

[REDACTED]

26 July 2012

Ref: FOI 12-016

Dear [REDACTED]

Thank you for your request for information, received on 28 June 2012. You asked us the following questions:

- 1. I would like details of all contracts in which HR&A, or HR&A Staff, were subcontracted to carry out work on behalf of a prime, or lead, contractor, like Deloitte (or Deloitte & Touche), to the Olympic Park Legacy Company (now the London Development Corporation) since August 2009*

You will appreciate that in many of our contracts, our primary contractors are free to subcontract to other organisations provided that the primary contractor remains liable for the services provided by any such sub-contractors. We are aware, however, that Drivers Jonas Deloitte (DJD) subcontracted some of its business planning work to HR&A under a contract awarded to DJD by the Legacy Corporation in August 2011.

- 2. In cases where HR&A, or HR&A staff, did act as subcontractors please disclose on what basis, competitive or otherwise, these contracts were awarded*

The DJD business planning contract was awarded as a direct call off from an existing real estate advisory framework panel which the Legacy Company established in December 2010.

- 3. For these contracts please include details of the pay rates and conditions where discussed. Please also disclose the bid(s) to carry out the services in question and confirmation forms.*

We attach copies of the following documents:

1. Proposal submitted by DJD together including proposed overall fee
2. Letter to DJD dated 4 August 2011 confirming the appointment

Please note that in document 1 we have redacted information relating to hourly rates and individual amounts allocated between the members of the proposed DJD team. We are withholding this information on the basis that it is commercially sensitive information, the disclosure of which is likely to prejudice the commercial interests of the Legacy Corporation and other affected parties. We have therefore withheld this information under section 43(2) of the FOI Act. Further, we do not consider that it would be in the public interest to disclose such information.

We can confirm that we have given careful consideration to the public interest in the information contained in your request which we have considered. We have withheld

information only where we feel the balance of the public interest in non-disclosure outweighs the public interest in disclosing it.

Disclosure of the withheld information may have the potential to prejudice commercial interests of the Legacy Corporation and its advisers because it will reveal detail of fees and rates charged which are commercially sensitive and will affect the ability of those parties to compete on a fair basis if this information comes into the hands of a competitor. The Legacy Corporation feels that this also may well prejudice its own position in receiving bona fide bids and proposals in future. The public interest is clearly best served by ensuring that public authorities are able to achieve maximum value for money for the public purse in all their commercial ventures. Whilst total financial expenditure will inevitably be in the public domain, the estimates, discussions and negotiations leading to such decisions should remain confidential to allow for genuinely commercial interests to be taken in to account.

We have, therefore, concluded that the balance of the public interest favours non-disclosure of the redacted information at this time.

You are not permitted to re-use the information for publishing or issuing copies to the public, you will require the permission of the copyright owner.

If you are unhappy with our response to your request and wish to make a complaint or request a review of our decision, you should write to:

Executive Director of Finance and Corporate Services
London Legacy Development Corporation
Level 10
1 Stratford Place
Montfichet Road
London
E20 1EJ

Please note, complaints and requests for internal review received more than two months after the initial decision will not be handled.

If you are not content with the outcome of the internal review, you may appeal directly to the Information Commissioner at the address given below. You should do this within two months of our final decision. There is no charge for making an appeal.

Further information on the Freedom of Information Act 2000 is available from the Information Commissioner's Office:

Wycliffe House
Water Lane
Wilmslow
SK9 5AF

Telephone 08456 30 60 60 or 01625 54 57 45

Website www.ico.gov.uk

Yours sincerely



FOI Co-ordinator

SCOPE OF SERVICES – BUSINESS PLANNING

1. The project and governing terms

This document sets out the scope of services, budget, timeline and specific terms and conditions for the provision of business planning support relating to the Olympic Park Legacy Company (OPLC) (and its subsequent transition into a Mayoral Development Corporation (MDC)) for its ownership and management of the Queen Elizabeth Olympic Park.

It has been produced in response to a request from OPLC to help it with the assembly of operational and business plans for the new Mayoral Development Corporation. These plans will articulate the way in which the Corporation will manage its estate, including parkland and development sites, taking into account all potential sources of income and items of expenditure over the medium to long term. They will also consolidate and conform the existing operational and estate planning for the Corporation's parkland property, so that this can be aligned to financial and business planning for the Corporation's commercial property.

As agreed with OPLC, this instruction shall be undertaken in accordance with the terms of our Real Estate Advisory Framework Contract, dated 25 January 2011. The work comprises general property consultancy / investment and financial advice related services (which also cover the management of sub-consultants) as specified in the framework contract.

An integrated consultant team comprising HR&A Advisors, Deloitte and Drivers Jonas Deloitte (Deloitte LLP) will support OPLC's business planning activity being led by Jonathan Dutton and Richard Brown. HR&A Advisors will act as sub-consultants to Deloitte.

2. Purpose

The purpose of this project is to refine and integrate the plans from a number of OPLC business lines into a draft Business Plan for the MDC, to be presented to the OPLC Board and which can be used to guide the next five years of work at the OPLC/MDC.

3. Objectives

The objectives of the project are to:

- a) Identify, develop and consolidate targets, strategies and resources required of each business line to meet the organisational goals of OPLC/MDC;
- b) Describe the organisation's operations for the first 5-10 years post-Games and the transformational work that will take place across the Olympic Park;
- c) Provide an integrated capital and revenue budget for OPLC/MDC covering a five year period from FY12 to FY17; and

4. Description of services

For each of the three principal sections of the overall plan, namely Park, Real Estate and MDC regulatory and corporate functions, we will support OPLC:

- a) Collate available data from across OPLC using a limited number of principal leads across the organisation to act as responsible parties for sourcing data.
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- b) Analyse the available data to classify this for inclusion within the plan (using as red, amber and green coding) and identify gaps and areas where further research or analysis by OPLC or its other advisors may be required.
 - c) Develop and agree the plan structure to meet OPLC requirements both as an internal management tool but also to support its external interface with stakeholder organisations such as Government Departments in summary and long form. Note – the plan structure will be created to reflect OPLC's requirements.
 - d) Populate the plan with an outline of the context, objectives and scope for each workstream.
 - e) Populate the plan with anticipated income and expenditure for capital, programme and revenue budgets to derive surplus or deficit position at a workstream or overall level
 - f) Develop draft a limited suite (up to four) financial and non-financial performance metrics
 - g) Develop an outline timeline and identify major milestones upon which the business plan is predicated and which therefore need to be monitored
 - h) Capture of the high level risks and identification of potential impact on overall business plan i.e. through the running of sensitivities and scenarios
 - i) Develop draft plans and specifically for the Park plan, prepare presentation papers for the Executive Management Board and Company Boards (anticipated as being held in July 2011)

Once the three sections of the plans have been developed, Drivers Jonas Deloitte will support OPLC:

- j) Develop an initial draft of the consolidated business plan to capture and co-ordinate the three sections into a single draft document for internal review. This will include consolidating income and expenditure projections into a single financial summary, to enable further scenario testing and updating to inform future business planning.
- k) Develop potential sensitivities and scenarios and run these to identify their impact on the consolidated business plan and help inform decision making
- l) Capture comments on the draft consolidated business plan including the outputs from the sensitivities and scenarios for incorporation into a final draft plan
- m) Development of final draft consolidated plan and preparation of presentation papers for the Executive Management Board and Company Boards (anticipated as being held in September 2011)

5. Scope inclusions

Supporting OPLC in the collation of data for:

- a) the Park workstream (which comprises the parkland, venues, attractions, events and waterways and associated physical infrastructure).
 - b) the real estate workstream (which comprises appraisal of the development platforms, S.106 negotiations as part of the Legacy Communities Scheme planning application and the procurement of a partner for the first phase of development).
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- c) the MDC/regulatory workstream (which comprises the establishment and maintenance of the MDC and associated operational and corporate infrastructure).

Supporting OPLC in its creation of a business plan structure which will capture:

- d) context, scope and objectives for each workstream.
- e) Income and expenditure against capital, programme and administrative budgets including sources, level of confidence (against red, amber and green classifications), contingent matters or conditions precedent, assumptions and exclusions.
- f) Performance metrics (both financial and non-financial)
- g) Overall timeline and milestones
- h) Key risks for each workstream

Population of the structure with the collated data and identification of areas where OPLC should undertake further analysis, market research or other activity.

Supporting OPLC in undertaking sensitivity analysis on the business plan to identify the financial impact of changing materially important inputs including matters such as timing of milestones and the anticipated levels of revenue and expenditure.

Supporting OPLC in undertaking testing using the business plan (through four pre-determined scenarios) to identify their financial impact on OPLC.

6. Scope exclusions

As part of this engagement, we will not be providing:

- a) Audit services or any validation of the levels of revenue and expenditure, their completeness or their timing. However, we will identify where we observe that data integrity issues may exist e.g. information is missing or where we consider that OPLC may need to undertake further analysis or sourcing of alternative data to support its business plan development.
- b) Opinion on accounting treatment.
- c) Market research to address data integrity issues as identified in a) above
- d) Validation of the overall business plan and the integrity of its operation

7. Duration of the Services

We will seek to complete the project in 18 weeks in four broad phases (anticipated timing shown in brackets):

- a) Supporting data collation and analysis (weeks 1-4)
- b) Development of the business plan structure (weeks 1-3)
- c) Population of the business plans (x3) (weeks 3-8)
- d) Consolidation of the business plans into a unified document and iteration of this (weeks 9-18)

The precise activities, their duration and sequence are shown on the workplan attached as Appendix A.

These timings are subject to change and discussion and agreement between Richard Brown, the principal client contact and Drivers Jonas Deloitte.

8. Deliverables

The Park plan and other documentation that will collectively make up the overall business plan will be OPLC created and branded documents. Drivers Jonas Deloitte will not be providing branded deliverables for this engagement.

DJD will support the delivery of business plan and park plan and the creation of:

- a) Materials necessary for the facilitation of workshops
- b) Presentation material to deliver findings
- c) Updates to stakeholders

9. Approach

We intend to provide the services to support OPLC detailed in section 4 above using the following sequenced approach (as set out in the work plan which may be subject to change and agreement between OPLC and Deloitte Drivers Jonas).

For each of the three sections of the overall plan, namely Park, Real Estate and MDC/regulatory we will support OPLC:

- a) Collate available data from across OPLC using a limited number of principal leads across the organisation to act as responsible parties for sourcing data.
 - b) Analyse the available data to classify this for inclusion within the plan (using as red, amber and green coding) and identify gaps and areas where further research or analysis by OPLC or its other advisors may be required.
 - c) Develop and agree the plan structure to meet OPLC requirements both as an internal management tool but also to support its external interface with stakeholder organisations such as Government Departments in summary and long form. Note – the plan structure will be created to reflect OPLC's requirements.
 - d) Populate the plan with an outline of the context, objectives and scope for each workstream.
 - e) Populate the plan with anticipated income and expenditure for capital, programme and revenue budgets to derive surplus or deficit position at a workstream or overall level
 - f) Develop draft a limited suite (up to three) financial and non-financial performance metrics
 - g) Develop an outline timeline and identify major milestones upon which the business plan is predicated and which therefore need to be monitored
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- h) Capture of the high level risks and identification of potential impact on overall business plan i.e. through the running of sensitivities and scenarios
- i) Develop draft plans and specifically for the Park plan, prepare presentation papers for the Executive Management and Company Boards (anticipated as being held in July 2011)
- j) Consolidation into overall business plan
- k) Development of consolidated plan and iterate this
- l) Development of final consolidated plan and preparation of presentation papers for the Executive Management Board and Company Boards (anticipated as being held in September 2011)

10. Fees and invoicing (including resourcing and fee schedule)

Our charges for the Services will be a capped charge of £400,000, based on the resourcing, programme and fee profile overleaf and scope of services set out in section 1 and our ability to complete the project efficiently in the proposed timeframe. You acknowledge that we are dependent on timely inputs from your contributors (such as the interviewees). Should the proposed timeframe prove not to be achievable due to these, and other external factors, we will discuss any resourcing and fee implications with you in advance. The fees are based on framework rates and are net of out-of-pocket expenses and value added tax.

This capped fee has been based upon an anticipated resource requirement of approximately 2,000 hours of work over four months and is subject to a time limitation of work up to 30 September 2011. It is envisaged that the services will be substantially complete by 31 August 2011 with minor refinements and support for a Board presentation in September 2011.

The hourly rates for personnel are set out below together with an overall summary of hours and fees:

Staff	Park Plan Hrs	Business Plan Hrs	Total Hrs
John Alschuler	137	164	301
Eric Rothman	0	34	34
Jamie T. Springer	192	0	192
Clive Pane	30	150	182
William Beattie	100	220	320
Emile Corkhill/Jessica Watkins	50	382	432
Deloitte Various Support/Experts	130	150	280
Danny Fuchs	151	59	210
Molly Quirk	148	0	148
Expenses	£13k	£13k	£26k
Total			2,099 £403k

These rates for named Drivers Jonas Deloitte personnel are based on framework rates. Deloitte personnel (William Beattie and others as requested by OPLC) rates have been based on OPLC's MCAS framework rates and these represent a 70% discount against standard Deloitte rates.

Rates for HR&A personnel that will be working on this engagement have been established on a comparable basis and level to those for DJD personnel.

Deloitte will submit an account to OPLC for one third of the contract amount each month for the first three months (£100,000 per month excluding VAT) on account with a reconciliation of resources and fees being undertaken with OPLC prior to processing month four's invoice and payment. The first invoice will be submitted on 1 June 2011 to cover time expended in April and May.

To the extent you or your personnel do not perform the Client Responsibilities, we will have the option of performing those services for you, and you agree to pay us an additional amount for such service based upon a time and materials calculation at the standard hourly MSA rates plus out of pocket expenses and value added tax.

11. Project team

The consultant team comprising HRA, Deloitte and DJD will work together as a single integrated unit and their primary roles are set out below.

- a) HR&A Advisors, Inc. will serve as strategic advisors to OPLC, supporting the development of a business plan framework, providing guidance on the data and strategies to be included in business plans for each business line, and to facilitate the development of an integrated plan for the Mayoral Development Corporation. John Alschuler will guide HR&A's overall efforts and serve as strategic advisor to the Consultant Team, with Jamie Torres Springer serving as Project Director for the Park Plan.
 - b) Deloitte will work with HRA to help identify the key issues to be addressed and ensure that outputs are deliverable in a London regulatory and market context. Particular emphasis will be to work with the OPLC leadership team to help it respond to the challenge and direction provided by HRA. Clive Pane will take joint responsibility with John Alschuler for the Consultant Team's output. William Beattie will be the Consultant Team's UK based Project Manager/ Facilitator. William will be supported by Jessica Watkins, a Surveyor in the Development team. Emile Corkhill will provide required financial business planning and property related analysis. Deloitte has allowed for additional resource that is likely to take the form of a number of different experts, some of whom are already working with OPLC (James Graven and Guy Palmer) and others who are as yet un defined but are likely to have niche expertise (for example on the fiscal power of the Mayoral Development Corporation).
 - c) OPLC CEO and Executive Directors will be the owners of the plan, directing staff to provide and develop appropriate data for inclusion in the plan, and providing policy guidance to the Consultant Team regularly through business plan strategy sessions and away days.
 - d) Jonathan Dutton and Richard Brown will be the staff responsible for leading the production of the business plan, coordinating all OPLC resources to deliver appropriate data and analysis to the Consultant Team, and producing consolidated OPLC financial models with strategic advice from the Consultant Team. We understand that Delia Beddis (or another) may be allocated to provide
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general business planning support to and work with both the client team and locally based Consultant team.

- e) **Business Line Planning Leaders** (a combination of OPLC staff and third-party consultant resources) will provide analysis and support development of business line plans:
- i. The **Parklands Business Planning Team** will be lead by Eleanor Fawcett on the client side and will develop the business plan for the parklands, with support from a number of third parties (being engaged separately by OPLC).
 - ii. The **Real Estate Business Planning Team** will lead the development of the OPLC's real estate business plan, with strategic guidance from the Consultant Team.
 - iii. The **Venues Business Planning Team** will develop the OPLC's venues and attractions business plan, to include a consolidated business plan for the Olympic Stadium, Aquatics Centre, Multi-Use Arena, and permanent attractions such as Orbit. The Consultant Team will provide strategic guidance for this effort.
 - iv. The **Planning and Regulations Business Planning Team** will be responsible for producing a business plan for OPLC's adoption of new regulatory powers within the MDC boundary, including the exertion of powers, incentives, and revenue tools. This effort will be supported by DJD from an economic perspective and HR&A from a strategic perspective.
 - v. The **Organisational Services Business Planning Team** will be responsible for developing the organisational plan for the MDC, including projections of staffing requirements and overarching administrative costs for the organisation that are not directly related to any of OPLC's four business lines.

Deloitte will serve as a London-based resource team to lead central strategic business planning efforts, provide additional resource to business lines, and hold business line budget officers accountable for meeting milestones. Each of the five business line budget officer groups identified above will be expected to draw upon these resources for any analyses that cannot be completed by OPLC staff, and will also remain accountable to schedules set by the Consultant Team.

12. Assumptions

You accept that our ability to undertake the services set out in this document is dependent upon you:

- a) Arranging and providing timely and complete access to OPLC personnel, data and information including budgets, committed costs, contractual information, timelines, risk registers and the outputs from previous business planning work.
- b) Ensuring that where additional data is required, it is provided to us (insofar as possible), and if additional time and resource is required to source and consolidate data, this is reflected in agreed revisions to the programme and the timing of deliverables; and
- c) Working collaboratively with the Deloitte and HR&A team to discuss draft park and business plans and any supporting presentation material or papers.

In addition we have assumed:

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- d) Internal and external third parties that we need to speak to make themselves available to us and are willing to provide us sufficient information to enable us to carry out the services we will provide, including financial and other information which may in some cases be considered confidential by them.

13. Progress reporting

Progress reporting will be undertaken through a weekly working meeting and DJD will provide a brief update based on progress made, issues encountered and a forward look for activities taking place during the coming week.

In addition, DJD will also attend the steering group meeting with senior OPLC personnel which will take place on a weekly basis.

14. Location, equipment and working environment

Accommodation will be provided at no cost to Drivers Jonas Deloitte, Deloitte and HR&A for the project team whilst working at Client's offices. The team will work flexibly splitting its time between Client's head office and Drivers Jonas Deloitte's office as required, and where possible will exploit telephone and video conferencing to minimise travel. This accommodation will provide secure storage, confidential meeting rooms appropriate to the nature of the project and IT connectivity (including printers).

Travel expenses incurred in the course of travelling to your offices will be fully reimbursed for HR&A.

15. Party representatives

Client: Richard Brown, Director of Strategy, Olympic Park Legacy Company, 29-35 West Ham Lane, London, E15 4PH

Supplier: Clive Pane, Partner, Drivers Jonas Deloitte, Athene Place, 66 Shoe Lane, London, EC4A 3BQ

16. Termination and change

Any changes or termination will be subject to the terms set out in the Drivers Jonas Deloitte Real Estate Advisory Framework Contract, dated 25 January 2011.

17. Professional Indemnity Insurance

In accordance with Clause 19.1 of our Drivers Jonas Deloitte Real Estate Advisory Framework Contract, dated 25 January 2011, a capped liability of £5 million will be applicable for this instruction.

18. Appendices

Appendix A – timeline

Clive Pane
Deloitte LLP
Athene Place
66 Shoe Lane
London
EC4A 3BQ

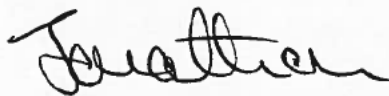
Thursday 4th August 2011

Dear Clive,

Following our discussions about our park planning and business planning requirements, and the receipt of the attached proposal from you in relation to this commission, this letter is to instruct you to proceed as set out in your proposal. This commission will be undertaken in accordance with the terms of our Real Estate Advisory Framework Panel contract, and the total costs of the assignment will be capped at £400,000 (plus VAT). The purchase order number for this project, which should be quoted on all invoices, is PO 652.

I note that you are offering £5 million indemnity cover, rather than the usual £10 million, and I understand you will be writing to me separately to set out the rationale for this.

Yours sincerely



Jonathan Dutton
Executive Director of Finance and Corporate Services

cc Richard Brown