

**Subject:** Draft Business Plan 2012/13 – 2014/15  
**Agenda item:** Public item 7  
**Report No:** 3  
**Meeting date:** 22/05/2012  
**Report to:** Board  
**Report of/by:** Jonathan Dutton, Executive Director of Finance and Corporate Services

**FOR APPROVAL**

---

**This report will be considered in public**

---

**1. SUMMARY**

- 1.1. To seek endorsement of the Corporation's three-year Business Plan (2012/13 – 2014/15).

**2. RECOMMENDATIONS**

- 2.1 The Board is asked to **REVIEW** the Corporation's three-year Business Plan (2012/13 – 2014/15) and to **APPROVE** it, subject to any comments.

**3. BACKGROUND**

- 3.1. The London Legacy Development Corporation (LLDC) has been established as the manager and custodian of the Queen Elizabeth Olympic Park after the 2012 Games, and three year period from 2012/13 – 2014/15 will be the most important in the delivery of the Park.
- 3.2. Making an effective start on site will be essential to establishing and maintaining reputation and values, and to creating the quality of destination that will attract investment into the area, and enable local communities to reap the benefits of the Olympic Park legacy.
- 3.3. The Business Plan sets out the funding sources and spend by year across the three-year period.
- 3.4. LLDC funding sources include:
- capital, programme and operational budgets funded through the Comprehensive Spending Review;

- capital and programme funding for post-Games transformation works and operations, funded from the £9.3bn Public Sector Funding Package
  - funding from the GLA, including funding pledged to support legacy delivery and specific funding for Olympic fringe sites.
- 3.5. Working within these budgets, the Business Plan seeks to ensure the most effective use of public money, to ensure a successful re-opening for the Park, and to lay the foundations for long-term regeneration and growth.
  - 3.6. From 2014/15, the Corporation will begin to generate its own revenues, e.g. from estate charges, events and sponsorship, thereby reducing the level of funding required.
  - 3.7. Profiling of funding to achieve this will be discussed with the GLA as part of the regular budget negotiations, and the Legacy Corporation will manage its finances and work with the GLA to ensure that expenditure does not exceed its budgets.
  - 3.8. The budget also seeks to profile revenue expenditure effectively in order to maintain and build revenue reserves for the period from 2013/14 onwards.
  - 3.9. The budgets in the Business Plan will be reviewed on a regular basis as part of the LLDC's Change Control process, and the document updated to reflect any approved changes in line with the agreed scheme of delegation.
  - 3.10. At their January 2012 meeting, the OPLC Board were advised that Government approval of a Legacy Company Business Plan for the remainder of the current Comprehensive Spending Review (CSR) period was a necessary pre-condition for the transfer of remaining CSR funding to the Mayor of London, for allocation to the London Legacy Development Corporation.
  - 3.11. In the light of this, a three-year Business Plan was submitted and approved by the OPLC Board in February 2012. It was agreed that, following the establishment of the MDC, a revised Business Plan would be submitted to the newly formed LLDC Board and upon approval would also be published as a public document.
  - 3.12. The Legacy Corporation's capital, programme and operational budgets for 2012/13 were subsequently approved by the LLDC Board at its first meeting in April 2012.
  - 3.13. The May 2012 Business Plan is therefore based on the figures in the previously approved Business Plan, with the figures for 2012/13 updated to reflect the approved budgets, as well as a number of subsequent amendments that have been approved by the LLDC Change Board.

#### **4. STRUCTURE AND CONTENT**

- 4.1. The document sets out the policy and economic context within which the Legacy Corporation will operate, its programmes, outputs and spending plans. Milestones and deliverables are consolidated in Section 2.6, and income and expenditure information is consolidated in Section 8. Information on key risks is consolidated in Section 9.
- 4.2. For each directorate, tables set out the capital and programme budgets that will be required over the next three years for the key projects.

## 5. NEXT STEPS

- 5.1. Subject to any amendments it is intended formally to publish the Business Plan in summer 2012, to provide a public statement of the Corporation's programme.

## 6. LEGAL IMPLICATIONS

- 6.1. There are no specific legislative provisions about the preparation of a mayoral development corporation's business plan. The Localism Act makes mayoral development corporations subject to the provisions of the Greater London Authority Acts 1999 and 2007 in relation to the preparation of budgets.
- 6.2. The Corporation has a duty under section 127 of the Greater London Authority 1999 to make arrangements for the proper administration of its financial affairs. The Corporation's Executive Director of Finance and Corporate Services is identified in the Corporation's Financial Regulations as being responsible for ensuring that an annual budget is prepared, and the Chief Executive is responsible for presenting it to the Board for agreement.
- 6.3. The draft memorandum of understanding between the Mayor of London and the London Legacy Development Corporation provides that the Mayor will approve an annual budget and business plan before the beginning of each financial year, as part of a three year rolling plan. The Mayor approved the Legacy Company Business Plan on which this plan is based, and will be consulted on the next plan (covering 2013-16) with approval expected before financial year 2013/14.

## 7. FINANCIAL IMPLICATIONS

- 7.1. The Business Plan sets out spending plans for the financial years 2012/13-2014/15. While these are in line with available budgets overall, some issues of budget phasing remain to be addressed, and these will be kept under review in order to optimise value for money, successful Park re-opening, and long-term regeneration and growth.

## 8. PRIORITY THEMES

- 8.1. The Olympic Park Legacy Company set the following priority themes:
  - **Promoting convergence and community participation**

For the goal of convergence to be achieved, the Olympic Park legacy needs to be fully accessible for local people. This means ensuring the Park evolves with input from local residents, that economic opportunities are accessible to local people, businesses and social enterprises, and that sporting, cultural and leisure facilities and events in the Park can be used and enjoyed by local people at all income levels.
  - **Championing equalities and inclusion**

The Park lies in one of the most diverse areas of the UK. In addition to statutory duties, the Company will take this diversity into account in order to attract the best talent, understand how its decisions impact different communities and groups, and to create and manage its estate in a way that capitalises on, and is accessible by, these diverse communities.

- **Ensuring high quality design**  
Architectural, urban and landscape design will be essential elements for creating a place that is engaging, safe, usable and beautiful, and which creates and maintains value over the long term.
- **Ensuring environmental sustainability**  
Establishing clear standards for environmental performance, and making the most of natural and built assets to meet the challenges posed by climate change mitigation and adaptation.

8.2. The proposed budget includes provision for regeneration and community partnerships, which includes specific capital and revenue budgets for furthering priority themes, as well as design and sustainability projects.

## 9. LIST OF APPENDICES TO THIS REPORT

- Appendix 1 – Draft Business Plan 2012/13 – 2014/15

### List of Background Papers:

Scheme of Delegations as amended and adopted by LLDC Board April 2012  
Financial Regulations as amended and adopted by LLDC Board April 2012

**Report originator(s):** Shannon Kelley  
**Telephone:** 0203 288 1855  
**Email:** shannonkelley@londonlegacy.co.uk



**Three-Year Business Plan**

**2012/13 – 2014/15**

**DRAFT**

**May 2012**

## **Contents**

	<b>Executive summary</b>
<b>1</b>	<b>Introduction</b>
<b>2</b>	<b>Vision and Strategy</b>
<b>3</b>	<b>Park Operations and Venues</b>
<b>4</b>	<b>Real Estate</b>
<b>5</b>	<b>Regeneration and Community Partnerships, and Design</b>
<b>6</b>	<b>Finance and Corporate Services (including Planning Authority and Communications)</b>
<b>7</b>	<b>Infrastructure</b>
<b>8</b>	<b>Summary and Funding</b>
<b>9</b>	<b>Risks</b>

## Executive Summary

The London Legacy Development Corporation (the Development Corporation) has been established as the manager and custodian of the Queen Elizabeth Olympic Park (the Park) after the 2012 Games. Its strategic aims are:

- to deliver social, economic and environmental benefits and convergence for East London;
- to deliver financial returns to the public purse over the long term; and
- to optimise sustainability and success of the Park and venues.

This is the Corporation's Business Plan for the period 2012/13-2014/15. These three years will be the most important in the delivery of the Park. By March 2015:

- the Park and venues will be successfully re-opened with a programme of events and visitor attractions establishing the Park's reputation as a compelling visitor destination;
- the first phase of development will be underway, building around 800 homes at Chobham Manor to the north of the East Village (Athletes Village); and
- an extensive programme of community programmes will be established to promote regeneration and convergence.

Making an effective start on site will be essential to establishing and maintaining reputation and values, and to creating the quality of destination that will attract investment into the area, and enable local communities to reap the benefits of the Olympic Park legacy.

In April 2012, the London Legacy Development Corporation took over the work of the Olympic Park Legacy Company, as well as some projects from London Thames Gateway Development Corporation. The new organisation has a broader remit and wider area of operation, encompassing a wider programme of regeneration initiatives, as well as setting and implementing planning policy. This is just one of the changes in role that will transform the organisation as it moves from planning, to construction, to regeneration and creating a new destination for London.

## 1. Introduction

The London Legacy Development Corporation (the Development Corporation) has prepared this Business Plan to cover the three years from April 2012 to March 2015, which is the period covered by the current Comprehensive Spending Review (CSR).

Delivering a successful programme during these years will help the Park to achieve its steady state as an active destination for local, regional, national and international visitors, and as a focus for development and investment.

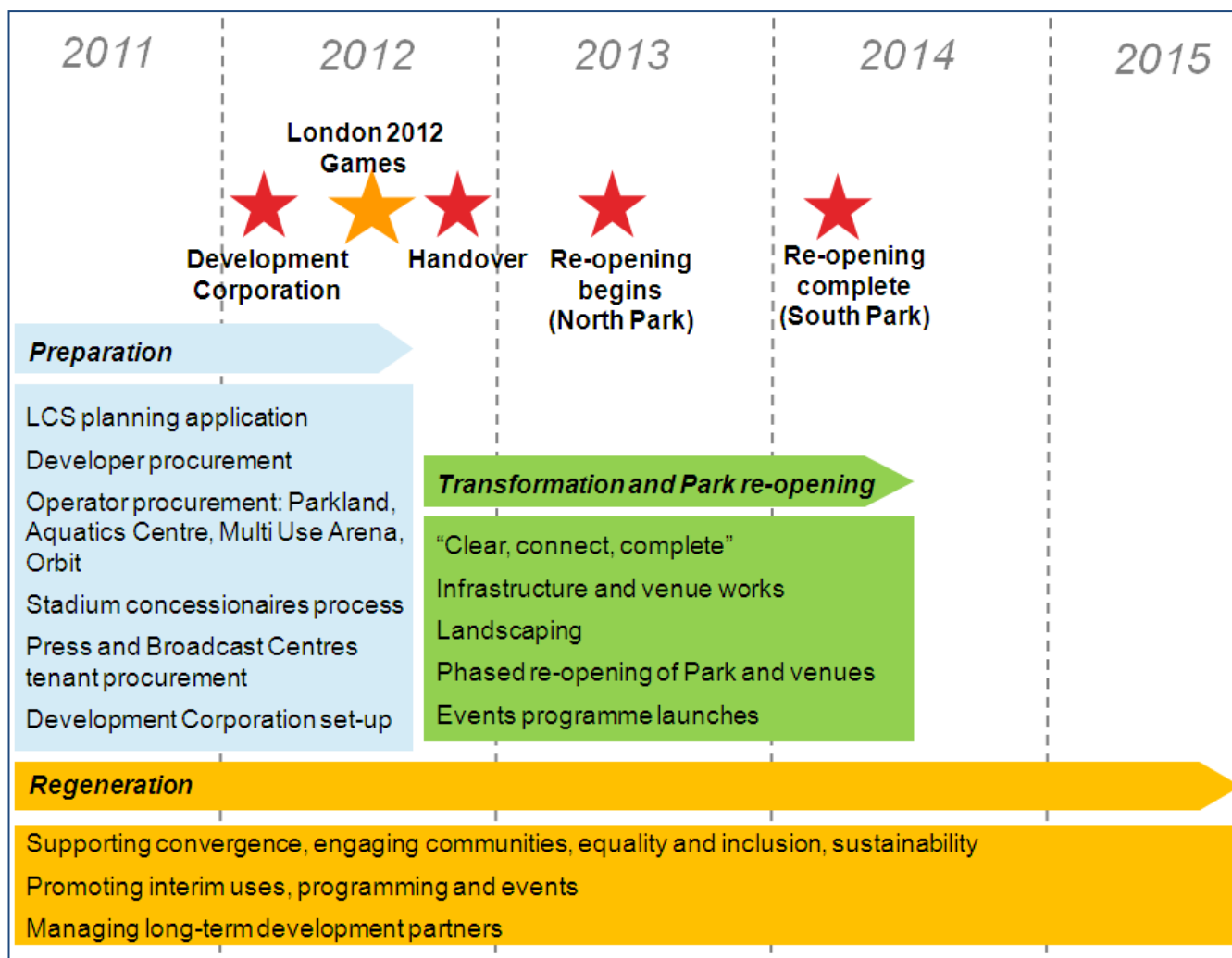
The three-year business plan builds on the achievements of the Olympic Park Legacy Company since the end of 2009, including:

- securing control of the Olympic Park land through the transfer of land, contracts and employees from the London Development Agency (LDA) to the Legacy Company
- the integration of the Olympic Delivery Authority's transformation programme
- appointment of venue operators and estates and facilities management contractors
- commencement of fit-out of ArcelorMittal Orbit
- launch of a procurement process for legacy use of the Stadium
- commencing formal procurement for tenants for the Press and Broadcast Centres
- submission of the Legacy Communities Scheme planning application
- commencement of marketing for the Company's first development: Chobham Manor
- launch of the Legacy List charity
- securing the Company's first sponsorship deal.

This three-year Plan sets out the Corporation's budgets, milestones and targets for the period 2012/13-2014/15. During this period, the Development Corporation will complete its planning phase and:

- deliver successful re-opening of the Park and venues (the Stadium, the Aquatics Centre, the Multi-Use Arena and the ArcelorMittal Orbit), and their financially viable operation in the long-term;
- create a platform for long-term development, thereby attracting further investment, supporting high-quality development and creating returns to the public purse; and
- establish effective regeneration and convergence programmes to ensure that the Corporation delivers on legacy promises to local communities.





The following sections of the Plan articulate:

- the Corporation’s strategic approach;
- within each business line, capital and revenue investment priorities and financial summaries;
- the consolidated financial and funding position; and
- critical corporate risks.

### 1.1 Financial summary

The funding sources and spend by year across the business plan period are set out below. There is a more detailed breakdown in section 8 of the document.

The table below set out the summary of expenditure, along with income from trading, over the three-year business plan period.

Summary of expenditure and income								
(£'000)	2012/13		2013/14		2014/15		Total	
	Capital	Programme	Capital	Programme	Capital	Programme	Capital	Programme
Gross expenditure	160,459	27,861	262,781	38,310	48,716	44,870	<b>471,956</b>	<b>111,041</b>
Movement to reserves				2,720		3,905		<b>6,625</b>
Trading income				(3,587)		(12,861)		<b>(16,448)</b>
<b>Total net expenditure</b>	<b>160,459</b>	<b>27,861</b>	<b>262,781</b>	<b>37,443</b>	<b>48,716</b>	<b>35,914</b>	<b>471,956</b>	<b>101,218</b>

From 2013/14, the Corporation is forecast to begin to generate its own revenues, e.g. from estate charges, events and sponsorship, thereby reducing the level of funding required.

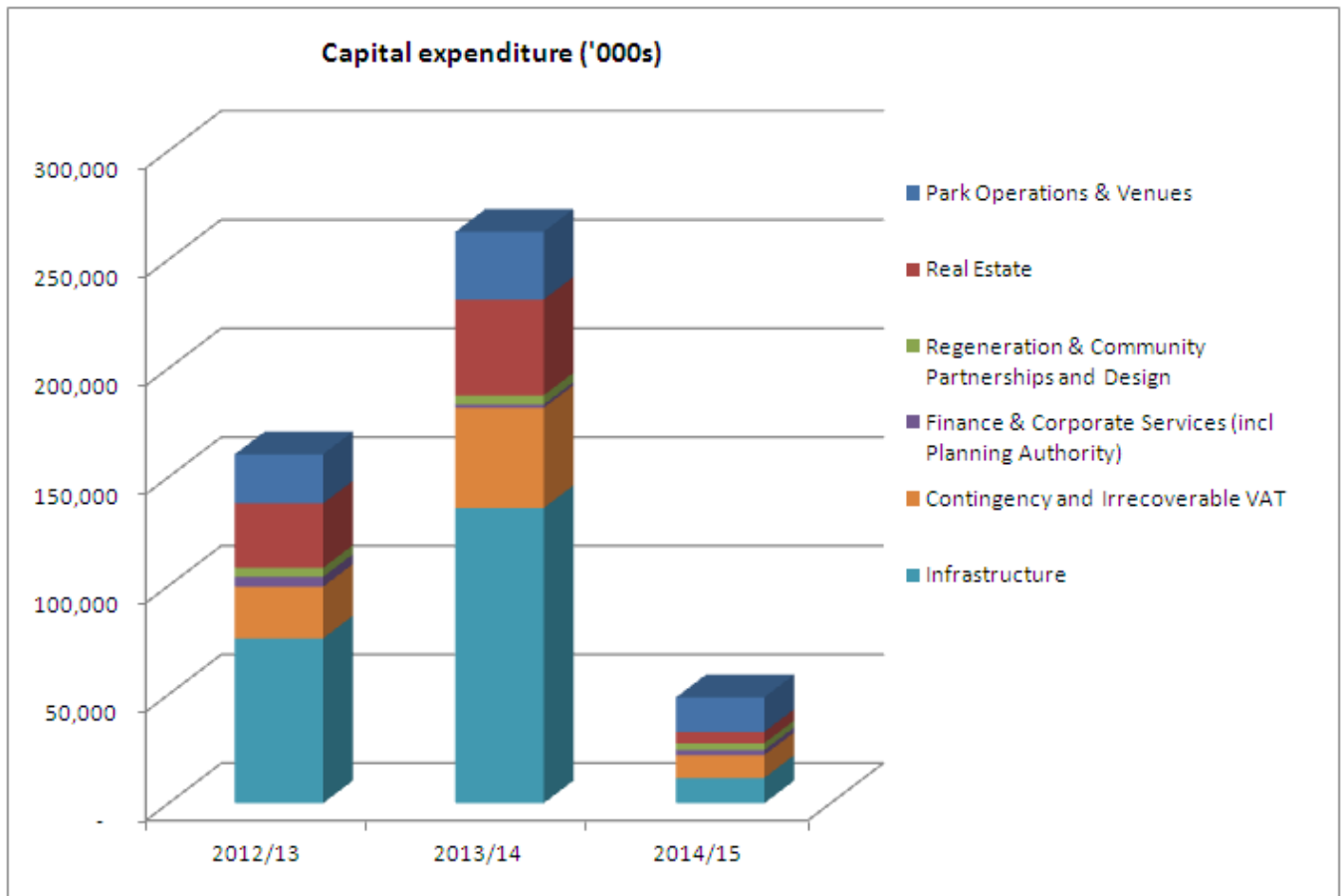
The table below sets out a summary of funding for the business plan period. This includes:

- capital, programme and operational budgets funded through the Comprehensive Spending Review;
- capital and programme funding for post-Games transformation works and operations, funded from the £9.3bn Public Sector Funding Package (PSFP) – the budget to deliver the Olympic and Paralympic programme;
- funding from the Greater London Authority (GLA), including funding pledged to support legacy delivery, and specific funding for Olympic fringe sites.

Summary of funding								
(£'000)	2012/13		2013/14		2014/15		Total	
	Capital	Programme	Capital	Programme	Capital	Programme	Capital	Programme
Comprehensive Spending Review	64,000	10,600	84,000	26,600	39,000	28,150	<b>187,000</b>	<b>65,350</b>
Public Sector Funding Package	92,584	6,418	170,791	765	17,245		<b>280,620</b>	<b>7,183</b>
GLA, LDA and other income	11,691	5,537	131	10,000	34	10,000	<b>11,856</b>	<b>25,537</b>
Movement from reserves		5,277						<b>5,277</b>
<b>Total funding</b>	<b>168,275</b>	<b>27,832</b>	<b>254,922</b>	<b>37,365</b>	<b>56,279</b>	<b>38,150</b>	<b>479,476</b>	<b>103,347</b>

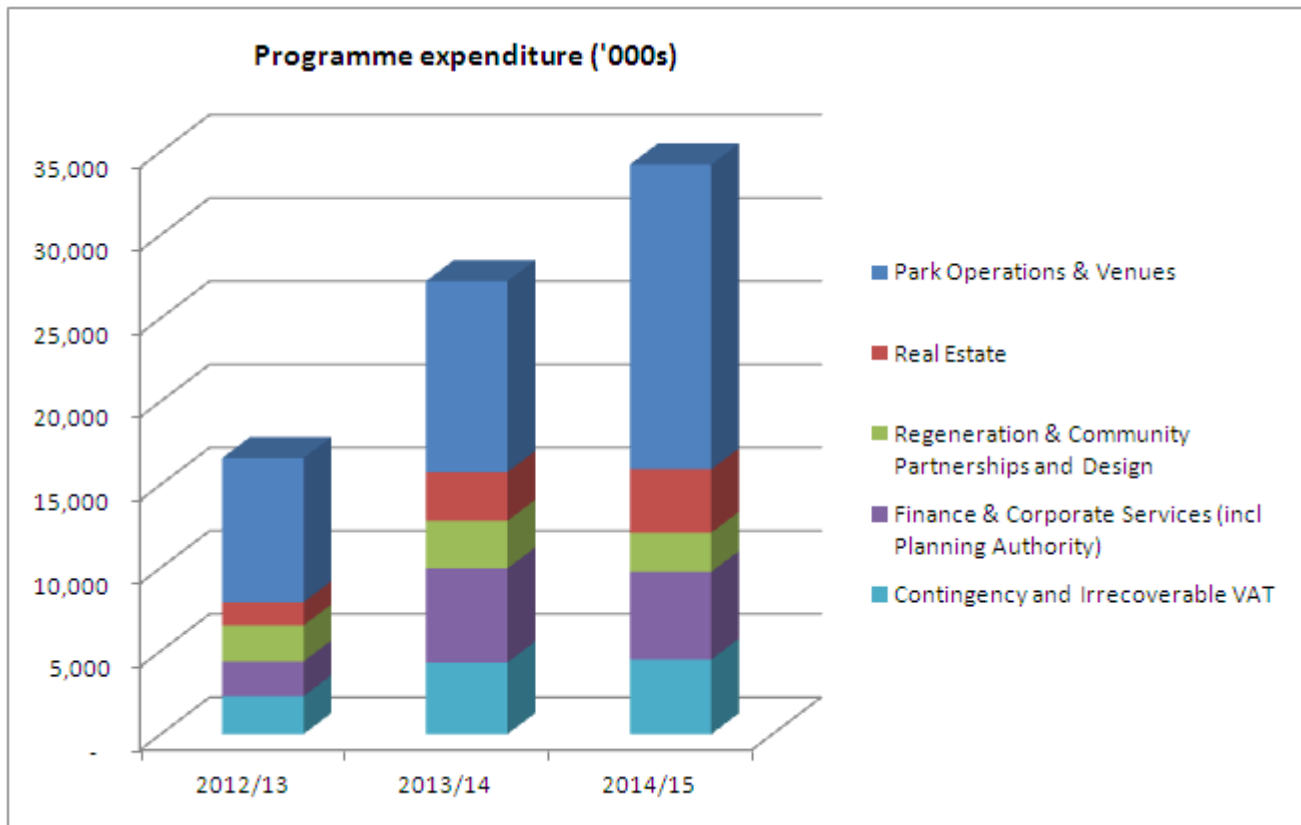
The Legacy Corporation will manage its finances and work with the GLA to ensure that expenditure does not exceed its budgets, building capital and revenue reserves where prudent.

### Capital expenditure 2012/13 – 2014/15

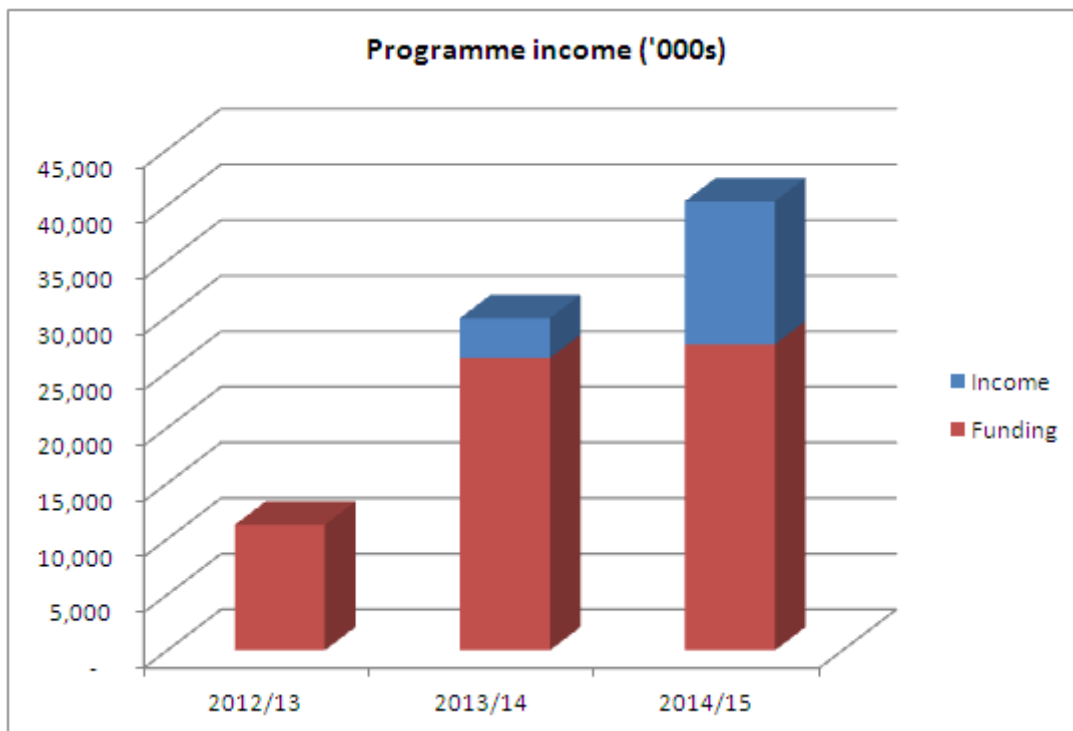


NB: the chart above shows capital expenditure net of receipts from LGTDC projects (£1.35m in 2013/14 and £2.9m in 2014/15).

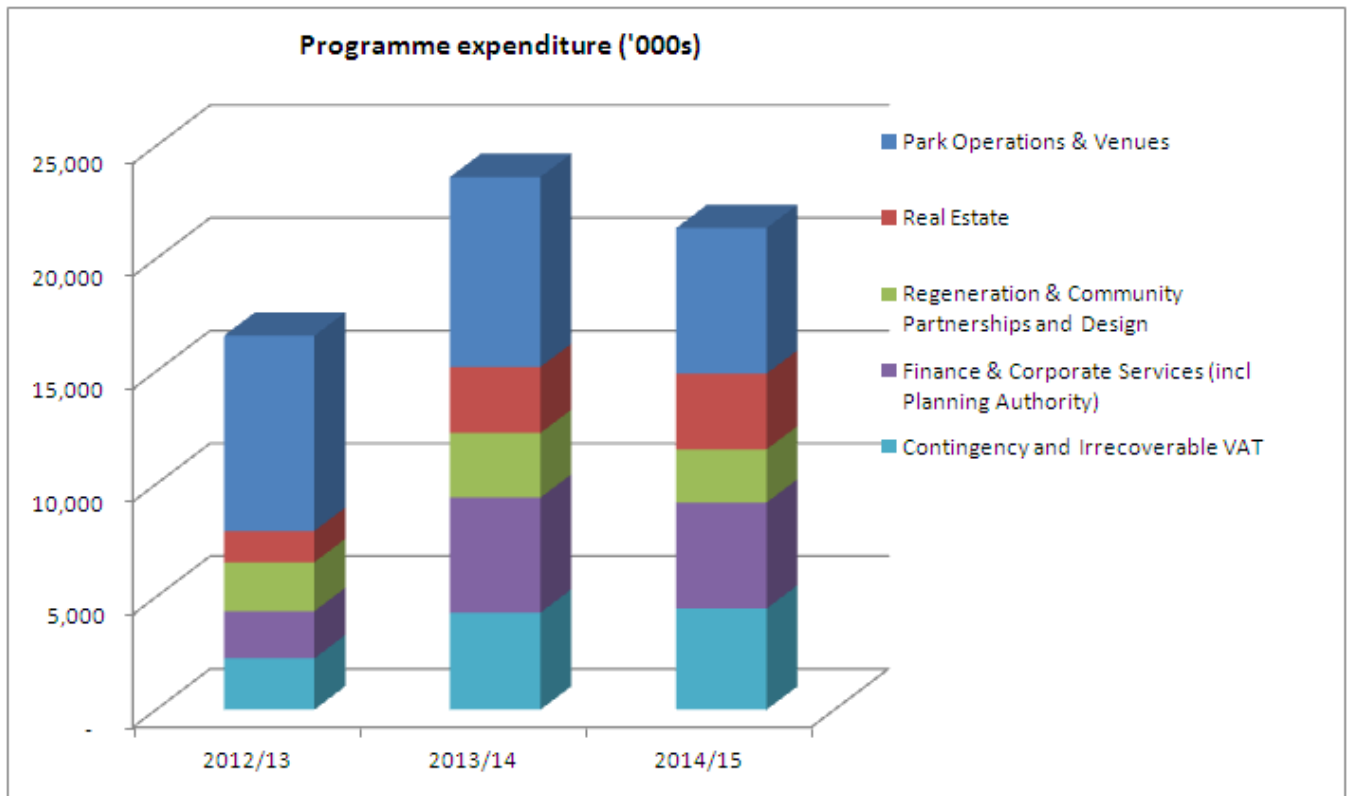
**Gross programme expenditure 2012/13 – 2014/15**



**Programme income (including funding and income from trading) 2012/13 – 2014/15**



**Net programme expenditure (equivalent to funding requirement)**



*NB: the programme charts above do not include operational budgets or movement to or from reserves.*

## 2. Vision and Strategy

### 2.1 Policy context

The Mayor of London's revised London Plan emphasises the central importance of the regeneration of the Queen Elizabeth Olympic Park and surrounding areas (see below), and the Mayor has worked with the London boroughs of Hackney, Newham, Tower Hamlets and Waltham Forest to draft supplementary planning guidance for the Olympic Park and surrounding area, which will provide clarity on planning policy issues for the Lower Lea Valley.

#### Legacy in the London Plan

The Mayor will work with partners to develop and implement a viable and sustainable legacy for the Olympic and Paralympic Games, to deliver fundamental economic, social and environmental change within East London, and to close the deprivation gap between the Olympic host boroughs and the rest of London. This will be London's single most important regeneration project for the next 25 years.

*The London Plan, July 2011*

The five East London 'host boroughs' (the London boroughs of Waltham Forest, Tower Hamlets, Newham, Hackney and Greenwich) led the development of a Strategic Regeneration Framework (SRF), setting out the objective of 'convergence' between the host boroughs and the rest of London (see box below). The SRF was endorsed by the Mayor of London, Government ministers, and the leaders and mayors of the host boroughs in October 2009. In spring 2010, a sixth host borough, Barking and Dagenham, was added to the partnership. The SRF process has now identified priorities for action against three key themes: creating wealth and reducing poverty, supporting healthier lifestyles, and developing successful neighbourhoods.

#### Convergence – the Strategic Regeneration Framework objective

Within 20 years, the communities who host the 2012 Games will have the same social and economic chances as their neighbours across London.

*Strategic Regeneration Framework – An Olympic legacy for the host boroughs, November 2009*

The Development Corporation will play an important part in helping partners to realise these ambitions, but the regeneration of the Olympic Park and its contribution to the regeneration of East London will require the active engagement of a network of partnerships, new public funding commitments and leveraging private resources.

The Legacy Company's reformation as a Mayoral Development Corporation has widened its geographic scope, strengthened its powers and sharpened its focus on supporting regeneration and convergence. The Mayor's proposed purpose for the MDC is set out below.

#### The purpose of the MDC

To promote and deliver physical, social, economic and environmental regeneration in the Olympic Park and surrounding area, in particular by maximising the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence.

*Mayor of London's proposals for a Mayoral Development Corporation, February 2011*

As part of the negotiations on the establishment of the London Legacy Development Corporation (and the transfer of other functions to the Mayor of London), the Government and Mayor of London have

agreed an approach to the distribution of capital receipts arising from the development of the Park. This is set out below:

### **Agreement on Olympic land and assets**

The GLA will receive the Sugar House Lane receipt in full and thereafter the first £223 million in subsequent receipts will go to the GLA to enable it – along with grant – to repay Olympic land debt inherited from the LDA; after that there will be a 25:75 split between the GLA and Lottery until the Lottery has been repaid in full [i.e. £675 million]; finally there will be a 50:50 split between the GLA and the Exchequer on any remaining receipts.

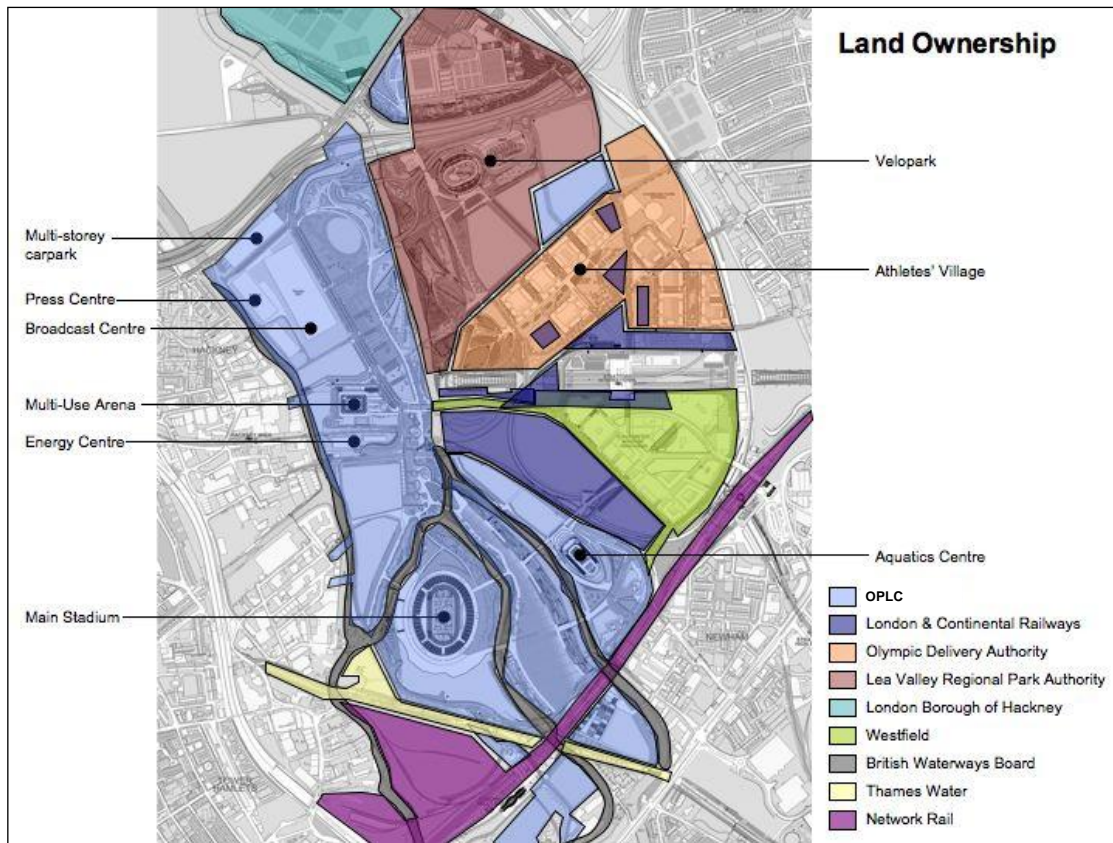
*The Greater London Authority Consolidated Budget and Component Budgets for 2012-13, March 2012*

## **2.2 The Development Corporation's asset base and the Olympic Park**

The London Legacy Development Corporation's assets comprise:

- More than 100 hectares of land within the Olympic Park site;
- A further four hectares of land, plus a range of buildings at Three Mills, one mile south of the Olympic Park;
- Three kilometres of waterways;
- The Olympic Stadium, the Aquatics Centre, the Multi-Use arena, and the ArcelorMittal Orbit;
- The Broadcast Centre, Press Centre, and a multi-storey car park supporting these facilities;
- Structures, bridges and highways servicing the site, including 30 new permanent bridges;
- Other utilities and infrastructure including a combined cooling, heating and power plant.

It should be noted that the Development Corporation's land and asset base constitutes only a proportion of what should be considered the area of the overall Olympic Park (see map below): the 104 hectares of land that the Corporation owns comprises only 37 percent of the wider Olympic Park. Partnership with other public and private sector landowners and investors, including neighbouring boroughs, the Lee Valley Regional Park Authority, and private landowners – therefore remains essential. The Corporation will continue to work with these and other partners to deliver on the Corporation's priority themes, particularly around regeneration and employment.



On 1 April 2012, when the London Legacy Development Corporation took over from the Olympic Park Legacy Company, it took on additional land assets previously held by London Thames Gateway Development Corporation at Hackney Wick and Bromley-by-Bow. These comprise an additional 1.2 hectares of land and five buildings with over 8,000 square meters of gross internal area.

The transition to the Development Corporation also strengthens links with surrounding schemes, such as the Athletes Village (now 'East Village'), which will provide nearly 3,000 homes, plus community infrastructure including Chobham Academy, a health centre, local independent shops, cafes and bars, and all the amenities available at Westfield Stratford City.

### 2.3 The vision for the Queen Elizabeth Olympic Park

The Queen Elizabeth Olympic Park will form the heart of one of the most ambitious regeneration programmes in Europe. The Park will form the core of a revived urban quarter, providing a unique and inspiring place for events and leisure activities, a major centre for sport and culture, new communities built around family housing with a range of affordability, and a commercial hub. It will be an exciting new home for business, leisure and life, bringing the best of London together in one place.

The Olympic Park estate has a unique endowment of infrastructure and natural amenities, providing a historic opportunity to create a new metropolitan centre in the heart of East London. The legacy plans build on combining tradition and innovation to create an exciting new district that integrates fully into East London, and promotes regeneration and convergence.

The new district envisaged will provide:

- extensive family housing to create cohesive new neighbourhoods, based on the use of townhouses rather than high-rise developments;



- higher-density mixed-use development in key locations to link closely with the retail and commercial facilities offered in Stratford City;
- strong connections to East London's communities, based on new bridges, roads, walking and cycling routes, and on programmes to maximise community integration with activity on site;
- a highly active network of waterways, parks and public spaces, combining natural heritage with active programming for sporting, cultural and other events;
- visitor attractions to form the basis of a growing visitor economy and to make the Olympic Park a compelling and popular destination;
- world-class venues linked into the public spaces, also benefitting from a highly programmed approach to events, encompassing everything from international competitions to grass-roots development projects;
- new workspaces, offering campus-style development in a unique parkland setting.

These elements will blend together to create a unique identity for the Park in legacy, one based on maintaining high standards of design and management, in order to maximise leverage of private investment, accelerate regeneration and realise the ambitions of the Development Corporation's stakeholders.

The Corporation has also identified priority themes, which are intended to reflect its wider social, economic and environmental purposes, to define its contribution to the shared objective of convergence (see also section 2.6.2), and to influence and drive its entire work programme, from internal operations, to planning legacy communities, to defining operating arrangements for venues.

The priority themes are:

- **Promoting convergence and community participation**  
For the goal of convergence to be achieved, the Olympic Park legacy needs to be fully accessible for local people. This means ensuring the Park evolves with input from local residents, that economic opportunities are accessible to local people, businesses and social enterprises, and that sporting, cultural and leisure facilities and events in the Park can be used and enjoyed by local people at all income levels.
- **Championing equalities and inclusion**  
The Park lies in one of the most diverse areas of the UK. In addition to statutory duties, the Corporation will take this diversity into account in order to attract the best talent, understand how its decisions impact different communities and groups, and to create and manage its estate in a way that capitalises on, and is accessible by, these diverse communities.
- **Ensuring high quality design**  
Architectural, urban and landscape design will be essential elements for creating a place that is engaging, safe, usable and beautiful, and which creates and maintains value over the long term.
- **Ensuring environmental sustainability**  
Establishing clear standards for environmental performance, and making the most of natural and built assets to meet the challenges posed by climate change mitigation and adaptation.

As the Legacy Corporation develops its plans for the wider area, and integrates them into action planning and policy development, this vision will be revisited and updated.

## 2.4 Aims and goals

In realising its vision, the Corporation has set three long-term strategic aims:

- to deliver economic, social and environmental benefits and convergence for East London;
- to deliver financial returns to the public purse over the long term;
- to optimise sustainability and success of the Park and venues.

These aims and goals are mutually supportive: delivering successful development and capital receipts depends on the Park's success as a destination, which in turn depends on its success in meeting the needs of local communities. Where there is potential for conflict, as there could be between the need for returns to the public purse and the potential to invest more funding locally, the Corporation will seek to strike an optimal balance, in consultation with the Mayor of London, who sets its operating and financial framework.

## 2.5 Economic context and commercial strategy

The economic outlook remains difficult: growth is slow and the continuing challenges being faced in the global economy continue to threaten a return to recession.

The factors that influence the UK housing market continue to paint a complex picture: UK base interest rates are set to stay low, and the availability of mortgage finance is beginning to improve, albeit very slowly. Residential construction growth is slowly returning, but this is principally focused on London. In light of these factors, a modestly-paced recovery in the housing market seems the most reasonable scenario for long-term business planning.

Against this backdrop, the Corporation's ability to deliver its strategic aims will depend on a robust and realistic commercial strategy, and on long-term partnership with investors and developers. The strategy is based on investing in up-front infrastructure and retaining control over estate management, in order to ensure quality and achieve long-term value. This approach will optimise returns to the taxpayer, since successful regeneration projects create short and long-term value shifts, both on site and in the area beyond.

The Corporation's ability to enhance and capture value over the short and long term will also depend on high quality design, build and management – of real estate assets, Parkland and venues. Success will therefore require material upfront investment, a successful re-opening for the Park and venues, and the willingness and patience to take a long-term view on value and returns.

The Corporation will manage the venues and Parkland to maximise their usage, and to minimise their net costs. This will be achieved by actively promoting events and visitor attractions, and optimising the potential of sponsorship and other commercial revenues.

## 2.6 Three year plan – milestones and targets

### 2.6.1 Overview – priorities and performance management

The next three years are crucial to the achievement of these long-term aims. The primary focus within this period is the successful re-opening of the Park and venues. While this period will also see important progress in other areas – e.g. the delivery of planning permission and first phases of development, the development of planning policy and convergence programmes – it is the re-opening of the Park that assumes paramount importance and will be the most visible measure of success.

The Corporation will manage performance through:

- setting, and monitoring progress against, milestones (eg, re-opening the Park and venues);
- monitoring the delivery of planned programme outputs (eg, housing numbers);
- setting targets for specific business areas (eg, workforce composition, visitor numbers, visitor satisfaction etc); and
- commissioning or participating in programme evaluation where appropriate.

The table overleaf shows the major milestones, year-on-year, within the Corporation's main directorates, and the longer-term targets and outputs that have been agreed to date.

### Major milestones, outputs and targets

	2012/13	2013/14	2014/15	Targets, measures and long-term outputs
<b>Park operations and venues</b>	<p>Mobilise transformation works to Park and venues</p> <p>Announce legacy users for Stadium</p>	<p>Commence Park re-opening – North Park</p> <p>Commence venues re-opening (Multi-use Arena and Velopark)</p> <p>Events programme underway</p>	<p>Complete Park re-opening – South Park</p> <p>Complete venues re-opening (Aquatics Centre and Stadium)</p> <p>Annual visit numbers (2015):</p> <ul style="list-style-type: none"> <li>• Aquatics Centre: 700,000</li> <li>• Multi Use Arena: 500,000</li> <li>• ArcelorMittal Orbit: 800,000</li> </ul>	<p>Estates and Facilities Management</p> <ul style="list-style-type: none"> <li>• 85% of the workforce have permanent residency in the Host Boroughs</li> <li>• 50% of the workforce are from BAME groups</li> <li>• 50% of the workforce are women</li> <li>• 10% of the workforce are disabled</li> <li>• 50 apprenticeship places in total for EFM</li> <li>• 1,000 volunteering opportunities to be created</li> </ul> <p>Venue Operations</p> <ul style="list-style-type: none"> <li>• 70% of the workforce have permanent residency in the Host Boroughs</li> <li>• 55% of the workforce are from BAME groups</li> <li>• 50% of the workforce are women</li> <li>• 3-5% of the workforce are disabled</li> <li>• 36 apprenticeship places per year.</li> </ul> <p>Estimated total workforce numbers 200+</p>
<b>Real estate</b>	<p>Planning consent for Legacy Communities Scheme (LCS)</p> <p>Appoint development partner for Chobham Manor</p> <p>Press and broadcast centre tenant secured</p>	<p>Chobham Manor construction underway, with a minimum of 70% family housing in Phase 1</p>	<p>First Chobham Manor homes occupied; phasing strategy for future developments agreed</p> <p>Press and Broadcast Centre tenant in place</p>	<p>Chobham Manor construction targets to be developed</p> <p>Long-term LCS outputs include</p> <ul style="list-style-type: none"> <li>• 7,000 new homes proposed (42% family homes, 35% affordable housing)</li> <li>• up to 4,000 new jobs;</li> <li>• three new schools (two primary, one secondary); nine new nurseries; two walk-in health centres; one primary care health centre; and community, leisure and cultural facilities</li> <li>• 100% lifetime homes and 10% wheelchair homes</li> </ul> <p>Potential for a further 3,500 jobs in press and broadcast centres</p>
<b>Corporate and planning</b>	<p>Transition to LLDC</p> <p>Planning functions and team in place</p>	<p>Planning policy documents complete</p>		
<b>Regeneration and community partnerships</b>	<p>Stakeholder and community communications begin</p> <p>Construction employment programme</p>	<p>Timebank and buyer engagement programmes approved</p>	<p>End-use employment programme underway</p>	<p>See targets embedded in other work programmes</p> <p>Further targets on resident satisfaction etc to be developed</p>

	2012/13	2013/14	2014/15	Targets, measures and long-term outputs
<b>Infrastructure</b>	Contractors mobilised 'Clear, connect, complete' underway		'Clear, connect, complete' programme finished	Tier 1 Transformation employment targets: <ul style="list-style-type: none"> <li>• 25% of the workforce have permanent residency in the Host Boroughs</li> <li>• 10% of the workforce were previously unemployed</li> <li>• 25% of the workforce are from BAME groups</li> <li>• 5% of the workforce are women</li> <li>• 3% of the workforce are disabled</li> <li>• 3% of the workforce are apprentices.</li> </ul>

## 2.6.2 Links to convergence

The Corporation's performance measures and performance management approach reflect the corporate commitment to supporting convergence. The Convergence Action Plan 2011-15 identifies three important themes for supporting convergence between the host boroughs and the rest of London:

- creating wealth and reducing poverty;
- supporting healthier lifestyles; and
- developing successful neighbourhoods.

While achieving convergence in these areas will require action across the host boroughs by a range of partners, the importance of contributing to these objectives is closely reflected in the Corporation's own priority theme policies, and in the performance measures and targets that have already been adopted, as shown in the table below:

Convergence theme (as defined by the host boroughs)	Development Corporation contribution
Creating wealth and reducing poverty	Workforce and training initiatives and targets Employment space provision Creating and maintaining quality
Supporting healthier lifestyles	Park visit targets Events programme Food and beverage provision Community access to sports facilities
Developing successful neighbourhoods	Delivery of Legacy Communities Scheme and associated social infrastructure Provision of safe and secure Park Regeneration focus in spending and planning functions

### 2.6.3 Eleven milestones

#### 2012/13

##### **1) Mobilise transformation works**

Following the Paralympic Games, LOCOG will remove its Games-time overlay and hand the Park and venues to the Corporation for transformation works to commence.

The Corporation has let contracts to a programme management partner and ‘tier one’ contractors, and is currently developing the construction programme to ensure that works are delivered as efficiently as possible – to enable timely re-opening of Park and venues, and to lay the foundations for the delivery of new neighbourhoods and their integration with surrounding communities.

##### **2) Secure planning consent for the Legacy Communities Scheme**

Securing outline planning consent for the Legacy Communities Scheme (LCS) will support the construction of new legacy neighbourhoods – by increasing planning certainty and reducing developer risk, thereby enabling better commercial terms to be reached with development partners.

The application, submitted in September 2011, sets out proposals for circa 7,000 homes and 130,000 square metres of non-residential space, together with community infrastructure for the whole development. Negotiations for the Section 106 community infrastructure obligations have commenced with the planning authorities. These community obligations will cover a range of physical, financial and commercial elements including:

- affordable housing;
- contribution towards social infrastructure;
- measures delivering environmental sustainability.

##### **3) Secure legacy use for Press and Broadcast Centres and Stadium**

Identifying the legacy use for the Press and Broadcast Centres and the Olympic Stadium in 2012/13 will mean that all eight permanent Olympic venues will have their futures determined.

The formal bidding process for the Press and Broadcast Centres began in late 2011 and a shortlist of three was agreed in early 2012. It is intended to announce the successful tenants in summer 2012.

A formal process to identify concessionaires to occupy the mixed-use 60,000 capacity Stadium commenced in late 2011 with the outcome expected in summer 2012.

##### **4) Appoint and mobilise the development partner for Chobham Manor**

With planning permission in place, the Corporation will appoint and mobilise its development partner for Chobham Manor, the development site to the north of the Athletes Village.

The Legacy Company commenced a formal public procurement process for this development opportunity in autumn 2011. Once proposals have been evaluated and a development partner appointed, the Corporation will work with its partner to secure a detailed planning application to enable an early start on site, securing initial phases of family housing and complementing the Olympic Village apartments that will also be on the market from 2013.

### **5) Transition to London Legacy Development Corporation**

On 1 April 2012, the Legacy Company was re-formed as the London Legacy Development Corporation. In addition to assets from the Legacy Company, the new Corporation received real estate assets from London Thames Gateway Development Corporation (LTGDC) in Bromley-by-Bow and Hackney Wick.

In October 2012, the Corporation will also assume planning functions, with the transfer of staff and assets from LTGDC and the Olympic Delivery Authority (ODA). In advance of formal commencement of these powers, the Corporation will work with its predecessor bodies to establish a planning committee and begin preparing the evidence base for planning policy.

### **6) Promote regeneration and convergence programmes**

The Development Corporation will develop and launch programmes to promote convergence and regeneration, including through community engagement, employment and training programmes, and community-focused events programming. The Corporation will also develop its strategy for intervention in the areas around the Park, to promote and develop projects that will support convergence, regeneration and integration.

2013/14

### **7) Commence Park re-opening – North Park**

A Park opening strategy is being developed to optimise early access to the Park, enabling visitors and residents to benefit from the amenities on offer, whilst segregating them from construction operations.

This strategy is based on opening the North Park, where transformation works can be completed more quickly, during summer 2013. Visitors will be able to access the newly designed and constructed North Park Hub and play area, and later in the year, the reconfigured parklands and waterside areas, the Multi-use Arena and the Velopark (the latter will be owned and managed by the Lee Valley Regional Park Authority).

This phased opening strategy will be managed to build interest in the Park, to foster a sense of 'ownership' from local communities, and to generate growing footfall and revenues for the venues, the ArcelorMittal Orbit, and the programming and concessions.

An events programme will be used to maximise visitation to the Park, and to establish a reputation as a leading London visitor destination, with the objective of securing nine million visits per year by 2016.

### **8) Complete planning policy framework**

By April 2014, the Corporation will aim to have completed the preparation of its local development plan and community infrastructure levy (CIL) charging schedule. Meeting this ambitious deadline, which will require public consultation and examination in public of plans, will be important if the Corporation is to have CIL arrangements in place when Section 106 agreements fall away for strategic matters in April 2014.

## **2014/15**

### **9) Conclude Park opening**

The Corporation's first aim for 2014/15 is to conclude the Park opening strategy with opening of the South Park in spring 2014. The remaining transformation works to the Stadium are anticipated to be complete during summer 2014.

A formal launch will take place during summer 2014 to publicise the Park, venues, attractions and programming on offer and materially increase the footfall and associated revenues from these.

### **10) First Chobham Manor homes occupied**

By early 2015, the first phases of Chobham Manor will be ready for occupation, launching the first legacy neighbourhood and bringing activity to the Park.

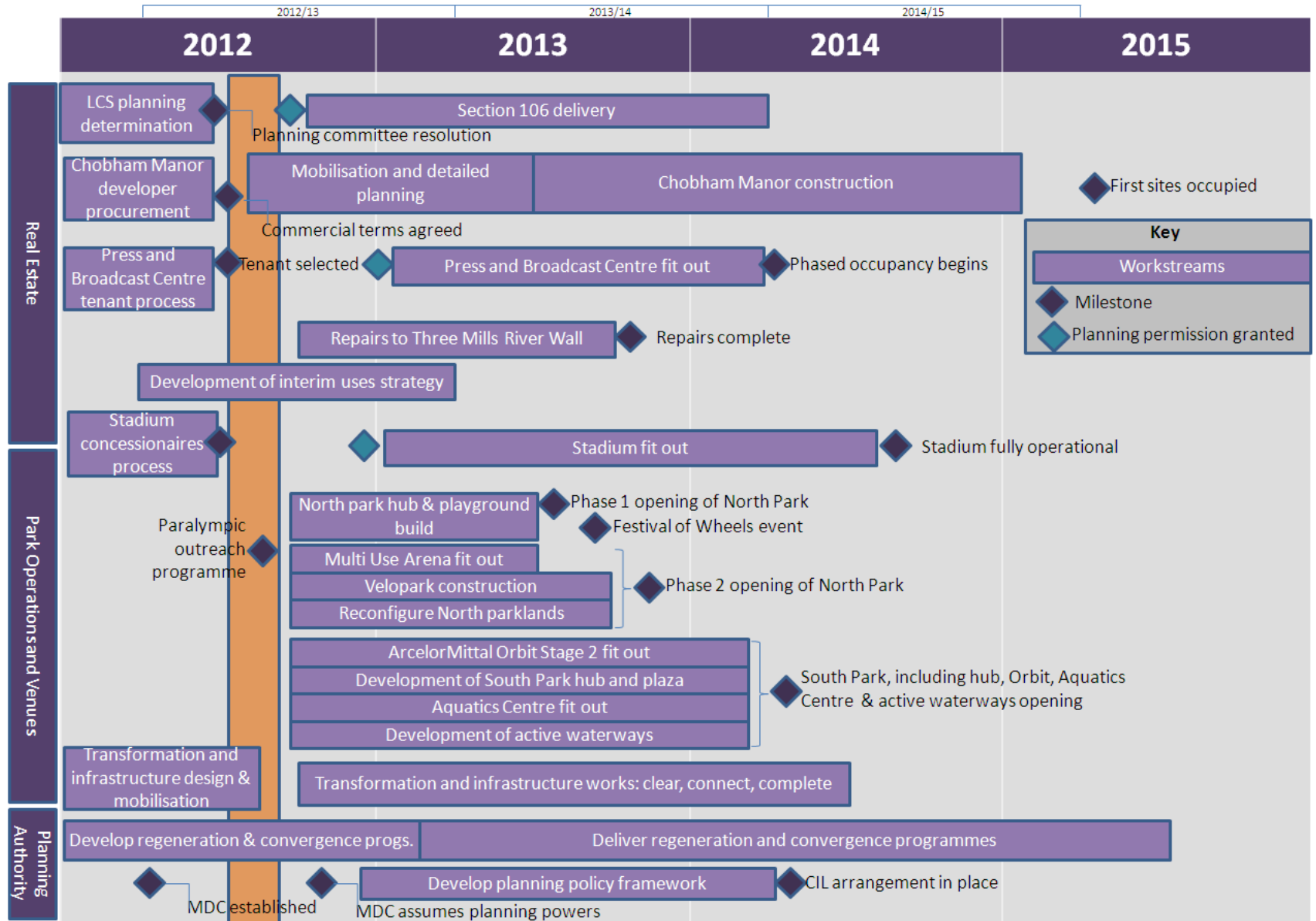
### **11) Tenants in Broadcast Centre and Press Centre**

By 2014, the Press Centre and Broadcast Centre will have been converted to their legacy configuration, and will begin to be occupied on a phased basis, delivering thousands of jobs for local people, and significant revenue income from estate charges.

Overleaf is a diagram that sets out these critical milestones along with other key milestones and workstreams that the Corporation will deliver during the business plan period.



### OPLC/LLDC major workstreams for 2012 - 2015



## 2.7 Organisational development

The range of tasks set out above will require a significant organisational change programme for the London Legacy Development Corporation. Challenges include:

- the need to adapt to a new status as an **mayoral development corporation**, with public meetings, planning powers, and a wider remit that extends beyond the Park and embraces a broader regeneration mission;
- the transition from **planning to construction delivery**, with capital budgets amounting to circa £500 million, the majority of which must be spent in 2012/13 and 2013/14, in order to achieve economies of scale and minimise post-Games closure of the Park;
- the transition from **construction delivery to public opening and operations**, in order to build the Park as a visitor destination, and the heart of a new urban quarter for London, with a high quality of management and activation to ensure success and build long-term value.

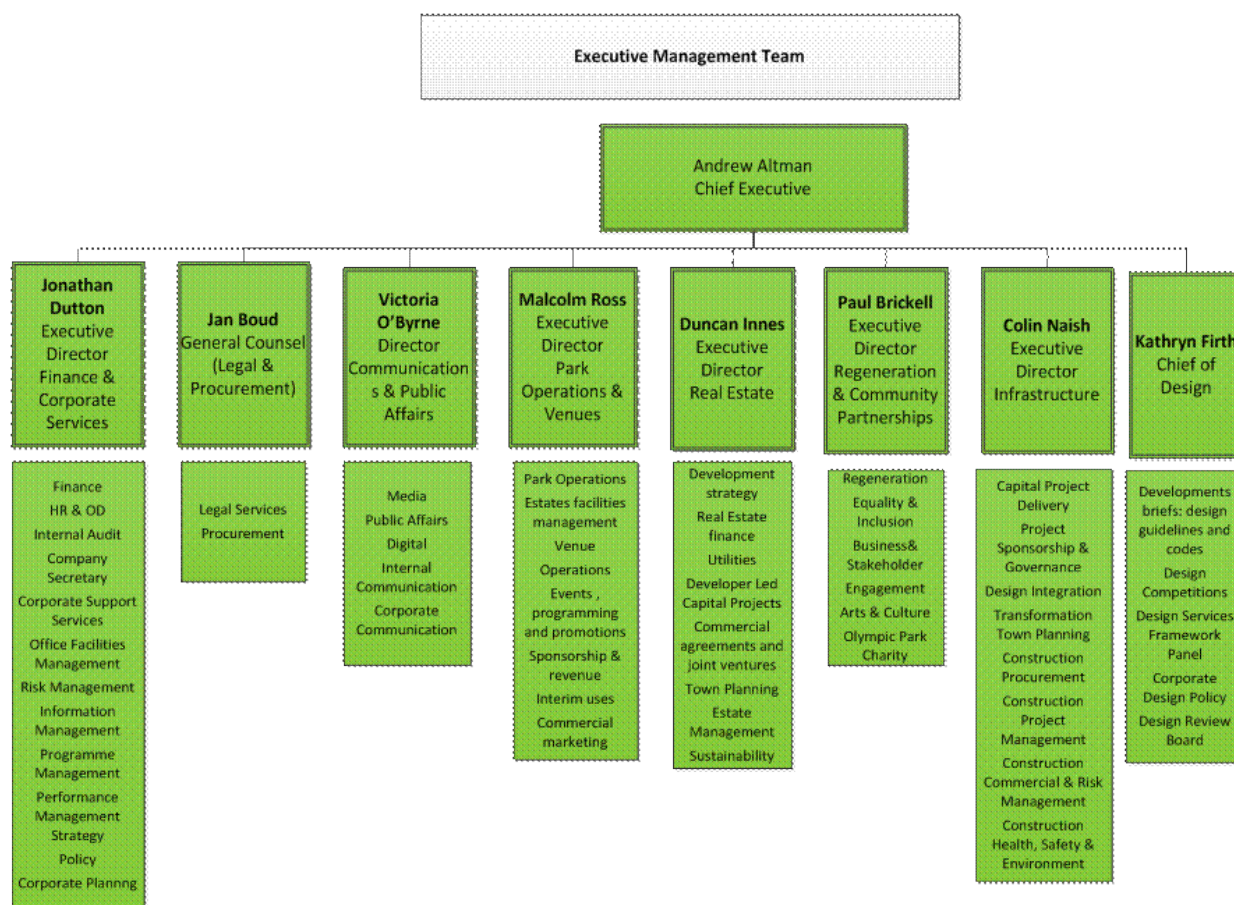
These three changes will take place in short succession at a time when the Corporation will be in the public spotlight, requiring an organisational structure that is focused and adaptable, and which can draw on new skills – like procurement, commercial negotiation and contract management – according to changing demands. In this period, the Corporation will operate through five operational departments:

1. **Park Operations and Venues**, which will lead the development of the Park and venues as a visitor destination and will incorporate an events programme that will put the Park on the map;
2. A **Real Estate** function, which will work with developers to build the new neighbourhoods around the Park and to market and manage assets such as the Press Centre and Broadcast Centre;
3. The **Regeneration and Community Partnerships** directorate, which will deliver its own projects as well as ensuring the Corporation optimises its impact on regeneration and convergence;
4. The **Infrastructure** directorate, which will deliver the £300 million transformation programme, and other capital works during the period immediately after the Games; and
5. The **Design** directorate, which ensures that architectural, urban and landscape design quality is on the agenda across all projects being delivered by the Company.

Organisational support is provided by **Finance and Corporate Services, Legal and Procurement**, and **Communications and Public Affairs**. These services may be shared with other organisations when this offers best value for money.

In addition, the **Planning Decisions and Policy** function will deliver development management services to developers and householders in and around the Park, and will put in place an integrated planning framework to support convergence and regeneration. Budgets for this function will be held in Finance and Corporate Services until it is established in October 2012.

The structure, as at April 2012, is shown below:



The Corporation's total staffing numbers will peak in 2012/13 (to reflect new functions including construction delivery, planning and other new functions), and will reduce in subsequent years in line with efficiency savings.

For the three years of the business plan, the Corporation's operational budget will be funded by a grant originating from DCLG. This will cover spend on staff salaries, non-salary staff costs, Board costs, professional advice, accommodation and IT.

Operational budget (£'000s)	2012/13	2013/14	2014/15
Development Corporation	10,600	11,100	10,650
Planning Decisions Team	678		

## 2.8 Directorates and programmes

The remaining sections of this document set out plans for the Corporation's different directorates and teams, setting out each directorate's budget, and the major projects and programmes they will deliver.

### 3. Park Operations and Venues

The Queen Elizabeth Olympic Park will become a major new attraction for London and the UK when it reopens after the Games. Detailed business planning has determined that it has the potential to host over nine million visits each year, with people enjoying the parklands, playing sport inside and outside the venues, and visiting exciting attractions as well as casual park use.

Delivering the Park as a 'must see, must return' destination will be crucial to its long term success, and to:

- generate visitation to ensure maximum use of the venues;
- create and sustain a sense of excitement and 'happening';
- support regeneration and convergence through the creation of new opportunities and employment;
- generate commercial revenues to offset Park running costs, and to bring new opportunities to local businesses;
- deliver a 'safe place' in line with the Mayor of London's 'Safer Parks' initiative;
- enhance and sustain the value of the Corporation's real estate.

The Corporation inherits exceptional parkland and venues from the Olympic and Paralympic Games, but will need to undertake further work to optimise these facilities and their viability for legacy. The North Park and Multi-Use Arena will be the first area and venue to open in July 2013 following completion of the transformation works, with the Aquatics Centre and ArcelorMittal Orbit opening at the end of March 2014 along with the South Park Plaza and Hub. The Stadium will open later in 2014.

Major outputs in this period will include:

- re-opened Queen Elizabeth Olympic Park, with two Park hubs, and opportunities for visitor attractions;
- re-opened Stadium, Aquatics Centre, Multi-use Arena and ArcelorMittal Orbit;
- an event programme to include launch events and a diverse programme to drive footfall; and
- sponsors in place to deliver commercial revenues to support Park and venue operations.

This section is divided into two main programmes: **Park Operations** and **Venues and Attractions**, which are further broken down into projects under a small number of subheadings. A summary budget for the directorate is set out below.

Capital budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Park Operations	12,347	12,704	12,128	South Park Plaza Hubs VeloPark Security Interim Uses Operations Centre
Venues & Attractions	10,254	18,457	3,800	Aquatics Centre fit out Multi-use Arena fit out Stadium fit out ArcelorMittal Orbit fit out Attractions Wayfinding Buses
<b>Total capital budget – Park Operations and Venues</b>	<b>22,601</b>	<b>31,161</b>	<b>15,928</b>	<b>69,690</b>

Programme budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Park Operations	7,337	7,255	8,239	Estate and Facilities Management Marketing and Sponsorship Security Programming and Events Food and Beverage Sport and Healthy Living Ticketing
Venues & Attractions	1,321	1,170	(1,781)	Aquatics Centre operations Multi-use Arena operations Stadium operations ArcelorMittal Orbit operations Attractions
<b>Total programme budget – Park Operations and Venues</b>	<b>8,658</b>	<b>8,425</b>	<b>6,458</b>	<b>23,541</b>

*N.B. Figures in brackets indicate net income expected*

### 3.1. Park Operations – explanatory notes

Within the overall Park Operations programme, there are a number of important projects which will contribute to the successful re-opening of the Park.

## **Capital**

Two '**park hubs**' are planned for the Park, and these buildings will provide flexible accommodation for educational, leisure, community and commercial activities as well as eating, drinking and toilet facilities. The North Park Hub will be relatively small, with a café, toilets, a children's play area and a flexible space for community and corporate events that will help bring the North Park to life and generate the revenues needed to make the Hub self-financing. The South Park Hub sits at the heart of the 'cosmopolitan' end of the Park, close to the ArcelorMittal Orbit (AMO) in the South Park Plaza, with the Olympic venues as its backdrop. The South Park Hub will be larger than that in the North Park, reflecting the greater number of visitors to this part of the Park and providing essential front-of-house facilities for visitors to the AMO.

The **southern parklands** will require further investment in landscaping and activation to change it from an Olympic Park, responding to the specific needs of the Olympic and Paralympic Games, into a popular metropolitan park for everyday use. Following a strategic review, a masterplan has been commissioned and will provide a framework for a range of activities, events and attractions.

The **VeloPark** project involves capital expenditure to reconfigure the cycle circuit in the North Park near the Velodrome, owned and to be managed by the Lee Valley Regional Park Authority (LVRPA).

**Security** capital expenditure is essential to ensure that the Park is a safe and enjoyable place to visit, and Secured by Design measures and considerations will be implemented throughout the Park.

## **Programme**

Balfour Beatty Workplace has been appointed to deliver the **estate and facilities management** (EFM) services for venues, parklands and public realm, as well as the operation of the ArcelorMittal Orbit and South Park Hub. The agreed term will cover a pre-Games mobilisation period, ramp up and service delivery during Transformation, and then a ten year baseline contract. This covers 19 services including cleaning, building and grounds maintenance and security. The contract will operate fully from 2014, with mobilisation commencing from April 2012. The operation of the Park during transformation will be funded through 'operational readiness' funding from the public sector funding package.

**Events and programming** includes expenditure on a wide range of events, from international sporting contests to local community activity. An early initiative will be the Paralympic Ambassador Outreach and Community Champions programme in 2012/13, which will offer 10,000 free Paralympic Games tickets to the residents of the six Host Boroughs, community groups, and residents across Greater London (Host Borough residents will receive the majority of the ticket allocation) to provide the opportunity to experience the Park and encourage local ownership.

**Sport and healthy living** will be focussed on community outreach and encouraging sports activities in and around the Park. Capital expenditure may include the installation of free

equipment around the Park such as table tennis tables but could also include the purchasing of sports equipment for local clubs.

**Income streams** during the period will include:

- Sponsorship opportunities across the Park and venues
- Food and beverage sales, including the café at the North Park Hub as well as a mixture of carts, stalls and self-contained vehicles.

### 3.2. Venues and Attractions – explanatory notes

The venues (Stadium, Aquatics Centre and Multi-use Arena) as well as major attractions including the ArcelorMittal Orbit will also play a significant role in the successful re-opening of the Park and generation of the estimated nine million annual visitors. The Multi-Use Arena is expected to have 500,000 visitors per annum by 2015, the Aquatics Centre 700,000 visits and the ArcelorMittal Orbit 800,000.

Operators have been secured for two of the Corporation's three legacy sporting venues, with the **Multi Use Arena and Aquatics Centre** to be managed by social enterprise Greenwich Leisure Limited (GLL). Whilst the OPLC will incur initial mobilisation costs in the next 12-18 months, the venues will begin contributing revenues in 2014.

The Corporation has activated contingency plans in relation to the **Olympic Stadium**, following the decision to end the previous disposal process. The Stadium will now be retained as a public asset and the Corporation is undertaking a new process to secure tenants. The Stadium project may require further allocation of capital funding, and the options for meeting this additional demand have been identified. Athletics will remain at the heart of the facility, as has been promised as part of the 2017 World Athletics Championship bid. The Stadium programme is currently managed in the Real Estate directorate.

The Corporation's **attractions strategy** will be a key element in animating the Park when it re-opens. The ArcelorMittal Orbit is expected to generate an annual surplus, which will support Park operating costs. There has been an extensive review of other attractions opportunities available, and these range from small family-friendly rides through to large scale attractions, semi-permanent exhibitions and temporary seasonal events.

The overall aim of the attractions strategy is to deliver high footfall/visitor numbers that contribute to the overall popularity and revenue streams of the Park. Revenue will be generated through the 'rent' of the land on which each attraction sits, and the Corporation may share in the revenue generated by ticket sales, etc. In addition, ancillary revenues will be generated from Park visitors through the food and beverage outlets. As well as contributing revenue, the attractions strategy can contribute to convergence aims (e.g. with active participation contributing to the sport and healthy living agenda).



## 4. Real Estate

Real Estate projects include the delivery of the circa 7,000 homes proposed in the Legacy Communities Scheme (LCS), securing tenants for the Press and Broadcast Centres and delivering a future strategy for Three Mills. These projects will lay the ground for long-term financial returns (capital receipts and estates charges) and contribute to regeneration. They comprise commercial negotiations, the preparation of sites and infrastructure, and the delivery of disposal and development strategies for individual sites, securing planning permission.

In the Plan period key developments will include:

- the development of Chobham Manor;
- the development of the waterways as an amenity and attraction; in partnership with British Waterways (soon to become the Canal & River Trust) and others;
- delivering tenants for the Press and Broadcast Centres; and
- determining and securing the future use of Three Mills island and studios.

The major outputs in this period include: planning permission for the Legacy Communities Scheme; occupancy of the Press and Broadcast Centres; provision of 800 homes through Chobham Manor; circa 25 hectares of land available for interim uses; creation of two footpaths and two bridges and repair of one bridge, completion of a legacy strategy for Three Mills, progressing projects at Hackney Wick and Bromley by Bow, implementing waterways projects, and negotiating agreements with utilities providers and other stakeholders.

Capital budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Real Estate Development Strategy and Infrastructure	29,608	44,048	5,151	Chobham Manor Land Assembly LCS Planning Press and Broadcast Centres Sustainable Energy Projects Waterways Hoardings and Landscaping Connectivity Utilities / Rights LTGDC Inherited Projects Remediation Sugar House Lane Three Mills Estate Management Section 106
<b>Total capital budget – Real Estate</b>				<b>78,807</b>



Programme budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Real Estate Development Strategy and Infrastructure	1,385	2,926	3,357	Press and Broadcast Centres Sustainable Energy Projects Waterways Utilities / Rights LTGDC Inherited Projects LDA Novated Sites Sugar House Lane Three Mills Estate Management Development Management
<b>Total programme budget – Real Estate</b>				<b>7,668</b>

#### 4.1. Development Strategy, Infrastructure and Three Mills – explanatory notes

This programme is a suite of inter-related projects. Together with the LCS these projects contribute to the delivery of economic, social and environmental benefits, deliver financial returns to the public purse and optimise social and environmental benefits.

The Corporation has commenced the process to select a developer for the **Chobham Manor** site to build the first neighbourhood on the Park, with up to 800 new homes, 70% of which will be family housing. The development is enabled by a land assembly deal with LVRPA to secure full ownership of the Chobham Manor land; the final payment will be made in this period. Negotiations with potential development partners have not been concluded, so potential income/receipts are not shown in this plan.

Other **development strategy** projects relate to preparing sites for future disposal and ensuring the Corporation meets its legal and planning obligations. This includes: commercial negotiations with landowners (such as developing a joint venture with London Borough of Newham for Rick Roberts Way); commissioning feasibility studies for sites such as Pudding Mill Lane; working with education institutions to secure further/higher education and schools on the Park and fulfilling the Corporation's obligations to the Travellers who were moved from the Olympic site.

Work in this area also includes the development of an **estates strategy** that aims to maintain the Park estate at a high quality, including through an estates management function, which will ensure that the Corporation captures revenue income (estate service charges and ground rent) from the Park estate.

Working closely with Park Operations and Venues, there is budget allocation to provide hoardings and landscaping to facilitate **interim uses of** development platforms that generate income and drive visitors to the Park before development commences, and to pay costs associated with servicing those sites.

Further investment in sites at Hackney Wick Hub and Hackney Wick South inherited from LTGDC will generate income from rent and sales for the Development Corporation from 2012/13.

Other **infrastructure** projects include:

- connectivity projects: building bridges, footpaths and links in the park to allow access to infrastructure and attractions within the Park for disabled people, pedestrians and cyclists
- payments to Network Rail and CrossRail for land transfers and licences; spend to develop Western Bridges and acquire land around bridge nibs which will generate income for the Corporation
- provision for the Corporation to meet its legal obligations to make payments to adopt roads (Carpenters Road and Waterden Road) in the Park
- the development of the waterways as an amenity and attraction, in partnership with British Waterways and others, which includes budget provision for physical improvements and property rights to allow this development
- negotiation of rights to ensure that utilities are provided on the Park
- remediation of land including monitoring of ground water treatment and the set up of a soil hospital to support ongoing remediation programmes
- sustainable energy projects to help ensure the Corporation meets its sustainable energy targets. Options are being considered to determine the most viable projects to deliver.

**Three Mills and Sugar House Lane** projects include the management of Sugar House Lane during the leaseback period and the capital expenditure the Corporation is obliged to make, allowing handover of the site to LandProp in December 2012. It also includes construction work at Three Mills, and repairs to the buildings and infrastructure. An options appraisal is being undertaken to determine the future strategy for the Three Mills site, including whether to sell the site or to continue to operate it.

The **Broadcast Centre, Press Centre and multi-storey car park** are located in the North West corner of the park on a site of around 30 acres. The Press Centre has 29,000 square metres of office space and the Broadcast Centre has 62,000 square metres of commercial space including 8,400 square metres of office space. The car park can accommodate 1,200 parking spaces and 28 coach spaces (subject to planning approval to retain the entire car park). The Press Centre and Broadcast Centre offer a unique opportunity to create a new vibrant commercial district and be key employment generators for the Olympic Park.

The project includes the selection of tenants for the Press and Broadcast Centres, seeking planning permission for the buildings and the car park, and the appointment of contractors to undertake fit out work to be complete to allow phased occupancy of the buildings to begin as early as April 2014.

An outline business case has been approved and the full business case will be completed by June 2012 when a preferred bidder is due to have been selected from the current shortlist. By the summer, negotiations should be complete and there will be certainty around the capital investment requirements.

## 4.2. Legacy Communities Scheme Planning and Section 106 – explanatory notes

This programme includes the LCS planning application, any further applications following this and payments for infrastructure through Section 106 following the completion of negotiations.

The LCS planning application has been submitted to the ODA Planning Decisions Team, for resolution to grant permission planned for summer 2012, with formal granting of planning permission in September 2012. The scheme will further the Corporation's aims by enabling the creation of new homes in lifetime neighbourhoods, new jobs and supply chain opportunities, and a high quality, safe environment for residents and visitors. The outputs in the LCS application will be realised over a 20-year period, including: circa 7,000 new homes proposed: 42% family homes (3 bed+), 35% affordable housing, 60:40% social rented: intermediate; up to 4,000 new jobs; three new schools (two primary, one secondary); nine new nurseries; two walk-in health centres; one primary care health centre; and community, leisure and cultural facilities.

The development will exhibit excellent architectural and urban design, will be built to high environmental standards and will be designed to be inclusive to all people and to meet their needs, regardless of age, disability and ethnicity. The new neighbourhoods will integrate fully with, and provide new opportunities to the existing communities that surround them, not to be an isolated island of development.

The LCS budget includes the local planning authority's reasonable legal fees for the determination of the application. After the application is determined, funding has been allocated for discharge of site-wide planning conditions and S106 obligations, for example undertaking feasibility studies on construction projects; further associated planning applications required to deliver LCS, for example for new bridges and land outside the LCS zone; and continuing to act as a planning assurance function for other planning applications undertaken by the Corporation, for example for the Press and Broadcast Centres and Chobham Manor.

Negotiations to agree a deliverable and viable Section 106 settlement sit alongside the LCS planning application to the same timetable. This includes Section 106 payments, viability works and determination of the phasing of future developments.

## 5. Regeneration and Community Partnerships, and Design

The aim of the Regeneration and Community Partnerships directorate is to ensure that regeneration and convergence objectives are embedded in programmes across the organisation, and are furthered through specific initiatives to promote community and business engagement, economic regeneration, equalities and inclusion, and arts and culture.

The Design directorate ensures architectural, urban and landscape design quality is on the agenda across all projects being delivered by the Corporation. It provides design concepts, guidance, and procures and directs design teams. The team is involved in projects being delivered on the Park such as the North and South Park Hubs and Landscape Masterplan, the outline planning application for the LCS and the phase 1 development, Chobham Manor.

The Design team is also involved in the delivery of projects in the neighbourhoods immediately surrounding the Park, making significant improvements to the public realm, connections between communities, town centres and facilities within the 'Olympic Fringe'. These projects, promoting the 'ownership' of the Olympic Park for surrounding communities, are of particular significance in this Plan period as there will not yet be a critical mass of residents and businesses established in the Park.

Capital budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Regeneration and Community Partnerships	1,613	1,781	1,566	Arts and Culture Community and business engagement Socio Economic Equalities and Inclusion / Inclusive Design
Design	2,543	2,500	1,600	Design Fringe Regeneration
<b>Total capital budget</b>	<b>4,156</b>	<b>4,281</b>	<b>3,166</b>	<b>11,603</b>

Programme budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Regeneration and Community Partnerships	1,870	2,742	2,287	Arts and Culture Community and business engagement Socio Economic Equalities and Inclusion / Inclusive Design
Design	299	124	70	Design Fringe Regeneration
<b>Total programme budget</b>	<b>2,169</b>	<b>2,866</b>	<b>2,357</b>	<b>7,392</b>

### 5.1. Regeneration – explanatory notes

In the next three years, the Regeneration and Community Partnerships directorate will focus on three programmes of activity which will enable the Development Corporation to achieve its objectives. The directorate will deliver projects which:

- improve the accessibility of the waterways to enable community access to infrastructure such as the waterways themselves, the White Building, Sugar House Lane community centre and Hackney Wick station;
- facilitate tours of the Park, a public hotline, the fitting of community spaces with legacy messaging and a sustainability walking/cycling trail around the Park, and contribute to the Food and Beverage Strategy;
- provide an on-site job brokerage facility to support employment, skills and volunteering opportunities for local people; and
- build upon the Art in the Park programme by developing an integrated programme of arts and culture which supports the commercial viability of developments, creates places for active engagement with communities and helps create a viable visitor destination to attract national and international visitors.

Throughout the delivery of these specific projects, and promotion of the Corporation's regeneration aims across its programmes, the approach will be to work closely with delivery partners, including BAM Nuttall, Balfour Beatty Workplace and GLL.

The Corporation will also contribute grant funding to the Legacy List, in order to support the charity's early fundraising phase, thereby enabling significant leverage of private sector funds into using arts and education to make the Park a compelling destination. Targets for leverage of this funding, which would otherwise be inaccessible to the Legacy Corporation, will be negotiated between the Corporation and the Legacy List. The Legacy List will fundraise for projects in line with the strategy agreed with the Corporation, creating benefits for the communities around the Park and, in time, to the communities on the Park.

## 5.2. Design – explanatory notes

The **Design** budget includes funding to deliver the Quality Review Panel which will also support the future planning function of the Corporation, and a range of design projects to be procured from the Design Services Framework panel, including the Canal Park. Programme costs will cover a legacy exhibition strategy and research projects.

The **Fringe Regeneration** projects include Leyton public realm, Hackney Wick Fish Island public realm, the White Building fit out, and a range of connections and infrastructure improvements at Hackney Wick, Fish Island, Carpenters Road, Pudding Mills and Bromley by Bow. The programme budget will deliver engagement and public realm activation projects such as play initiatives and gardening initiatives.

## 6. Finance and Corporate Services (including Planning Authority and Communications)

The Finance and Corporate Services directorate provides services across the Development Corporation including finance, procurement, legal, human resources, facilities management, IT and information management, audit, governance, strategic and corporate planning and programme management. Current and forthcoming projects include the development and implementation of a Park wide IT strategy, management of the Corporation's office move, implementation of the MDC and the subsequent commencement of planning powers in October 2012.

The Legacy Corporation's Planning Policy and Decisions Team will be in place from 1 October 2012, and will deliver the formal development control and planning policy development functions that are expected to be transferred to the Development Corporation at that stage.

The Communications and Public Affairs directorate supports and delivers the effective communication of the whole organisation with all stakeholders and manages online information to ensure it is accurate and up to date. This includes preparing the Corporation's communication strategy concerning the organisation, development projects, major procurements and a wide range of activities including community events, as well as preparing for Park closure and re-opening.

Capital budgets				
(£'000s)	2012/13	2013/14	2014/15	
Park IT	2,282	1,000	1,800	
Mobilisation, infrastructure and premises	1,747			
Corporate programme management	500	500	500	
<b>Total capital budget – Finance and Corporate Services</b>	<b>4,529</b>	<b>1,500</b>	<b>2,300</b>	<b>8,329</b>

Capital budgets for contingency and VAT			
(£'000s)	2012/13	2013/14	2014/15
Corporate capital contingency (incl transformation contingency)	12,572	28,494	6,922
Irrecoverable VAT	11,176	17,519	3,567

Programme budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
Finance and Corporate Services	1,078	3,223	3,448	Insurance Business rates Park IT
Planning Authority	570	1,346	799	Planning policy support Planning decisions support PDT programme budget
Communications and Public Affairs	446	531	455	Communications Corporate Marketing
<b>Total programme budget - Finance and Corporate Services</b>	<b>2,094</b>	<b>5,100</b>	<b>4,702</b>	<b>11,896</b>

Programme budgets for contingency and VAT			
(£'000s)	2012/13	2013/14	2014/15
Corporate programme contingency	606	2,148	1,942
Irrecoverable VAT	1,671	2,158	2,543

### 6.1. Finance and Corporate Services – explanatory notes

The Park-wide IT strategy supports the Corporation's IT and technology infrastructure requirements in the Park after Games time. A fully costed plan is in development and will address the requirement for a whole estate approach for IT on the Park. The aim is for a commercial Park-wide IT strategy contributing to the Corporation's priority themes around employment and skills, sustainability, and access and inclusion. The architecture of the Park IT will be developed through looking at required services (such as ticketing), devices used (like smart phones), data, systems, networking and cabling. By the time of Park handover to



the Corporation the infrastructure and networked service security systems will be in place, with the Park wide IT infrastructure in place for Park opening.

## **6.2. Planning Authority – explanatory notes**

The London Legacy Development Corporation will take on planning powers in October 2012. Planning staff and assets from the Olympic Delivery Authority and London Thames Gateway Development Corporation, along with six months' budgets of the Planning Decisions Team (PDT), will be transferred to a newly created Planning Policy and Decisions directorate to fulfil this function, supported by a dedicated planning committee.

Key work will include the preparation of its local development plan and community infrastructure levy (CIL) charging schedules to be in place when Section 106 agreements fall away for strategic matters in April 2014.

### **6.3. Communications and Public Affairs – explanatory notes**

In the next three years, Communications and Public Affairs will continue to deliver media monitoring (including newswire and publication subscriptions and cuttings) to ensure strong reputational management, and a range of Park tours, media and stakeholder events and provision of training to senior staff on media and public scrutiny work, which is expected to increase in the period with preparation for Park re-opening. The budget includes an annual retainer for a public relations company to support the delivery of targeted campaigns for the Corporation.

A project which aims to document, film and photograph the Park as it changes during transformation work, as was undertaken by the ODA, will be delivered in this period. An ongoing requirement is the hosting of all online platforms, which includes the development of the MDC website, upgrade of these and domain name management.

## 7. Infrastructure

Within the Infrastructure directorate the Transformation programme is a key element of the works required, involving removing temporary venues, converting permanent ones into legacy configurations and developing the local infrastructure. The Programme involves responsibilities transferred from the ODA for Transformation funding as part of the PSFP.

Capital budgets				
(£'000s)	2012/13	2013/14	2014/15	Projects
North Park transformation	29,870	57,555		North Park Hub Basketball Eton Manor
South Park transformation	29,205	61,891	10,226	South Park Hub South Plaza Stadium Aquatics Centre Waterpolo
Construction security and logistics	10,066	5,086	112	Construction security management Logistics Utility providers
Statutory contributions and Section 106	3,665	1,939		
Transformation design and technical services	4,090	3,693	1,344	
Transformation programme costs	5,231	5,614		Management costs
Withheld by funders	(6,310)			
<b>Total capital budget - Infrastructure</b>	<b>75,817</b>	<b>135,778</b>	<b>11,682</b>	<b>223,277</b>

The Transformation work will 'Clear, Connect, Complete' the Park after Games time. It will clear Games-time overlay including temporary venues, walkways and roads; connect the Park with new roads, cycle and pedestrian paths that stitch across the site and into the surrounding area; and complete permanent venues, bridges and parklands for their legacy use.

The key objectives of the Post-Games Transformation are to:

- remove all elements of Games-time infrastructure that will not be required in the future;
- convert the permanent venues to their legacy configuration;
- bring forward a permanent area of parkland and related infrastructure that is capable of operation by the Development Corporation and Lee Valley Regional Park Authority (LVRPA) as the Legacy owners;

- and improve the connectivity and permeability of the Park for existing and new communities after the Games, providing access to and through the Park and its venues during the period before the full LCS development is carried out.

BAM Nuttall (Tier 1 contractor) has won two separate contracts to deliver £76m worth of the work in the North Park and South Park areas of the site. Around 500 temporary jobs will be created in the process with at least 25% going to local residents in the Host Boroughs and with training and apprenticeship opportunities on offer.

Although the construction work is expected to take up to 18 months, the Corporation has structured the phasing of works so that sections of the Park will be opened to the public from summer 2013.

## 8. Summary

The table overleaf sets out the consolidated funding position over the next three years. During this period, the Development Corporation will commence and complete a significant capital works programme, along with associated revenue/programme expenditure which will be required. The period will also see the re-opening and full mobilisation of the Park and venues, and some facilities beginning to create a financial return, thereby offsetting the overall cost of operating the Park and venues, real estate and regeneration programmes.

Notes on the budget:

- The budget seeks to ensure the most effective use of public money, and a successful re-opening for the Park. Profiling of funding to achieve this will be discussed with the GLA as part of the regular budget negotiations.
- The budget also seeks to profile revenue expenditure effectively in order to maintain and build reserves for the period from 2013/14 onwards.
- The first year Transformation funding has been reduced by £6.3 million by the public sector funders, who are holding this sum to tackle potential costs incurred in making good immediately after the Games.

**Consolidated expenditure and funding 2012/13-2014/15**

(£'000s)	2012/13		2013/14		2014/15		Totals	
	Capital	Programme	Capital	Programme	Capital	Programme	Capital	Programme
<b>Net expenditure</b>								
Operational		11,278		11,100		10,650		<b>33,028</b>
Park Operations and Venues	22,601	8,658	31,161	8,425	15,928	6,458	<b>69,690</b>	<b>23,541</b>
Real Estate	29,608	1,385	44,048	2,926	5,151	3,357	<b>78,807</b>	<b>7,668</b>
Regeneration and Community Partnerships, and Design	4,156	2,169	4,281	2,866	3,166	2,357	<b>11,603</b>	<b>7,392</b>
Finance and Corporate Services	4,529	2,094	1,500	5,100	2,300	4,702	<b>8,329</b>	<b>11,896</b>
Contingency and Irrecoverable VAT	23,748	2,277	46,013	4,306	10,489	4,485	<b>80,250</b>	<b>11,068</b>
Infrastructure	75,817		135,778		11,682		<b>223,277</b>	
Movement to Reserves				2,720		3,905		<b>6,625</b>
<b>Total expenditure</b>	<b>160,459</b>	<b>27,861</b>	<b>262,781</b>	<b>37,443</b>	<b>48,716</b>	<b>35,914</b>	<b>471,956</b>	<b>101,218</b>
<b>Funding</b>								
Comprehensive Spending Review	64,000	10,600	84,000	26,600	39,000	28,150	<b>187,000</b>	<b>65,350</b>
Public Sector Funding Package	92,584	6,418	170,791	765	17,245		<b>280,620</b>	<b>7,183</b>
GLA, LDA and other income	11,691	5,537	131	10,000	34	10,000	<b>11,856</b>	<b>25,537</b>
Movement from Reserves		5,277						<b>5,277</b>
<b>Total income</b>	<b>168,275</b>	<b>27,832</b>	<b>254,922</b>	<b>37,365</b>	<b>56,279</b>	<b>38,150</b>	<b>479,476</b>	<b>103,347</b>

## 9. Risks

The Development Corporation regularly reviews risks at a project, programme and corporate level. The table below shows the top 11 corporate risks identified in March 2012, their potential impact, and what mitigating action is being taken. Quantitative Risk Analysis (QRA) will be introduced in the early part of the next financial year.

Summary	Impact	Mitigation
<b>Red</b> risk that the Park opens later than has been announced or without the facilities to encourage people to visit the Park in large numbers. This risk could materialise if transformation is delayed due to venues being returned to the Corporation in a poor state of repair.	Significant reputational and operational impacts, and financial impacts on receipts.	Defined and established work programmes and milestone achievement regularly reviewed at Executive and Board levels.
<b>Red</b> risk that planning permission for the LCS will be delayed or not granted.	Financial, reputation and programme impacts and impact on the procurement and joint ventures with developers to start on site Q1/Q2 2013.	Engagement with ODA PDT, Boroughs and other stakeholders to resolve outstanding issues.
<b>Red</b> risk that the outcome of the disposal of the Press and Broadcast Centres does not meet expectations for financial returns and job targets.	Reduced financial returns for the Corporation and reputational impacts.	Maintain competitive tension by taking three bidders through to stage two of the procurement and run a tight commercial negotiation process.
<b>Red</b> risk about site management and communications between Games-time and Park opening.	Negative impacts on the Corporation's reputation with local residents (including new residents in the East Village from 2013) and prospective visitors.	Manage expectations through Park unfolding plan. Develop interim uses, park tours and controlled events. Considerate construction programme and good communications with residents.
<b>Red</b> risk that the process to secure tenants for the Stadium is not successful.	Stadium plan will change or will not be open on target, leading to financial and reputational impacts for the Corporation.	Ensuring that the process is clear and well communicated and the offer is well defined for a wide range of potential users.
<b>Red</b> risk that the design and build programme for the Stadium will slip.	Stadium not opening on target, with financial and reputational impacts for the Corporation.	Efficient procurement to ensure technical programme is achievable.
<b>Red</b> risk that the Corporation does not have the capacity to deliver on new areas of activity.	Impacts on the legacy programme, damage to the Corporation's reputation and increasing costs.	Organisational change programme to target resources in areas that require them, staff training, operational readiness programme.
<b>Red</b> risk that related development projects undertaken by other organisations are not successful.	Negative knock on effect on the success of the Park.	Close work with partners to influence developments and monitor progress.
<b>Red</b> risk that Corporation will not be able to return agreed receipts because of factors such as house price index, budgetary pressures for the Corporation, the impact of the London Settlement agreement and Section 106 obligations.	Reputational, financial and programme implications for the Corporation.	Continuing S106 negotiations and revised offer to PDT. Commercial delivery arrangements with developer partners via joint ventures and risk sharing.
<b>Amber</b> risk about the Corporation's IT systems, information management and security.	Commercial and reputational damage to the Corporation, and potential operational failure.	Procurement of new IT provider, development of Park wide IT strategy, increase in resourcing for IT and information management.
<b>Amber</b> risk about failing to deliver regeneration and convergence impacts of the Park for local communities.	A reduction of the regenerative and convergence impact of the Olympic Park for local communities.	Implement socio-economic policy, agree strong targets in contracts (EFM, Transformation and venue operator contract targets already agreed, close working relationship with partners.

