

REQUEST FOR MAYORAL DECISION – MD 429

Title: SportAccord - International Sporting Convention 2011

Executive Summary:

It is proposed that London hosts the SportAccord Convention in 2011, a major international exhibition and business conference, which brings together the key stakeholders, rights holders and decision-makers in the world of sport. This is an excellent opportunity to promote London for inward investment as a host of new international sporting events post 2012.

The Mayor would need to sign, and enter into a Host City Agreement, with the organisers Congrès SportAccord. The basis of this agreement is that the GLA assumes responsibility for the organisation and financing of the operational requirements of the SportAccord Convention, in terms of venues, logistics and materials.

The outline budget to plan and stage SportAccord is £1.753m, funding for which would come from private and public sector partners, including the LDA, UK Sport, UKTI, DBIS, VisitBritain and VisitLondon.

Decision:

It is recommended that London hosts SportAccord in 2011, with the following being approved:

- 1) the GLA enter into a Host City Agreement with SportAccord;
- 2) the GLA enter into a contract with the Park Plaza Westminster Bridge hotel, to act as the venue for the SportAccord Convention in 2011;
- 3) an exemption to the Contracts Code of Practice to award the contract to the Park Plaza Westminster Bridge Hotel;
- 4) the GLA manages the budget of £1.753 million for this project, and enters into funding agreements and receive sponsorship and funding in respect of this;
- 5) that the Delivery of the project will be in conjunction with Visit London;
- 6) that should full budgeted commercial sponsorship not be achieved, then an approach would be made to the LDA to cover any shortfall up to £345,000;
- 7) that the GLA makes provision to underwrite £330,000 from 2010-11 GLA Programme budget and the allocation to be made to Events For London, in the event that full budgeted commercial sponsorship is not achieved, and the LDA has already contributed £345,000 towards the shortfall. This is subject to the 2010-13 GLA budget process.

Mayor of London

The above request has my approval.

Signature

Date

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

It is proposed that London hosts the SportAccord Convention in 2011, a major international exhibition and business conference, which brings together the key stakeholders, rights holders and decision-makers in the world of sport. This is an excellent opportunity to promote London for inward investment as a host of new international sporting events post 2012.

Hosting SportAccord will enable us to market our 'best in class' venues in order to build on the 2012 legacy, and to showcase the skills of London's businesses. It will also provide London's business supplier network for the 2012 Games with a valuable opportunity to promote their achievements for future major sporting events. The main direct beneficiaries are London's hospitality industry, our sporting venues including new Olympic facilities, and the ancillary businesses throughout the supply chain.

The SportAccord event is one of the largest and most important annual gatherings for the international sports leaders and decision makers in the world. This 'International Sports Convention' brings together senior officials from the following organisations:

- The General Association of International Sports Federations (GAISF)
- The Association of Summer Olympic International Federations (ASOIF)
- The Association of the International Olympic Winter Sports Federations (AIOWF)
- The International Olympic Committee (IOC)
- Many other organisations and federations involved in sport, rights holders, event organiser and sponsors.

SportAccord 2011 will not be a one off activity, but rather a key milestone in delivering London's long-term strategic objective of positioning London as the leading city in the world's sports business marketplace, thereby realising the Olympic legacy, achieving optimal use of our Olympic sporting venues, building export/inward investment opportunities for London's professional services and tourism and sports businesses, and attracting new world-class sporting events to London beyond 2012.

Like London House in Beijing, SportAccord offers an excellent opportunity to work with key partners such as UKTI and LOCOG in selling London and the UK to the world's businesses. London's direct economic benefit from this event is estimated at £5m and is anticipated to attract five new legacy sporting events to London as a result of hosting SportAccord. The GLA will deliver this event, with any assistance from Visit London and any relationship with them to be formalised at a later date using the appropriate approvals.

Host City Agreement

The basis of the Host City Agreement is that the Host City (GLA) assumes responsibility for the organisation and financing of the operational requirements of the SportAccord Convention, in terms of venues, logistics and materials.

Sponsors

Both SportAccord and the Host City would work together to secure new cash sponsors to the event to offset some of the event delivery costs.

Local Host Sponsors

The agreement allows the Host City to seek local commercial partners, either cash or in-kind, to reduce/offset the costs of the Event. Sponsorship will be sought from other potential partners who could bring cash or in-kind support to the event, e.g Airline, technology and hospitality partners.

UK Pavilion and Activation

As part of the agreement, we have expressed an interest to stage a 'UK Pavilion' and a series of activations at the London SportAccord convention in 2011. This UK Pavilion would be dedicated to the UK Regions and Nations, and any revenue received from public sector partners in relation to this would be retained by the City to offset and reduce event costs. To this end, confirmation of financial commitment has already been received from: LDA £650,000; UK Sport £150,000; VisitBritain £127,660; UKTI and DBIS £150,000. In-kind support is also being identified by LOCOG. In addition to this, a further £200,000 support is being identified by the UK cities, nations and regions, which is being brokered by DBIS.

In the event of new cash sponsors, local sponsors or further public funding not being confirmed, an approach will be made to the LDA to cover any shortfall up to £345,000. In addition, we would look to cover any further sponsorship shortfall, over and above this, but up to an additional value of £330,000, by the Events for London 2011 budget.

Event Venue: Park Plaza Westminster Bridge

A major part of the event delivery of SportAccord is the location/venue at which the convention is held. The event programme throughout the week of the convention is extensive and compact in terms of the timings between meetings, seminars, exhibitions and networking opportunities, and therefore the convention should be held in one venue, which is easily accessible. Ideally the venue is a hotel where all elements of the convention can be catered, as well as delegates being able to stay at the location.

As an expert of accommodation in London, a thorough review was conducted by Visit London of suitable London hotels as a venue for SportAccord, which proved problematic, as even the largest hotel in terms of function room capacity, the Grosvenor House Hotel, was unable to accommodate a convention of the scale of SportAccord on one site. Further research led to investigation of a new hotel that is currently being built, the Park Plaza Westminster Bridge, and due to open early 2010. Through discussions with the hotel, it was confirmed that the venue could accommodate the SportAccord convention on the site, including the required bedrooms, function rooms and space for the exhibition and networking events. Being the next largest hotel with facility space (although not extensive enough for SportAccord), a quote was also received from the Grosvenor, which was considerably higher than that of the Park Plaza. As the venue is still under construction, they are open to negotiate favourable rates, as well as showing interest in becoming an 'Accommodation Partner', offering a further discount of £200k as sponsorship as part of this partnership.

The value of the SportAccord event to Park Plaza is forecasted to be in excess of £2m. The elements that the Host City is responsible for paying currently equates to approximately £920k. The private and public sector, as identified in the budget below, will meet these costs.

2. Issues for consideration

a) Links to strategies and Corporate Plan

This proposal meets a number of the Mayor's strategic priorities:

- i. In the face of global competition, retain London's position as the leading global city in which to trade, invest, study and work. In particular, supporting London's businesses by 'championing London's businesses at home and abroad'.
- ii. Realise the potential of London's sporting venues and Olympic Park as nationally and internationally significant sports, leisure and business locations.
- iii. Utilise existing/new sporting and other cultural activities to promote participation in sport as a lasting legacy of the 2012 Olympics, and building capacity and skills in sports management to increase participation in sport.

b) Impact assessments and Consultation

SportAccord give each Olympic Host City the 'first option' on hosting the SportAccord conference in the year prior to the Olympics, and as such SportAccord approached London. Wider discussions and consultation have taken place with organisations including LOCOG, UK Sport, LDA, Visit London, UK Trade and Investment (UKTI) and DBIS (Department for Business, Innovation and Skills) which seeks to promote investment, skills, employment, efficiency, innovations and competitiveness for regional development. LDA, UK Sport, Visit Britain, UKTI and DBIS have all committed financial support for the event.

If the event does not come to London, we will miss this unique opportunity to showcase London's and British expertise in event management, event supply chain and venue/infrastructure construction. Global commercial interest in the Olympic and Paralympic Host City is at its highest in the year before the Games actually take place, and therefore 2011 is the most opportunistic year to host this event for London. It is anticipated that London could attract five new legacy sporting events between 2013-2020 as a result of hosting SportAccord.

c) **Risk**

The preparations and staging of this event will be carried out by Visit London and SportAccord. It is an established event with a history of well attendance, and therefore it is anticipated that there will be a good delegate take up.

There will be a Management Group meeting every six weeks, with representatives of the following organisations; GLA, LDA, Events for London, LOCOG, DBIS, UKTI, UK Sport, Visit Britain and Visit London. Programme milestones will be set and monitored by the Group. In addition a high level Steering Committee is also proposed, which will meet every six months to review progress. This will comprise directors and senior government officials of the organisations noted.

3. **Decisions**

It is recommended that London hosts SportAccord in 2011, with the following being approved:

- 1) the GLA enter into a Host City Agreement with SportAccord;
- 2) the GLA enter into a contract with the Park Plaza Westminster Bridge hotel, with a value of up to £920,000 to act as the venue for the SportAccord Convention in 2011;
- 3) an exemption to the Contracts Code of Practice to award the contract to the Park Plaza Westminster Bridge Hotel;
- 4) the GLA manages the budget of £1.753 million for this project, and enters into funding agreements and receive sponsorship and funding as follows:
 - LDA – up to the value of £995,000*
 - UK Sport – to the value of £150,000**
 - VisitBritain – to the value of £127,660
 - UKTI and BERR - to the value of £150,000
 - UK cities, nations and regions – to the value of £200,000
 - Other sponsors – to the value of £475,000
- 5) that the delivery of the project will be in conjunction with Visit London;
- 6) that should full budgeted commercial sponsorship not be achieved, then an approach would be made to the LDA to cover any shortfall up to £345,000;
- 7) that the GLA makes provision to underwrite £330,000 from 2010-11 GLA Programme budget and the allocation to be made to Events For London, in the event that full budgeted commercial sponsorship is not achieved, and the LDA has already contributed £345,000 towards the shortfall. This is subject to the 2010-13 GLA budget process.

*£650,000 core LDA funding with up to a further £345,000 to be requested via the appropriate decision method should other sponsorship not be forthcoming.

**£75,000 of the £150,000 funding from UK Sport received by Visit London in 2008/9 for scoping work.

4. Financial Comments

4.1 The budget to host the SportAccord convention is outlined below:

| EXPENDITURE | £ | |
|-------------------------------------|--------------------|-----------------|
| Venue | 600,000 | |
| Lunches/refreshments | 127,000 | |
| Receptions | 246,000 | |
| Flights & Transfers | 29,000 | |
| Marketing | 70,000 | |
| Technology/Infrastructure | 218,000 | |
| Project management and support | 170,000 | |
| Insurance | 20,000 | |
| Conference Content | 273,000 | |
| Total Expenditure | 1,753,000 | |
| | | |
| | | |
| Funding | £ | Secured? |
| | | |
| <i>New cash sponsors</i> | | |
| New cash sponsors | (300,000) | No |
| | | |
| <i>Local VIK sponsors</i> | | |
| Technology partner | (110,000) | No |
| Airline partner | (25,000) | No |
| Hospitality partner | (40,000) | No |
| | | |
| <i>Public funding (committed)</i> | | |
| LDA | *(650,000) | |
| UK Sport | ** (150,000) | |
| VisitBritain | (128,000) | |
| UKTI/BERR | (150,000) | |
| LOCOG | VIK | |
| GLA | ***VIK | |
| | | |
| <i>Public funding (UK Pavilion)</i> | | |
| UK Cities, Nations and Regions | (200,000) | No |
| | | |
| | | |
| Total Income | (1,753,000) | |

*£650,000 core LDA funding with up to a further £345,000 underwrite if other sponsorship is not forthcoming.

**£75,000 of the £150,000 funding from UK Sport received by Visit London in 2008/9 for scoping work.

**** up to £330,000 to be allocated on a first call from 2010-11 GLA Programme budget and the allocation made for Events for London, to underwrite any additional sponsorship shortfall, over the £345,000 underwrite provided by the LDA.*

- 4.2 Unsecured funding (that is being or to be sought) currently stands at £675,000. There is potential to call upon a further £345,000 from the LDA and £330,000 from the core 2010-11 GLA Programme budget (allocation made to Events For London).
- 4.3 The potential GLA contribution of £330,000 is subject to the 2010-13 GLA budget process. This will be highlighted as a priority commitment within the budget process.
- 4.4 Funding agreements will be put in place outlining appropriate milestones and payment schedules. Once these are in place at the value mentioned sufficient budget will be secure to match budgetted expenditure as estimated above. All funding needs to be in place prior to the expenditure being incurred.
- 4.5 All funding and expenditure will be held within the Events For London programme budget. All budget adjustments will be made.
- 4.6 The Events For London Team within the External Affairs directorate will be responsible for project managing this work and insuring that all expenditure complies with the GLA contracts code of practice and expnses and benefits framework as appropriate.

5. Legal Comments

- 5.1 Section 30 of the Greater London Authority 1999 (“the Act”) provides the Mayor with the power to do anything which the Authority considers will further one or more of its principal purposes, which are: the promotion of economic development and wealth creation, the promotion of social development and the promotion of the improvement of the environment in Greater London. Paragraph 1 indicates that Sport Accord will help promote economic development in Greater London.
- 5.2 Section 32 of the Act provides that the power under section 30 is exercisable only after consultation with such bodies or persons as the Authority considers appropriate in the particular case. Paragraph 2 above notes the consultation that has taken place in this matter.
- 5.3 Section 33 of the Act requires the Authority, when exercising a section 30 power, to make appropriate arrangements with a view to securing that there is due regard to the principle that there should be equality of opportunity for all people. Paragraph 2 above indicates the regard that has been had to equalities implications in this case.
- 5.4 Section 30 (5) of the Act provides that the Authority should exercise its section 30 powers in the way which it considers best calculated to promote the improvement of health of persons in Greater London and to contribute towards the achievement of sustainable development in the United Kingdom, except to the extent the Authority considers not reasonably practicable. Paragraph 2 above indicates the regard that has been had to this requirement.

Further Funds From LDA

- 5.5 Paragraph 1 mentions that should sponsorship funding not be raised then further funds would be requested from the LDA. Any such request will require appropriate further approval and Legal should be consulted.

Procurement of Park Plaza

- 5.6 Paragraph 1 states that the Park Plaza is the proposed Hotel to be used for the venue. It also states that a fully competitive procedure in line with the Contracts Code of Conduct was not conducted as there were not enough suitable venues, and that as such an exemption from the Code is being requested.
- 5.7 Paragraph 1 states that the Park Plaza was the only hotel in London of sufficient size with the appropriate function room capacity to accommodate the event. An exemption is therefore applied for on the grounds of there being a lack of suitable suppliers. Section 16.7 of the Code allows an exemption on the grounds of a lack of suitable suppliers, and the Mayor is therefore able to grant the exemption should he so choose.
- 5.8 Where an exemption is requested the Code in section 16.13 requires that value for money is secured. Paragraph 1 above states that given the Park Plaza was a new Hotel being built officers were able to negotiate favourable rates. Additionally, paragraph 1 states that the Grosvenor, the next largest Hotel was approached in addition to the Park Plaza, and that the competitive quote received from the Grosvenor was far above that offered by the Park Plaza.
- 5.9 In addition to the Contracts Code of Practice, there is the requirement that the procurement comply with the EC Treaty and any EU Public Procurement Directives. Normally a contract for this value would require a full OJEU procedure, but as this is a hospitality service it falls into the category of being a 'Part B' service under the EU Procurement Directives. This means that there is no requirement to undergo a full OJEU procedure.

C-324/98: Telaustria Verlags GmbH and Telefonadress GmbH v Telekom Austria AG established that whilst a contract may be 'Part B' and outside the scope of the Public Procurement Directives, it must still comply with the fundamental rules of the EC Treaty, especially that of non discrimination. The case and subsequent Commission Interpretative Communication (2006/C 179/02) state that this may involve 'a degree of advertising sufficient to enable the services market to be opened up to competition', and that is for the contracting party to establish whether the contract award 'might potentially be of interest to economic operators located in other Member States'.

Given that the Hotel had to be location specific, and that the size of the Hotel left only one suitable hotel, it would appear to be a low risk that the EU would find that the contract was of interest to other member states. As such the fact that officers did not advertise for the contract has a low risk of being challenged.

Officers should consult with Legal on the appropriate contract documents for the services from Park Plaza.

Host City Contract

- 5.10 It is noted that a Host City Contract will have to be entered into for Sport Accord. Officers should, and have been consulting with Legal on the contents of this document.

Other Contracts

- 5.11 Paragraph 1 indicated that there will be a number of other contracts associated with the event. Officers should consult and co-ordinate with Legal on the appropriate documentation for these contracts. The Contracts Code of Conduct will have to be followed in relation to the procurement of any other goods or services.

Receipt of Grant Funding

- 5.12 Paragraph 1 states that a number of organizations, including the LDA, will be funding the GLA in order to assist with delivering Sport Accord. Officers should consult with Legal on the relevant agreements for these grants.

Relationship with Visit London

- 5.13 It is noted that Visit London will be delivering the event along with the GLA. Should this relationship need formalisation or include the transfer of resources then additional approval will have to be requested for any such move, and Legal should be consulted.

Sponsorship

- 5.14 Paragraph 1 mentions that sponsorship income will be sought in order to lower the cost to the GLA of Sport Accord. Officers should liaise with Legal on the legal documentation for any sponsorship arrangement.

Detailed Arrangements will be subject to further decision forms.

6. Background/supporting papers

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the Greater London Authority website within 1 working day of approval. Any facts and advice that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this approval to be deferred? YES

If yes, for what reason:

Deferred until public announcement.

Until what date: 2 October

Is there a part 2 form - NO

OFFICER APPROVAL:

Tick to indicate approval

Sponsoring Director:

Dan Ritterband has reviewed the request and is satisfied it is correct and consistent with the Mayor’s plans and priorities. ✓

Mayoral Advisor:

Dan Ritterband has been consulted about the proposal and agrees the recommendations. ✓

Head of Law:

Jan Boud commented on this on this proposal on behalf of the Head of Law ✓

Executive Director, Resources

I have been consulted about the proposal and confirm that Financial and Legal advice have been taken into account in the preparation of this report.

Signature

Date

Chief of Staff

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date