. Depending on the option, they will have a different construction period and, quite frankly, we have to go out, as you would expect, to Official Journal of the European Union (OJEU) and procure them in a competitive manner and we have to complete very detailed design development as part of that process, so that does add to the period of time to bring the stadium back into productive use. If we decided that we were not going forward with the bidders and we did minimum alteration, you could have the stadium open for athletics and summer uses probably in 2014 and I see no reason that we could not do that. If we wanted to do a more expansive change to the stadium where we are doing roof construction and we are changing the seating configurations and things like that, of course that is a much more expensive option. If we are doing that, then the construction period, the tender process and the procurement and design processes will have an impact and the stadium will not open in 2014.

Therefore, they are the three big options that we have to coalesce and think about and resolve. I am on record as saying that we are talking about the 100-year use of this stadium. We are talking about concession agreements with bidders that are currently designed to be 99-year concession agreements

going forward. If it takes an extra couple of months here or there in the context of that to get the right decision, the right decision for the public purse, then I am going to take that time to get it right because I do not want us to make a decision that we regret in three or five years' time.

Richard Tracey (AM): Indeed. Of course, apart from the four bidders you have mentioned, there has been some talk in the last couple of weeks about the possibility of American football coming to the stadium and indeed I think there is quite a bit of support in some parts of the London population for that. Have you had any approaches from American football?

Dennis Hone (Chief Executive, LLDC): If I answer it for the LLDC, I am sure Neale will want to add to this.

One point I want to make at the outset is that depending on where we go on the competition, whichever bidder we bring forward or even if we decide not to go forward with any of the bidders, the next task for us is to put an operator into the stadium, an operator who can bring in events whether it is concerts or other activities during summer months and work with us to manage the stadium, if you like. They will manage, run and bring in events. That is the next task whether we have a football tenant or we have a different sort of tenant or no tenant at the moment. We will bring in an operator.

I have personally been going and talking to some of the operators in the market around that, so I have talked to Live Nation, I have talked to AEG around the Dome [O2 Arena], I have talked to SMG [operators of a number of venues including the Manchester Arena]. While the American football clubs were over here for their event, we talked to them about how they operate stadiums in America. So I do not think there is any secret to this. This is about us understanding how stadia operate and what the most effective way is. When I take a proposition or LLDC takes a proposition to the market for an operator, I want to make sure that we pitch it in a way that the market can respond favourably to that. That is why I want to understand how some of the best stadiums in the world are operated and run.

The second point I make is we have had no formal bids outside the competition or otherwise from American football to go into the stadium, so there is absolutely -- I can be categorical about that. There have been no formal bids at all, so we are running a competition. We have four bidders and we have had no bids outside that competition.

Richard Tracey (AM): Just before you pass over to Neale Coleman, do you know how many American football stadiums have running tracks? That is clearly going to be one feature. Do you know that?

Dennis Hone (Chief Executive, LLDC): There is one but I am struggling now to remember where it is.

Richard Tracey (AM): I gather there are several that are having them taken out, actually.

Dennis Hone (Chief Executive, LLDC): Yes. If you are asking me whether the combination of athletics and a winter sport - whether it be football, rugby or American football - is compatible, I would say to you it is a challenge. It is a challenge. It is definitely a challenge.

Richard Tracey (AM): All right. Neale?

Neale Coleman (Director of London 2012 Co-ordination, GLA): I think Dennis has put the situation very clearly. We are in a competition at the moment. I think he has described where we are in

that. It remains substantially a confidential process and we think we are close now to reaching a decision on the outcome of that competition. Insofar as the Mayor has been involved in this, to my knowledge - and I am pretty clear about this - when the American football game was held at Wembley, he met some American football owners and Wembley and took the opportunity to talk about stadium operation with them and that was it. The speculation in the newspapers I cannot fully account for.

Clearly, at the moment there is an uncertain outcome about the competition and we are interested in talking to people who run big stadia and who run them commercially. The Americans are quite good at that or some of them. Some of them are not so good. We have been talking to them about some of the things they do in terms of a way in which particularly some of them manage to succeed to get very sustained use out of their stadiums. So some of them manage to get their stadiums used 300-320 days a year for one event or another, for a whole range of events, and that is the sort of discussion we have been having with operators. Not all of them are American. There are some big stadium operators and companies in this country and we have been talking to them as well because, as Dennis [Hone] rightly says and it is a very critical and important point, people are very focused now on the concession competition that is taking place. In a sense, from our point of view, equally important and just as important is, whatever we do with the stadium, we want a top class, world class operator in there who is going to maximise usage not just through the concessions that we may let but through other events as well.

John Biggs (Chairman): Just to clarify that, the concessions, they have guaranteed levels of access but that does not mean that other people would not use it as well.

Neale Coleman (Director of London 2012 Co-ordination, GLA): The concessionaires will be seeking particular levels of access and if a deal were done with a particular concessionaire, it would be around particular levels of access to suit their business. The LLDC, probably through a proposed special purpose vehicle through its operator, would be looking to use the stadium for a whole range of other events and purposes besides the access that had been granted to the concessionaires.

John Biggs (Chairman): The worst-kept secret in the world is that the visitor numbers which we looked at in the previous question could only be available at the stadium with a premiership football club in the stadium. Is that a fair proposition?

Neale Coleman (Director of London 2012 Co-ordination, GLA): It is probably the numbers which Jonathan [Dutton] referred to. The visitor numbers did assume, I think, probably a premiership football team in there, yes.

John Biggs (Chairman): The opening date if West Ham or Arsenal move into the ground or another premiership club as yet unthought of, you have said that 2014 is now out of the question. So when would we be talking about an opening?

Dennis Hone (Chief Executive, LLDC): I do not want to be evasive on this but it does depend on the level of adaptations that are actually required. 2014 is completely out. It would be August 2015 at the absolute earliest.

John Biggs (Chairman): And possibly August 2016?

Dennis Hone (Chief Executive, LLDC): And possibly August 2016.

Andrew Dismore (AM): This may sound a silly question, but presumably there is no prospect whatsoever of any usage of the stadium that does not require expensive modifications, adaptations or whatever?

Dennis Hone (Chief Executive, LLDC): I think there are two points to that. One is clearly, if the bidders were to change their requirements, they could use it as is. That may be very unattractive to the bidders. The second thing is, if we did not appoint any of the bidders, then we would look at -- the last thing I would want to do is to start making adaptations to a stadium without concessionaires in place and then find that at a later date we had to do something different and that we had wasted the money. So why would I start changing the roof configuration at this point in time if I do not have a concessionaire and I do not have a long-term prospect of winter sports or other activities going in there?

I think the answer to your question is, one, the bidder requirement. If they were to vary, then that that would reduce the cost. And two, if we made no decision on concessionaires and we decided to run the stadium as is, we would largely become a summer-use stadium with only occasional winter usage. Then we could obviously not spend very much money on alterations.

Andrew Dismore (AM): I presume that the 2017 World Athletics Championships award is on the basis of the stadium as modified.

Dennis Hone (Chief Executive, LLDC): The undertaking given under the bid was that we would move the roofline so that it covered all existing seats. I think - and I do not want to go into negotiation here - but we have just seen this summer that it worked perfectly well with the roofline as it is. If we were to make a decision not to adapt the stadium because we do not have a concession that we thought was value for money, if we made that decision, we would then have to have a conversation about whether we really needed to make any modifications to the roof at this point in time.

Andrew Dismore (AM): If there were modifications, presumably you would have a lot fewer seats as a result than there were for the Olympics for 2017 if it is modified.

Dennis Hone (Chief Executive, LLDC): Yes. The number of seats that we are required to provide for the World Athletics Championships is less than the number required for the Olympics. I do not want to be misquoted but I think it is around 50,000. That is what the requirement is. It may be either side of that number; I cannot remember. Of course, the Olympic Stadium had a gross capacity of 80,000 but you know that there were seat-kills as it is said for television, for media tribunes, behind the straight for head-on cameras and that, so the actual number of seats that were available was less than 80,000 because of that.

So, to answer your question in a roundabout way, if we are providing 50,000 seats, we then start to have to provide space for media and all of the television and other activities around that, so it is still going to be a substantial capacity even at the World Athletics Championships.

Andrew Dismore (AM): Presumably, therefore, we will have the same scrum for tickets as we had for the Olympics before there are far fewer to go around.

Dennis Hone (Chief Executive, LLDC): In some respects I hope that we do have a very successful World Athletics Championships and that there will be lots of demand for tickets. That is what we want.

Previous World Athletics Championships have been fairly poorly attended in certain countries, especially in terms of the heats events. However, I think track and field has really caught the imagination of the public and I hope it will be a ticketing success.

Andrew Dismore (AM): I hope you get the ticketing right, anyway, because I was not able to get any for the Olympics, but there we are.

Looking at all these potential adaptations, are we absolutely sure that the council taxpayer is not going to have to put their hand in their pocket for any of these modifications?

Neale Coleman (Director of London 2012 Co-ordination, GLA): Yes. I think the Mayor is absolutely committed to not doing that and clearly one of the issues at the moment - and I am sure you are as well aware of this as I am and indeed people in the media are - is if you are going to do some extensive adaptations, how is that going to be funded? Frankly, we are in a position where that is one of the issues involved in the clarification discussions which Dennis has referred to. The Mayor is absolutely clear that there will be no call on the council tax whatsoever for modifications to the stadium.

Andrew Dismore (AM): That is a 100% guarantee?

Neale Coleman (Director of London 2012 Co-ordination, GLA): I have said what I have to say. The Mayor is absolutely clear there will not be any call on council tax for modifications to the stadium.

Andrew Dismore (AM): Can I go on to --

John Biggs (Chairman): Can I just follow that very briefly, then? As I understand it, the Olympic levy on council taxpayers was put together to help fund the Olympic funding package.

Neale Coleman (Director of London 2012 Co-ordination, GLA): Yes.

John Biggs (Chairman): As I recall, in the last several months before the Olympic Games, there were one or two Olympic activities that were funded through City Hall rather than through LOCOG or the ODA. Am I wrong or am I right that some of that was funded through Olympic precept money or is the Olympic precept money totally ring-fenced to the funding package and there is no possibility of leakage of that?

Neale Coleman (Director of London 2012 Co-ordination, GLA): No, I do not think there is any possibility of leakage of it. I think - and tell me if I am not answering your question - the Olympic precept money, the great majority of that money effectively goes to meet the ODA's costs. We did reach agreement with the Government that a number of elements of the city operations programmes essentially would also be funded through that precept, so we funded the work on look and feel of the city, we funded some of the volunteer scheme, we funded some of the media centre and some of the accessibility works we did on the South Bank we funded through the precept. To that extent, effectively, we paid less money over to the ODA and we spent the precept on those activities. That does not amount to leakage, if you see what I mean. There was never any question of that money sort of moving outside that agreed range of activity or of council taxpayers having to pick up the cost for those Olympic activities through an additional levy on them, effectively.

John Biggs (Chairman): So there is no possibility whatsoever in any foreseeable universe in which even a single penny of the precept is spent on anything other than its intended purpose?

Neale Coleman (Director of London 2012 Co-ordination, GLA): You are talking about the Olympic precept here?

John Biggs (Chairman): Yes.

Neale Coleman (Director of London 2012 Co-ordination, GLA): Absolutely. We have a commitment. We actually have a legal agreement with the Department for Culture, Media and Sport (DCMS) to that effect.

John Biggs (Chairman): That is almost good enough. Mr Dismore?

Andrew Dismore (AM): Yes. Can I go on to employment issues? We have covered some of that already, I guess. The employment targets have dropped from time to time since they were originally set, in fact quite dramatically. When do you expect to meet the employment targets for local people in the composition of the workforce?

Dennis Hone (Chief Executive, LLDC): At the moment, we are just taking the Park back from LOCOG and we are letting our contracts go forward and we are enshrining in our contractual arrangements as far as possible our employment target to work on them. So when you say, "When do you think we will meet them", obviously we are working with the constructors that are going onsite now to improve job prospects for local people and then in the employment that comes to the site over a period of time -- you know, if the iCity development goes forward, to give you an example, with 4,000 jobs created there, they will not be all there on day one. It will take a period of time for them to ramp up to get that figure. I cannot give you a precise date when all employment targets will be achieved.

Andrew Dismore (AM): So do you have a target for the target?

Dennis Hone (Chief Executive, LLDC): We certainly have a target in terms of what we want to do, but if you think about it --

Andrew Dismore (AM): We know what we want to do. Is there a target date for the target of achieving the target?

Dennis Hone (Chief Executive, LLDC): Yes, we have a 20-year plan about what is going to happen on the Park.

Andrew Dismore (AM): So you are going to take 20 years to meet the employment target?

Dennis Hone (Chief Executive, LLDC): I hope it will be considerably quicker but I cannot say exactly the precise date that it will be achieved.

Andrew Dismore (AM): In the contracts with the construction firm Balfour Beatty and Greenwich Leisure that operates it and so on, are the target incorporated in their contracts to achieve a contribution to that target?

Dennis Hone (Chief Executive, LLDC): Yes, without a doubt. I will give you two examples. In the contracts we have with Greenwich Leisure Ltd (GLL) who are running the aquatics and the multiuse arena and in our arrangements with Balfour Beatty and another, we have provision - and this is just an example - for them to create 410 apprenticeships across the Park and run those as part of it. We also have targets on the percentage of local labour that they will employ and agreements to that effect. We also have their commitment to pay the London living wage as a minimum to the employees in those activities. So we have enshrined it within a contract and they are just examples but we have enshrined within a contract as far as possible our aspirations for employment and jobs on the Park.

Andrew Dismore (AM): So what happens if they do not do that?

Dennis Hone (Chief Executive, LLDC): The thing is we have a contractual arrangement.

Andrew Dismore (AM): Yes, I know you have a contractual arrangement. What happens if they do not meet that particular part of that contractual arrangement in terms of your employment demands?

Dennis Hone (Chief Executive, LLDC): I suppose you are saying, "What is our contractual remedy?"

Andrew Dismore (AM): Correct.

Dennis Hone (Chief Executive, LLDC): I am saying I am not going to let it get to that state because this is an arrangement that starts on day one and we work with them and it is a partnership between us. So it is not that they are going to operate a contract and then come back to me at a later date and say sorry. We are going to be monitoring and on their backs all the way through this. We are going to be pushing them every step of the way. We are not going to let it get to a position that in ten years' time they come back and say sorry. Like any good project or programme manager, we are going to be all over them to make sure they do achieve these targets.

Andrew Dismore (AM): If we go right back to when the whole thing started, there were all sorts of aspirations, targets, whatever, in terms of local employment and building employment skills around the construction phase. I think most people would say it was actually a disappointing performance against that. How can you be sure that this is going to work whereas the others did not?

Dennis Hone (Chief Executive, LLDC): Let us look at the construction phase and I will talk about some of the difficulties. On the construction phase, over 26% of the people employed in the construction phase were local and I think it was around 13% who were previously unemployed on the site. So, if that was disappointing, fair enough. However, an awful lot of effort went into working through job brokerage and others.

The big difficulty is when you employ a contractor, they bring their existing workforce to the job and the existing workforce has as many rights as the people who are sitting in the neighbourhood, so nobody --

Andrew Dismore (AM): But if they are new jobs, no, because --

Dennis Hone (Chief Executive, LLDC): Correct. So you are absolutely right. The big issue is making sure that as new jobs are created and as there are vacancies created in the workforce, you put all your efforts into getting local people into those jobs. If you look at that on the Olympic Games, you will find that the number of local people going into the new element of jobs above the existing workforce or

whatever was up in 70%, so a considerable effort went into that. So, when you employ BAM or you employ someone else on the site, Balfour Beatty or whatever, where to the extent that they have existing workforce and they are rolling them between one construction project and another, you are working at the margins. To the extent when they are setting up a new operation to run these venues and activities, you can have considerably more influence. That is why we are putting a huge amount of effort into working with the local job brokerage agencies in the local boroughs to make sure we can get local people into those new jobs.

Andrew Dismore (AM): Can I just take that a stage further in relation to the iCity jobs that are going to be created and all the businesses there? One of the problems with the local labour market is not just high unemployment but a relatively low comparative skills base. How are you going to work in relation to iCity to make sure that local jobs are created or available for local people?

Dennis Hone (Chief Executive, LLDC): I cannot give you the precise sort of working relationship with iCity at the moment, but what I can say is that they are very committed to all of our aspirations in terms of this. As Neale [Coleman] said earlier, there is going to be educational content and a linkage up with Hackney College. They are working with Loughborough, so there is an educational content. Then, in terms of the jobs going forward and to the extent they are new jobs, we want to make sure as many of those go to local people as possible.

What I said earlier is, you know, I do not want these to be caretaking and cleaning jobs. I would consider it a personal failure if that is what comes out of this. So I cannot say --

Andrew Dismore (AM): That is the point. How do you convert that aspiration into reality? That is the question, I suppose.

Dennis Hone (Chief Executive, LLDC): Yes, but you have to do that in partnership. You have to sit down and work with them on all those levels. So, at the moment, we are in a situation where they are the preferred bidder. They have targets in terms of coming back with signed-up tenancies to get to a sort of threshold level. They have to prove their financial worthiness and their ability to complete the transaction. As part of that, we are talking to them about how they will bring forward jobs for local people, so these are items that are under active discussion at the moment. But what I am saying --

Andrew Dismore (AM): Would that be a contractual provision like you have made with Balfour Beatty and GLL [operators of the Aquatics Centre and Multi-use Arena]?

Dennis Hone (Chief Executive, LLDC): Correct. That is one of the options that we can do. As you have identified, there is no actual magic wand or penalty that you can impose, so you have to work with these guys day in, day out to make sure that they deliver on these aspirations.

Andrew Dismore (AM): You have already mentioned about GLL and Balfour Beatty paying the London living wage. Is that going to be across the board?

Dennis Hone (Chief Executive, LLDC): That is our intention. We are trying to. At the moment, we have signed up GLL, Balfour Beatty WorkPlace. We have all of our transformation contractors that have been put on the place. BAM Nuttall, Balfour Beatty doing works on the aquatics and around there and Taylor Wimpey coming in to do Chobham Manor have all signed up to the London living wage, so our intention is to keep pushing on that.

Andrew Dismore (AM): And their subcontractors, presumably?

Dennis Hone (Chief Executive, LLDC): Yes, of course, because you have to push it through the supply chain.

Andrew Dismore (AM): But that has happened?

Dennis Hone (Chief Executive, LLDC): That is in the contractual arrangements.

John Biggs (Chairman): You spoke earlier about this ugly turn of companies which provide lists of employees who should not be employed. You very rightly, I think, stated disapproval of that. Do I assume then that you have spoken to contractors since that story broke to ensure that they understand clearly the relationship that is expected of them?

Dennis Hone (Chief Executive, LLDC): So what I can say about it in terms of the ODA is that that was an issue that was raised some time ago and has recently resurfaced in the press and in discussions. At that time there was an extensive discussion with all of our contractors and we requested evidence from those people making the allegations so that we could take it forward. No evidence was forthcoming because, if it had have been, we would have gone after the contractors involved. We have categoric statements from those who were involved at that time and where the allegations were that there were no such practices going on, so lack of evidence and categoric assurance from the contractors.

In terms of the legacy company going forward, we have not actually gone back to our contractors at this stage. I can say that. I think your point is well made. We want to ensure that we reinforce that those practices are not acceptable.

John Biggs (Chairman): Evidence may be quite difficult to come across for obvious reasons. One piece of evidence would be to ask whether those firms had entered into any contract with the companies we know provide such lists.

Dennis Hone (Chief Executive, LLDC): We can look at that.

John Biggs (Chairman): One other tidying-up question is about definitions of local people. There has been a lot of criticism of this, obviously, some of it justified and some of it I am sure you would argue not justified. Do you feel you have learned better how to define a local person?

Dennis Hone (Chief Executive, LLDC): It is incredibly difficult, if I am honest with you. If somebody applies for a job and they put their address and their postcode down, it is very difficult to know whether they have been there ten years or ten days. It is very difficult to do that. The honest answer and the truthful answer is there is only so far you can go in that checking and it would be very difficult in employment terms to go beyond that.

John Biggs (Chairman): A very, very final question, then - unless others have questions - is about performance bonuses. I think the senior management at LLDC have performance bonuses attached to their contracts, which is customary practice I think and is a matter of public interest I think, if you could tell us a little bit about how those are going to be gauged against the sort of targets we have talked about today.

Dennis Hone (Chief Executive, LLDC): I will have to pass to Jonathan on this one because, as I say, I am just getting there.

Jonathan Dutton (Executive Director of Finance and Corporate Services, LLDC): I can tell the Committee that performance bonuses have not been paid in the entire life of the LLDC and the Olympic Park Legacy Company (OPLC) as well and that that arrangement would have to be something that the senior management of the organisation discussed and formed a view on. So as far as I am aware, it is not an issue that has been debated at this stage.

Dennis Hone (Chief Executive, LLDC): I think there are contractual arrangements for them. So, if I just tell you how I want to work this rather than what has happened in the past, obviously we want detailed objectives for each of the directors involved and those cascaded through their teams and those will be around obviously their activities. I also want to make sure that there are corporate targets within all directors' performance objectives because we have to work as a team. It is no good if the finance director achieves his responsibilities but in terms of regeneration we miss our targets there and we have to look at this as a collective. So, as a management team, there will be individual targets that are customised to the individual directors' jobs but there will be corporate targets around what we are trying to achieve in terms of financial targets, jobs, socioeconomic measures and things like that. They will be enshrined within their performance objectives and so, to a degree, we stand or fall together.

John Biggs (Chairman): Does the Mayor's office take an interest in this?

Neale Coleman (Director of London 2012 Co-ordination, GLA): The Mayor I think takes an interest in the general issue of bonus payments across the group. Clearly, in this case, he is the chair of the development corporation. I think the chair of TfL has obviously taken a particular interest there. I am sure that this is an issue which the remuneration committee structure -- there will be a board-level oversight of this within LLDC as well.

John Biggs (Chairman): So, as far as the world is concerned, the corporate planning and annual reporting processes will tell us what targets you are setting and then we will hear whether or not you have achieved against those targets. Great. Very straightforward.

Can we thank you very much for your evidence today and wish you a joyful remainder of the day.