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28 June 2016

INTERNAL REVIEW - REFERENCE 16044

Dear 

We refer to your email of 24 June 2016 where you requested an internal review under the Freedom of Information Act 2000 (FOIA) with regard to the response you received from the London Legacy Development Corporation (Legacy Corporation) in relation to your information request reference as above.

Background:

Original request:

“How much work, in terms of the conversion of the Park, still remains to be done, what is the estimated cost of that work and how does that cost compare with the previously stated conversion budget?”

Internal review request:

Thank you for this response. However, you will note I did also ask *and how does that cost compare with the previously stated conversion budget?* No information has been provided on this last part of my request. I would therefore ask for a review of this information.

At the time of the internal review request clarification was requested as to what was meant by the term ‘previously stated conversion budget’. The Legacy Corporation also requested clarification on who stated the budget and when/where this statement was made.

Clarification was received as follows:

“I presume there was an original budget for this programme of conversion. My intention was to ask how the spend had differed from that original budget or, if it is preferred, estimate of expenditure. I would presume this budget had been set when the conversion work started but it may be older so I can't say exactly when it was set

or by which organisation but if it had been set by the ODA or the OPLC then the LLDC would have inherited it. Otherwise I would assume it was set by the LLDC. In the case of the Olympic stadium, see below, this seems to have been set by the LLDC.

To take the Olympic stadium for example, the following figures were revealed in this article in the Daily Mail showing an original budget and then the changes. I was seeking to discover the final cost for all the conversion work set against the original expectations.

The cost of converting the Olympic Stadium into a new home for West Ham has risen to £272million, rocketing the overall cost of the project to £701m.

A 'fixed' conversion fee of £154m was originally agreed by London Legacy Development Corporation with constructor Balfour Beatty, but a rise in costs to £189.9m was announced in October and it has now emerged the final figure is even higher.

Read more: <http://www.dailymail.co.uk/sport/football/article-3131371/Olympic-Stadium-costs-rise-whopping-35m-West-Ham-prepare-club-pay-15m-272m-total.html#ixzz49gpAX1Pm>

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The clarification identified that:

1. there was no specific stated conversion budget being referenced, rather the request was for a comparison between the original budget (or estimate of expenditure) against the actual expenditure at the end of the Park conversion;
2. there was the presumption that the budget/estimate for the conversion of the Park post-Olympics would be set when the conversion work started;
3. there was the presumption that even though the original organisation responsible for the estimate/budget is not known, if it was not originally the Legacy Corporation then the Legacy Corporation would have inherited the budget/estimate when they took over responsibility for the conversion;

NOTE: The clarification provided the example of the Olympic Stadium, however the request and internal review request were both in relation to the Park conversion costs and an earlier request (ref: 16037) to the same requestor provided information on Park conversion costs separately from the Stadium conversion costs:

"16037 Q.4 [Clarified] - What is the total cost of this post-Olympics construction/refurbishment/conversion/demolition, not including therefore the work now being carried out on the new neighbourhood at Chobham Manor and other long term construction projects? How much of this cost is extra to the previously declared Olympics conversion budget?

And;

16037 Q.5 - Please provide a breakdown of where these costs have been extra to the already declared Olympics budget.

Park transformation costs were funded from the Olympic and Paralympic Games Public Sector Funding Package and are £292 million and can be found on our website at: <http://queenelizabetholympicpark.co.uk/media/facts-and-figures>. The Park transformation costs were funded by £246.2 million from the Olympic and Paralympic Games Public Sector Funding Package with an additional £45.8 million from the Olympic Park Legacy Company's (OPLC) Capital Works budgets. This additional sum funded enhancements that OPLC made to the baseline ODA transformation scope.

The Stadium transformation work is not yet complete. Costs of £272 million were announced last year in the press release <http://queenelizabetholympicpark.co.uk/media/press-releases/stadium-transformation-cost-announced-ahead-of-hosting-raft-of-world-class-sporting-events>. The press release includes a breakdown of the sources of funding for the Stadium, and which shows that £38.7m of this cost was funded from the Olympic and Paralympic Games Public Sector Funding Package. The £272 million previously announced was not the final cost of the Stadium transformation and this will be announced later in the year when the work is complete."

With consideration for the above, the clarification in relation to the Stadium is considered as an example only and the scope of the internal review was focused on the information specifically requested under reference 16044 for the Park conversion costs and how the cost compares with original budget for the Park conversion.

Review findings:

The internal review has been completed and the findings and recommendations of the internal review are as follows:

The review has confirmed that the information provided in relation to the Park transformation cost comparison with the previously stated conversion budget was not clear in relation to whether they included VAT or not, and was found to contain errors.

The ODA returned £333 million (incl. VAT) of funding to Government for Park transformation scope to be delivered by the Olympic Park Legacy Company (OPLC), of which £292 million (incl. VAT, £265 million excl. VAT) was subsequently transferred to OPLC. This budget was for transformation of the Park including the Stadium conversion. The provision for Stadium conversion in the ODA budget was £39 million (excl. VAT), which when taken out of the Park transformation budget left a balance of £226 million (excl. VAT).

Additional scope and associated funding of £51 million (excl. VAT) from the OPLC Capital Works programme were combined with the ODA transformation scope bringing the Park transformation budget to £277 million (excl. VAT). Further adjustments to scope and budget during the course of the programme brought the final Park Transformation budget to £287 million (excl. VAT).

Final actual expenditure on the Park conversion was £286 million (excl. VAT), which represented an underspend against the final Park transformation budget of £1 million (excl. VAT).

The review determined that two figures (in bold) included in the responses for 16037 and 16044 were inaccurate. "The Park transformation costs were funded by **£246.2 million** from the Olympic and Paralympic Games Public Sector Funding Package with an additional **£45.8 million** from the Olympic Park Legacy Company's (OPLC) Capital Works budgets". The review found that on this occasion these numbers were not agreed with the Finance Department, and were interpreted incorrectly, resulting in the stated inaccuracies.

The review also found that the figures in the responses did not identify whether they included or excluded VAT consistently, which in the context of the Park transformation budgets was material.

Review recommendations:

The review panel recommends that when information request responses include detailed financials, the answers should always be checked by the Finance Department, and should make clear whether the figures include or exclude VAT where not to do so is material.

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


Executive Director of Finance and Corporate Services
London Legacy Development Corporation