

CMS 194593 FoI

Dear [REDACTED]

Thank you for your Freedom of Information request of 14 December. You asked:

“Could you please disclose all discussion documents and correspondence, including emails between the department and Locog and the ODA, relating to the requested £20m savings requested of the ODA during the October 2010 spending review.

I would like to see how the department broke that £20m or any correspondence that shows it was up to the Locog and ODA how to attain that target.

Did DCMS specifically request the wrap for the main stadium be included in that £20m? If so, who proposed it be axed in the first place and please disclose all details of the elements of the £7m savings for it.

Was DCMS aware that the ODA's main contractor had already had a tender for that wrap and that bids of between £1m and £2m had been received?

Please disclose all discussion in 2010 and 2011 of Dow Chemical as a potential supplier for the wrap.”

I have dealt with your request under the terms of the Freedom of Information Act 2000 (the Act), and confirm that the Department holds documents containing information which falls within scope of your request. I am able to release this information to you and it is attached.

We do however consider some of the information contained within these documents to be exempt from release under section 35 (formulation of Government policy).

Section 35 is a qualified exemption and so, in reaching our decision we considered whether the balance of the public interest lies in disclosing the information or in maintaining the exemption.

In favour of a decision to disclose:

- The impact on public spending is substantial; therefore public interest may be in the decision-making and development process being transparent.
- Disclosure of background information will allow more informed debate, give a wider number of people the opportunity to contribute to that debate and increase trust in the quality of the decision-making.

Against a decision to disclose:

- Ministers and officials need to be able to conduct rigorous and candid risk assessments of their policies and programmes. There is a high public interest in ensuring that there is an appropriate environment in which the department is able to discuss options and risks, particularly in the case of the Olympics where there are so many factors at play, freely and frankly.
- There needs to be a free space in which it is possible to 'think the unthinkable' and use imagination, without the fear that policy proposals will be held up to ridicule.
- Good government depends on good decision making and this needs to be based on the best advice available and a full consideration of all the options without fear of premature disclosure.
- Advice should be broad based and there may be a deterrent effect on external experts or stakeholders who might be reluctant to provide advice because it might be disclosed.
- The impartiality of the civil service might be undermined if advice was routinely made public as there is a risk that officials could come under political pressure not to challenge ideas in the formulation of policy, thus leading to poorer decision-making.

After full consideration of the above arguments DCMS has determined that the weight of the arguments in favour of withholding some of the information you have requested, under section 35(1)(a) of the Act, is greater than those for releasing the information. Consequently parts of the attached information have been withheld at this time.

In addition, the names of junior officials have been redacted under Section 40 (personal information) of the Act. This is an absolute exemption and does not require a public interest test. I should also point out that information considered to be out of scope of this request has also been redacted.

Finally, in respect of your question as to whether DCMS requested that the wrap be included in the £20 million savings, I will explain the process. The Government asked the ODA to review its uncommitted expenditure and identify options for DCMS to consider as potential savings opportunities. The ODA identified a range of options, which included the removal of the stadium wrap. The options were analysed by DCMS, working with ODA and LOCOG, and agreed by Ministers. Subsequently, DCMS asked LOCOG whether there was any opportunity for private sponsorship.

I should also point out that the Department has been consistently transparent in the release of facts surrounding the financial details of the stadium wrap. As you may be aware we announced the £20m saving at the conclusion of the Spending Review in October 2010 (http://www.culture.gov.uk/news/ministers_speeches/7508.aspx) and also published our Spending Review settlement letter to the ODA which gave further details on the £20m saving (http://www.culture.gov.uk/images/publications/armitt_olympic_delivery_authority.pdf). We subsequently published further background in our Quarterly Report (page 21) published in November 2010 (<http://www.culture.gov.uk/publications/7535.aspx>).

Yours sincerely

[Redacted]

Freedom of Information Team
Ministerial Support Team

[Redacted]

Complaints Procedure

If you are unhappy with the way DCMS has handled your request you are entitled to ask for an internal review of its handling within two calendar months of the date of this letter. If you wish to make a complaint you should contact:

FOI Complaints
Ministerial Support Team
Department for Culture, Media and Sport
2-4 Cockspur Street
London, SW1Y 5DH

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF.

From: **David Goldstone, Director, Build and Finance**
Government Olympic Executive
Department for Culture, Media and Sport
2-4 Cockspur Street
London SW1Y 5DH
david.goldstone@culture.gsi.gov.uk
Tel: 020 [REDACTED]
Fax: 020 7211 6539



27 July 2010

Dennis Hone
Director of Finance and Corporate Services
Olympic Delivery Authority
23rd Floor
One Churchill Place
Canary Wharf
London E14 5LN

*host government
department*

Dear Dennis,

OLYMPIC SPENDING REVIEW: POTENTIAL SCOPE CUTS

The Secretary of State has now submitted his Olympic proposals to HM Treasury ahead of the resolution of the Spending Review in October. His key aim is to ensure all known costs and risks for the whole programme are addressed and resolved in the Spending Review to enable all partners to focus solely on delivery for the final 18 months of the programme. To this end, the SoS is keen to understand the range of scope and revenue choices across the whole Olympic and Paralympic programme to ensure decisions are taken with a common view of the impact on the Games.

GOE has begun a swift line-by-line analysis of individual programmes and budgets, covering all major areas of expenditure: ODA, including ODA Transport, LOCOG, Security, Legacy, Government Operations and City Operations. This will recognise existing work, but will also suggest other areas to examine, with the objective of identifying proposals where savings can be made.

Proposals are only viable if they genuinely remove scope and cost from the entire programme, rather than shift it to another partner or introduce significant additional risk. To that end, each proposal must be assessed against:

- any knock-on savings or additional costs elsewhere in the programme
- the operational requirements for a successful Games and the additional risk that any proposal introduces
- the Host City Contract, Government Guarantees and commitments to the IOC/IPC
- the back-stop date for taking a decision on implementation, beyond which the savings won't be achieved.

At this stage, nothing is ruled out – Ministers are clear they want all options to be considered. This includes opportunities to raise further revenues from non-public sector sources.

I aim to share our initial assessment with you in the next few days and then meet as soon as possible to gather your views on your own programme and also on the potential for scope reductions and revenue increases elsewhere in the programme. When we meet, I will share with you our summary analysis of the current financial position across the programme as background to the current exercise. We will probably then need a follow-up discussion to consider proposals that others have raised that would impact on your programme, either in cost, risk and/or operational terms.

This needs to be complete by 20 August. LOCOG and GOE will then consider the impact of proposals on the 'Games experience' of LOCOG's nine client groups, to bring the decisions to life. We then aim to circulate the full analysis in the first week of September, for consideration at the next Secretary of State meeting with the Mayor, LOCOG and ODA which is fixed for 14 September.

Given the sensitive nature of this work, I'd be grateful if you could keep it to a tight circle within your organisation – recognising the difficulty of leave over the summer holidays. We need to ensure we have the freedom to consider all options, without prejudice to final decisions.

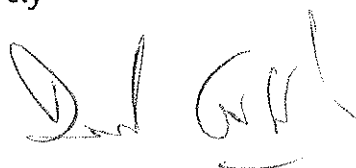
Please do get in touch with any questions. Sue Chapman will be in touch straight away to set up meetings.

Summary outline

Date	
Week beginning 26 July	GOE and all partner organisations conduct internal analysis on potential scope cuts and revenue opportunities within their own programmes and across the whole Olympic and Paralympic programme.
By 30 July	GOE shares initial assessment of potential scope cuts and revenue opportunities with each partner
30 July – 13 August	GOE meets individually with each partner to consider potential scope cuts and revenue opportunities in their area, and proposals for same across the programme
Week beginning 16 August	Follow-up meetings/discussions as required to correlate proposals, ensure full cross-programme cost and operational impact assessed etc
Week beginning 23 August	LOCOG and GOE assess impact of proposals on the 9 client groups
By 3 Sept	Full analysis circulated
14 Sept	SoS meeting with Mayor, LOCOG, ODA

I am copying this letter to David Higgins.

Yours sincerely



David Goldstone

From: Dennis Hone [mailto:Dennis.Hone@london2012.com]
Sent: 04 August 2010 16:44
To: GOLDSTONE DAVID
Cc: [REDACTED]; PATE CHARLIE; [REDACTED]
Subject: PROJECT CANARY

David

Please below my note to the troops for your information.

If you have any major comments let me know – we are now mobilised.

Dennis

Dennis Hone
Director of Finance and Corporate Services

Please note new number:

Direct line: +44 (0) [REDACTED]

Olympic Delivery Authority
Mailpoint: 2323C
23rd Floor, One Churchill Place
London E14 5LN

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From: Dennis Hone
Sent: 04 August 2010 11:48
To: #ODA EMB; [REDACTED]
Cc: [REDACTED]
Subject: OLYMPIC SPENDING REVIEW : POTENTIAL SCOPE CUTS

Dear all,

As I briefed at the EMB catch up the ODA now has to prepare a submission for GOE and potentially ministerial review within the next two weeks in response to the letter from GOE attached.

Yesterday I met with David Goldstone and we discussed the objectives and context of the review and the work the ODA now has to undertake.

Objectives/context

My summary of the position is that the minister is trying to achieve two objectives

- (1) Re-position resources to meet known cost pressures across the London 2012 Programme and this needs to be achieved before the Government Spending Review announcement scheduled for 20 October 2010.
- (2) Reflect the current climate of public expenditure restraint – the Olympics are not exempt and are taking their fair share of cuts.

I think these are understandable objectives in the current climate and clearly need to be actioned within the time frame of finalising the Comprehensive Spending Review as this will set budgets across government for up to the next 4 years.

1. Potential Scope Reductions

Clearly there is recognition that a significant proportion of the ODA budget is either spent or committed and ministers do not want to make cuts that jeopardise the successful delivery of the games or simply shift costs to another organisation. Therefore in essence we are being asked to review:-

- (a) All uncommitted scope to determine if this is essential for the effective delivery of the games and if so can it be delivered more cost effectively
- (b) Committed scope to determine if this essential for the games.

GOE have come up with a short list of example areas e.g. [redacted] a review of delivery options and costs: Committed Scope would include items such as the Stadium Wrap, [redacted] T [redacted]. Where costs are “committed” either contractually or through planning requirements or via other legal documents (such as back to back agreements) GOE recognise that there will be difficulties to overcome to make any scope changes and/or these may ultimately be unachievable. However in the current financial climate we are understandably being asked to consider very carefully the VFM issues against the impediments to scope changes and set these out for GOE/Ministerial consideration.



3. Project Reviews

I think it also important that the ODA is able to set out on a project by project basis (and in summary) the current financial position on each project. In this respect I have in mind an analysis covering

- (a) Expenditure to date
- (b) Contractual Commitments (i.e. with contractors/consultants etc) essential for the Games
- (c) Trends acknowledged and unsubstantiated
- (d) Uncommitted expenditure
- (e) Non games related “committed” expenditure

The objective being to that items (a) to (e) sum to the latest AFC for the project and that items (d) and (e) are those that are subject to review for scope reductions. My purpose in setting this out is to ensure the review is comprehensive but also that items (a) to (c) are excluded from further and unnecessary review.

4. Cashflow

Finally the submission will need to address the cash flow impact of the potential scope reductions as some could fall after the games.

I have therefore commissioned the following work streams:-



[Redacted]

In putting forward areas for potential scope reductions it is important that we accurately and dispassionately spell out the consequences. This means being very clear about legal and planning commitments together with any consequential cost increases that could fall on others. E.g. leave temporary bridge in place could shunt the cost of removal to OPLC. However we must guard against over egging the position as all items will be open to scrutiny and the ODA's credibility will suffer if the stated consequences do not stand the test of external scrutiny.

Contingency Analysis

I have set up meetings with CLM and will lead this review. Again I will circulate drafts for the submission to EMB for comment.

[Redacted]

Dennis

Dennis Hone
Director of Finance and Corporate Services

Please note new number:

Direct line: + [Redacted]

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London E14 5LN

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From: Dennis Hone [mailto:Dennis.Hone@london2012.com]

Sent: 20 August 2010 14:16

To: GOLDSTONE DAVID

Cc: Dennis Hone; [REDACTED]; David Higgins

Subject: Letter to David Goldstone re:Olympic Spending Review - Potential Scope Cuts.

Dear David

Please find enclosed a letter and appendices from Dennis Hone regarding Olympic Spending Review: Potential Scope Cuts.

(By email only)

Kind regards

[REDACTED]

[REDACTED]
PA to Dennis Hone

Director of Finance and Corporate Services

Please note my new phone number:

Direct line: +44 (0) [REDACTED]

Dennis Hone's new number:

Direct Dial: +44 (0) 2 [REDACTED]

Olympic Delivery Authority
Mailpoint: 23C8
23rd Floor, One Churchill Place
London E14 5LN

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David Goldstone
Director Build and Finance
GOE
DCMS
2-4 Cockspur Street
SW1Y 5DH



20 August 2010

Dear David,

Olympic Spending Review: Potential Scope Cuts

I refer to your letter of 27 July 2010 regarding the Olympic Spending review and now present the ODA's response as requested. The ODA has interpreted your letter as a request to:-


- (a) review all uncommitted expenditure to determine whether this is essential or can be undertaken more economically; and
- (b) review "committed" expenditure that is not essential for the successful delivery of the London 2012 Games.

This letter sets out a list of potential scope reduction areas together with summarised information regarding the potential maximum financial savings that could accrue and the legal, planning and other constraints to achieving such scope reductions. It is my understanding that GOE will now review this list and enter into discussions with ODA on any item that they consider worth investigating further prior to a meeting with the Ministers on 14 September 2010. In this respect it is clearly very important that these items are reviewed and evaluated in detail to fully ascertain the consequences of reducing scope and, because this could impact on Games and legacy requirements, the ODA would wish LOCOG, OPLC and other stakeholders, as appropriate, to be consulted on any implications of the potential scope reductions prior to any Ministerial decisions.

To set the Review in context the following paragraphs set out the ODA's Current Financial Position.




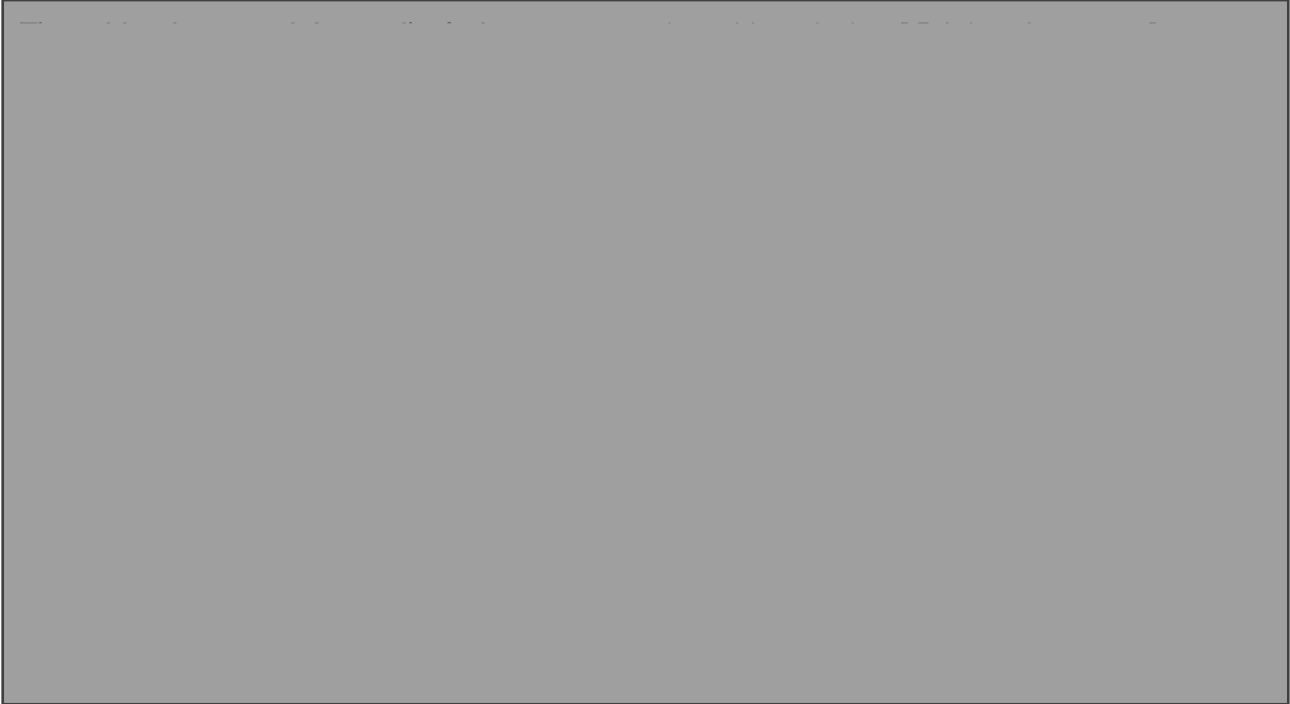
MAYOR OF LONDON





In essence the ODA's fiscal approach is to firmly manage and control scope changes, and therefore the use of contingency, as we believe this offers the best opportunity to deliver within the existing AFC and thereby return un-utilised funding to Government. If this can be achieved the outturn cost could be circa £700m below the total funding available to the ODA.

The current review takes the further step of looking for potential scope cuts to make savings against the current budget. The ODA understands the need to undertake such a review given the current financial situation and accepts that the ODA and the Olympics are not immune from public sector expenditure cuts.






Potential Scope Reductions

As a result of the review of unlet scope and commitments the ODA has identified potential scope reductions amounting to £532m and these are detailed in Appendix B attached. These items could be considered as “not essential for Games” in that the Games sporting events could still be staged without them. However there are potentially significant impacts that will need to be taken into account including the breaking of existing obligations and legal arrangements to achieve these scope reductions 


The ODA understands that GOE will therefore review the schedule and, taking into account legal and planning constraints and the impact on the Games and the views of stakeholders, determine those items that should be investigated further.

In large measure the items in Appendix B represent Legacy Transformation opportunities, Transport Games time scope reductions, reductions against sustainability commitments and information management security reductions. In this regard it should be noted that in the majority of cases these represent Games-time and legacy transformation planning obligations and/or legal commitments to third parties. For example legal agreements with the LDA (now being transferred to OPLC) that require the ODA to deliver all its Planning obligations re the venues and the Olympic Park and gives the LDA rights of enforcement.

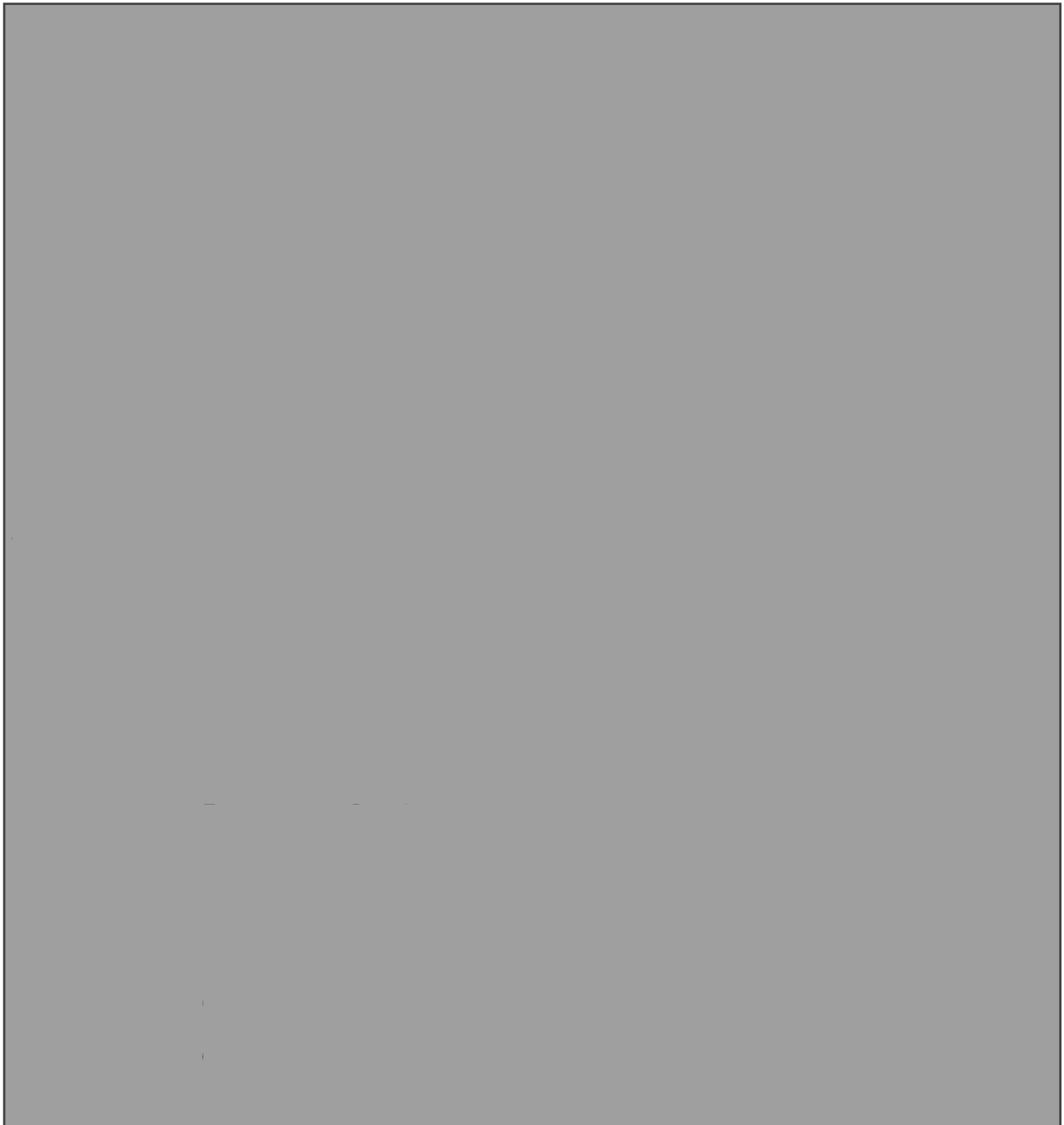


Previous Reviews and Value Engineering

The relatively level of potential scope savings and the difficulty of achieving these should not be a surprise given the maturity of the ODA delivery programme, the planning approvals obtained to date, and the legal obligations to land owners.

Indeed the ODA scope has been the subject of detailed reviews and value engineering in early 2006, mid 2007 and again in 2008. More recently there have been reviews in respect of the temporary shooting venue and the use of Wembley Arena. These reviews have moulded the scope of the ODA and laid the foundations for value engineering and scope savings that have already been achieved across the programme.

To date the ODA has achieved scope and value engineering savings of circa £700m and these have been redeployed to meet cost pressures in other areas of the ODA programme most notably the IBC/MPC and Village projects where private sector development schemes were abandoned as they did not constitute value for money due to credit crunch impacts.



Conclusions

The ODA has undertaken a review of the ODA's scope and budget in accordance with your accordance with your letter of 27 July 2010 and the results are attached at Appendix B.

The ODA working with CLM continues to seek cost efficiencies and economies in respect of the delivery of its current scope but it should be noted that the ODA scope is either contracted or enshrined in planning obligations and legal agreements. This means that the potential scope reductions will not be easy to deliver as they will need third party agreement and will have adverse Games-time or legacy consequences.

The ODA's programme of works is mature and, as GOE is aware, we are currently working on our exit strategy, the opening of the park to the general public and transfer of assets and liabilities to successor bodies. This means the scope for major savings are limited although the ODA believes that material savings can still be achieved by limiting scope changes and scope creep and therefore saving contingency.

The ODA remains open to work on the earlier close out of the organisation and transfer of works and budgets to successor bodies if this would achieve economies of scale and back office savings.

Should you wish to discuss any of the items in this letter and attachments please do not hesitate to contact me.

Yours sincerely,



Dennis Hone
Director of Finance and Corporate Services

cc: John Armitt – Chairman
David Higgins – CEO

From: [REDACTED]@london2012.com]
Sent: 27 August 2010 17:03
To: [REDACTED]
Cc: [REDACTED], GOLDSTONE DAVID; PATE CHARLIE; [REDACTED]
Subject: RE: Restrict: draft paper on scope cuts

All,

Please see the attached updated document from ODA.

Tony

From: [REDACTED]@Culture.gsi.gov.uk]
Sent: 27 August 2010 13:11
To: [REDACTED]
Cc: [REDACTED]; GOLDSTONE DAVID; PATE CHARLIE
Subject: Restrict: draft paper on scope cuts

Hi [REDACTED],

A bit later than expected, but please find attached our draft paper on scope cuts (including those cuts relevant to the ODA). I do stress that it is "draft work in progress" at this stage, and we are keen to feed in comments from yourselves and LOCOG.

We plan to discuss this paper with the SofS at 3.30pm on Tuesday. We would be grateful for an ODA view – if only an outline response at this stage – ahead of that meeting (with a fuller response to follow shortly afterwards if you wish). We're also keen to receive the specific additional info flagged in the document as soon as you have it.

Many thanks for your cooperation,

[REDACTED]

From: [REDACTED]@london2012.com]
Sent: 26 August 2010 19:56
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: supplementary information

Hi, just to let you know where we've got to – we are still waiting for some info to come in so will send the updated info tomorrow. I'm on holiday now - [REDACTED] are in. [REDACTED]

From: [REDACTED]
Sent: 26 August 2010 11:55
To: [REDACTED]; GOLDSTONE DAVID; PATE CHARLIE
Cc: [REDACTED]
Subject: RE: supplementary information

[REDACTED],

Many thanks for your work on this. I will feed it into our paper on savings options which I expect to be able to share with you in draft later today.

[REDACTED].



From: GOLDSTONE DAVID [mailto:DAVID.GOLDSTONE@Culture.gsi.gov.uk]
Sent: 26 August 2010 07:11
To: [REDACTED]; PATE CHARLIE
Cc: K [REDACTED]
Subject: RE: my list of follow ups fro Charlie

Thats great, thanks

From: [REDACTED]@london2012.com]
Sent: 25 August 2010 19:27
To: GOLDSTONE DAVID; PATE CHARLIE
Cc: K [REDACTED] A
Subject: RE: my list of follow ups fro Charlie

Hi, we are seeing David Higgins at 9am tomorrow to go through where we are to date, and unless he objects to anything particularly vehemently, will send across what we've pulled together so far. Hope that's ok, [REDACTED]

From: GOLDSTONE DAVID [mailto:DAVID.GOLDSTONE@Culture.gsi.gov.uk]
Sent: 24 August 2010 11:53
To: [REDACTED]; PATE CHARLIE
Cc: [REDACTED] A
Subject: RE: my list of follow ups fro Charlie

No we didn't!

We had a v short conversation where

- David said to me "were we (GOE) to write to you confirming next steps?"
- I said no – its in [REDACTED]'s email, which charlie agreed
- So your email of next steps is still the position

That was it!

From: [REDACTED]@london2012.com]
Sent: 24 August 2010 10:40
To: PATE CHARLIE
Cc: K [REDACTED]; GOLDSTONE DAVID
Subject: RE: my list of follow ups fro Charlie

Charlie,
I understand that David had a discussion with David Higgins yesterday and went through the list and as a result we can remove some items? [REDACTED]
[REDACTED]
[REDACTED]

From: PATE CHARLIE [mailto:Charlie.Pate@Culture.gsi.gov.uk]
Sent: 23 August 2010 11:40
To: [REDACTED]
Cc: K [REDACTED]; GOLDSTONE DAVID
Subject: RE: my list of follow ups fro Charlie

[REDACTED]

Thanks – perfect list

Would an update by close Weds be do-able with final on Friday? Sorry...

Charlie

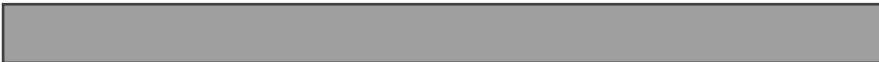

Charlie Pate
Deputy Director, Finance
Government Olympic Executive
Department for Culture, Media and Sport
2-4 Cockspur Street
London SW1Y 5DH

**Olympic Spending Review: Potential ODA Scope Cuts
Supplementary information**

Further to Dennis' letter of the 20th August, at the request of GOE, the areas listed below have been reviewed in more depth. In particular, the financial and operational viability of cost and scope reductions have been further tested. While stakeholder impacts have been flagged and the ODA's assessment of the impact of any cuts included, stakeholders have not been consulted on the feasibility and implications of any potential scope reductions and it is key that this is done prior to the HA (OPG) on the 14th September.



Other

- s
- Stadium Wrap – impact on look & feel and wayfinding
- 

The following had been identified as opportunities for potential savings – GOE did not require further work at this stage



Stadium Wrap

Planning consent

The Wrap has been approved as part of the stage 2 reserved matters consent, with only the graphic presentation submitted as “illustrative”, but it is considered by the Planning Authority to be part of the Stadium. The planning conditions specifically require the design to be developed with an artist and for the Wrap to be in place for test events.

The Wrap also fulfils the following functions:

DRAFT

- provides a visual screen to the unsightly underneath of the terraces and primary steelwork and temporary services (cables etc) and alleviates the need for other dressing or special treatments
- it will provide spectator way finding, indicating different seating areas within the stadium – this is ODA scope and alternative way finding (signage) would be required to guide spectators to the appropriate Stadium entrances
- the Wrap provides a palette on which the look and feel of the games can be projected to bring to life the centrepiece of the games

The cost of alternative way finding is estimated at £1m. Additionally, the £9m cost of Wrap includes costs for architectural lighting which would still be required, c£1m.

Potential net savings on the Wrap are therefore £7m.

Project	Opportunities for Savings		Value (inc VAT)	Implications of removing from Programme	Who needs to Agree
GAMESTIME LOOK AND FEEL					
Stadium	Delivery of the Stadium Wrap is not required for Gamestime operations and serves only decorative function	Unlet - Non Essential For Games	£9m	Delivery of the Stadium Wrap is a reserved matter planning condition and current plans involve an element of wayfinding signage to be located on it, which would require an alternative solution	LOCOG, GOE, PDT - planning condition requires the installation of the wrap prior to the first use of the Stadium for Test Events.

[Redacted]

From: Dennis Hone <Dennis.Hone@london2012.com>
Sent: 07 September 2010 15:26
To: [Redacted]; GOLDSTONE DAVID
Cc: [Redacted]
Subject: Stadium wrap information
Attachments: Wrap.doc; ATT1450593.htm

[Redacted]/David

As discussed today I will send you separate information of the following

1. Stadium Wrap

[Redacted]

This is the first attachment re Stadium Wrap.

Dennis

Dennis Hone
Director of Finance and Corporate Services

Please note new number:

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From: [Redacted]@mac.com]
Sent: 06 September 2010 18:01
To: Dennis Hone; [Redacted]@london2012.com
Cc: Ian Crockford
Subject: Stadium wrap information

Dennis,

Thankyou for your time last Friday to better explain the requirements listed below. I now attach a one-page documents that should answer everything.

If any further clarification is sought please do not hesitate to contact me.

Regards
Ian

-----Original Message-----

From: Dennis Hone

Sent: 01 September 2010 17:57

To: [REDACTED]

Cc: [REDACTED]

Subject: Wrap

Ian

As you know
not to
David
As you know the minister considering potential scope cuts and David Goldstone tells me he is keen to cut the wrap if possible.

We need to make a final submission by Monday covering -

1. Savings against AFC
2. When these would occur eg if which financial year.
3. Consequences planning/extra way finding costs etc.

Can we please discuss so we can agree our final submission.

Dennis

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Olympic stadium wrap : 6th September 2010

The Olympic Stadium project has already made provision for the Wrap in the form of steel fixing rails and connections as well as ground level fixings in a section of the Stadium at podium level. Foundations and fixings in other areas of podium level have yet to be installed. On top of the physical works, a great deal of design work and wind analysis studies have been undertaken to prove the design of the preferred Wrap configuration.

The costs to date therefore amount to: £2.64m incl VAT @ 17.5%

The outstanding foundations (£2.28m incl VAT @ 20%) are now included below in 'costs to go' should the decision to install a Wrap be taken. It is viewed that these costs would all occur in the financial year April 2011 through to April 2012.

The total costs-to-go of the outstanding Wrap works amount to: £10.286m incl VAT @ 20%

Should the decision be taken to not install an Olympic Stadium wrap in order to save the costs to go, it must be noted that this decision accepts the costs incurred to date as sunk costs but also that additional risks and other consequential costs need to be allowed for that will diminish that apparent magnitude of any savings.

- a) The wrap is specifically referenced throughout the planning permission document to properly approve its materials, its functional ability, as well as giving the overall 'highest quality' external appearance of the venue. Additionally, the inclusion of the wrap creates a specific area beneath the podium (that arguably will not be created if the wrap is not installed) called the black space. This is also referred to in the planning approval. The west stand area that contains the IOC and VVIP dining and meeting areas is also referenced, this area has the wrap leading down into it to create a feature within the space. The risks to be considered here are the demands by the PDT for other - perhaps colour, or lighting - requirements if the wrap is excluded, in order that the reasons given in the planning conditions are properly addressed. These are difficult to quantify but an allowance for colour, lighting and some other treatments have been allowed for.
- b) The wrap serves as a palette on which directional information (wayfinding) for ticketed spectators is planned to be displayed. Seating areas, blocks, rows etc can all be annotated onto the fabric. Without the wrap, a system of panels or signs need be attached to the perimeter of the venue on or near podium level. In a similar fashion, signage for other spectator facilities such as the internal podium level toilets, buggy parks etc will also be required. The wayfinding strategy without a wrap will have to be carefully designed to avoid the appearance of clutter with a number of sign posts.
- c) Weather protection and appearance within the West stand will need to be assessed as the environment within this critical hospitality space will change. Without the wrap the space will be totally exposed to the underside of the seating terrace within and above the West stand.
- d) Safety of spectators between the external podium and the internal concourse area will need to be assessed as without the wrap there will be little to direct

the spectators and channel them properly. The wrap at ground level provides specific entry points towards the internal concourse as the wrap base is enclosed with barriers that channel spectators and point the crowd flow in a particular direction. Without any wrap or base barrier system, crowd flow studies will need to be undertaken to better understand any dangerous crowd flow situations. An allowance has been made for the likely inclusion of some barrier systems.

- e) LOCOG operational impact or benefit of the Stadium without a wrap will need to be advised separately by the LOCOG organisation.

Assessment of consequential costs to allow for the above: £3.20m incl VAT @ 20%

Nett saving potentially realised 2011 for not implementing a Stadium wrap: £7.07m
incl VAT @ 20%

GAUNT, Martin

From: Dennis Hone <Dennis.Hone@london2012.com>
Sent: 15 September 2010 15:39
To: [REDACTED]; GOLDSTONE DAVID
Cc: [REDACTED]
Subject: Spending Review Analysis
Attachments: Savings split.xls

[REDACTED]/David

[REDACTED] I also comment on the Stadium Wrap and TDM savings.

STADIUM WRAP

I understand that following a GOE initiative LOCOG are exploring how the stadium wrap could be provided under a sponsorship arrangement. As the non provision of the Wrap would be in breach of our planning obligations we have decided not to inform PDT until this matter is resolved.

Dennis

Dennis Hone
Director of Finance and Corporate Services

Please note new number:

Direct line: +44 (0) 203 [REDACTED]

Olympic Delivery Authority
Mailpoint: 2323C
23rd Floor, One Churchill Place
London E14 5LN

Switchboard: +44 (0) 203 2012 000

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www.london2012.com

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Olympic Finances: Potential Savings

17 September 2010

Context

The Secretary of State, Mayor, LOCOG and the ODA agreed to undertake a review of the range of scope cost and revenue choices across the whole Olympic and Paralympic programme to ensure that decisions are taken with a common view of the impact on the Games. In the past month, GOE has worked with the key Olympic delivery partners to review expenditure across the programme, and identify savings and revenue options that are potentially operationally and financially viable. An initial assessment of the potential implications of savings on Games operations, client experience, and contractual obligations has also been made.


Summary of Olympic Finances and Proposed Revised PSFP



Potential Savings

Table 3 below is the shortlist of potential Spending Review savings, developed with delivery partners across the programme. The potential savings are, in theory, financially and operationally viable, but cannot be easily implemented. Some would breach commitments made under the Host City Contract with the IOC or in Planning requirements, and some would also have major operational implications or impacts on client experience and legacy. Any that are to be taken forward therefore require significant further work, particularly consultation with the IOC or Planning authorities, before there can be any certainty as to their deliverability. It is likely that there will also need to be political engagement to make the cuts deliverable – for instance with DfT Ministers on travel demand management, with local Councillors on cuts that have Planning implications, and with the Mayor on legacy transformation. The intention is to now begin pursuing the options in Table 3 in detail, with a view to achieving up to £50m of savings.

Table 4 identifies some additional areas of expenditure for which the funding could be ring-fenced, and kept in reserve – so that it could be redirected to offset any future cost overruns, ahead of spending further contingency, if there is pressure on the overall budget to avoid a major overspend. It is proposed that £50m of the budget for these areas of expenditure is ring-fenced for this purpose.



Annex 1 outlines savings made to date, and annex 2 details areas where there are no viable opportunities for savings.

Table 3: Potential Spending Review Savings

Option	Estimated net saving	Constraints	Operational Implications	Impact on client experience or legacy
<p>Cut Stadium Wrap, or seek funding from sponsors in exchange for advertising space (further work ongoing to assess feasibility).</p> <p>Process to manufacture and install Wrap could be started as late as 6 months before the Games.</p>	<p>£7m</p>	<p><i>Planning Requirement</i> The Wrap has been approved as part of the stage 2 reserved matters consent, with only the graphic presentation submitted as "illustrative", but it is considered by the Planning Authority to be part of the Stadium. The planning conditions specifically require the design to be developed with an artist and for the Wrap to be in place for test events.</p> <p>£2.6m has already been spent on the Wrap: design costs and installing the fixings for it in some parts of the Stadium.</p>	<p>Wrap will provide spectator wayfinding, indicating different seating areas within the stadium. Without the Wrap, alternative wayfinding (signage) would be required to guide spectators to the appropriate Stadium entrances.</p> <p>LOCOG still to be satisfied that Stadium satisfies sports requirements for mitigation of wind speeds without Wrap.</p> <p>Safety of spectators between the external podium and the internal concourse area will need to be assessed as without the Wrap there will be little to direct the spectators and channel them properly.</p>	<p>Wrap provides a visual screen to the unsightly underneath of the terraces and primary steelwork and temporary services (cables etc) and alleviates the need for other dressing or special treatments.</p> <p>Removing the Wrap will have a negative impact on the aesthetics of the Stadium.</p> <p>The Wrap provides a palette on which the look and feel of the Games can be projected to bring to life the centrepiece of the Games.</p> <p>Weather protection and appearance within the West Stand will need to be assessed as the environment within this critical hospitality space will change.</p>

Annex 1 – Savings to date

The Olympic delivery partners have already demonstrated a willingness to bear down on costs and deliver to budget. To date, £1.726bn of savings have been achieved, as summarised in the table below, and detailed in this annex:

Description of saving	Date	Saving
ODA scope cuts prior to Baseline Budget set in November 2007	March 2007 – November 2007	£850m
ODA savings since Baseline Budget set in November 2007	November 2007 – June 2010	£743m
LOCOG Budget v5 cuts	September 2009 – July 2010	£133m
Total		£1,726m



From: Neil Wood [mailto:Neil.Wood@london2012.com]
Sent: 21 September 2010 14:38
To: GOLDSTONE DAVID
Subject: RE: Stadium wrap

It is being investigated although there are certain constraints in what the IOC will allow. We are preparing a proposal that will then need to be evaluated by our commercial team – but it is being followed up.

From: GOLDSTONE DAVID [mailto:DAVID.GOLDSTONE@Culture.gsi.gov.uk]
Sent: 21 September 2010 12:55
To: Neil Wood
Cc: 'dennis.hone@london2012.com'
Subject: Re: Stadium wrap

Neil
The other approach on this was our suggestion that you seek sponsor interest -Paul D said he would take this away and look into it.
Do you know if/how that is progressing?
David

Sent from my BlackBerry Wireless Device

From: Neil Wood <Neil.Wood@london2012.com>
To: GOLDSTONE DAVID
Cc: Dennis Hone <Dennis.Hone@london2012.com>
Sent: Tue Sep 21 09:39:48 2010
Subject: RE: Stadium wrap
Thanks – just wanted to make sure we shared the various concerns / observations.

From: GOLDSTONE DAVID [mailto:DAVID.GOLDSTONE@Culture.gsi.gov.uk]
Sent: 21 September 2010 08:14
To: Neil Wood
Cc: Dennis Hone
Subject: RE: Stadium wrap

Sorry re last point – just realised Dennis is copied in!

Too much haste.....

From: GOLDSTONE DAVID
Sent: 21 September 2010 08:10
To: 'Neil Wood'
Cc: Dennis Hone; Paul Deighton; [REDACTED]; PATE CHARLIE; [REDACTED]
Subject: RE: Stadium wrap

Thanks very much Neil

Just to come back v quickly on some of the detail – but to be clear, these issues then becomes part of the further work to take this forward

- Wayfinding and signage – the proposed potential saving has been reduced by c£2m, from the £9m total cost of the wrap, so that it is now £7m net of additional cost to provide alternative wayfinding and signage measures
- We have consistently noted that you are not yet resolved on impacts etc (reflected in the paper issued last Friday)
- Weather protection - We discussed this with Ministers yesterday and they understand but still want to continue to pursue the option (again reflected in the paper issued last Friday)
- Planning – all are fully aware of this constraint. I have asked ODA to commence discussions with planners (again reflected in the paper issued last Friday)

Is there any reason we shouldn't share this exchange with ODA?

David

From: Neil Wood [mailto:Neil.Wood@london2012.com]
Sent: 20 September 2010 15:10
To: GOLDSTONE DAVID
Cc: Dennis Hone; Paul Deighton; J [REDACTED]
Subject: Stadium wrap

David,

Following recent communication regarding the notion of removing the external Stadium fabric facade ('the wrap'), the following outlines LOCOG concerns in taking this step.

Wayfinding and signage

The current design of the wrap incorporates two primary elements of the spectator way-finding strategy, providing spectators clear direction once they have crossed one of the bridges from the Common Domain onto the Stadium island site. The first is the colour of the wrap which designates in which stand the spectator is seated and the second is the block number which provides direction as to which section of the stand the seat is located. It is currently proposed that both these elements match the information provided on the spectators tickets as well as the row and seat number.

Providing spectators with clear direction that matches the information on their ticket is a fundamental element in successfully managing the safe movement of spectators and other Games constituents around the Olympic Stadium site. As such the strategy of how spectators find their seat is also paramount in ODA gaining a safety certificate for the physical installations at the venue. In most Stadia around the United Kingdom, primary wayfinding and signage is located on the hard facade of the venue and despite the Olympic Stadium wrap only providing a 'soft facade', it provides the same function. Without it there are no fixing points for wayfinding and signage and a new wayfinding solution would need to be developed using the existing steel structure, in order for ODA to gain the approval of Building Control and the Licensing Authorities.

Impact of Athlete and Ceremony Performances

If the wrap were not to be delivered, LOCOG would be required to provided assurances to the IOC and IAAF that high level athlete performance would not be affected. The ODA commissioned a wind study which concluded that there would be minimal impact on the FOP conditions if the wrap were removed. LOCOG are currently reviewing this study to ensure that the assumptions and conclusions are accurate so suitable assurances can be provided.

The ODA study however does not assess the potential impacts of the changing wind conditions on the Opening and Closing Ceremonies if the wrap is not installed. As a result of a joint GOE/LOCOG/ODA decision made in October 2008, where any subterranean works were excluded from the Stadium development, LOCOG has focussed on

developing an aerial ceremony production, with aerial suspension of performers and scenery. This naturally involves an element of risk to the performers, however LOCOG will need to assess if the impact of removing of the wrap adds further risk to the health and safety of the performers.

Spectator, Media and Olympic Family Safety and Comfort

The study commissioned by the ODA concludes that the removal of the wrap further increases the spectators' exposure to the prevailing wind causing conditions to be less favourable than with the wrap in place. The west stand was the area of the Stadium highlighted as having the greatest impact on spectator safety and comfort in the event of having no wrap. As the west stand is where the media and Olympic Family are seated, this causes LOCOG concern, especially with the roof of the Stadium already not providing full coverage to the seated areas.

If the current design was unchanged and the wrap delivered, there is already limited weather protection to spectators as they move around the venue. Removing the wrap significantly increases the area exposed to inclement weather which creates both uncomfortable conditions and a potential for slippery surfaces if they are not designed for such conditions. This has been an area of concern at other stadiums around the country where wind-blown rain through open vomitories has made inner-concourse surfaces a slip hazard. The solution is to provide a non-slip surface to the exposed areas of concourse. This will also be an issue for the licensing authority which will need to be addressed by ODA.

Planning Approval

We note the planning condition requiring the ODA to provide an approved facade.

LOCOG acknowledge the sensitivities around the Games budget and will continue to work in collaboration with GOE and ODA to generate savings where possible whilst ensuring safe operations are not compromised. LOCOG remain willing to work with GOE and ODA to find alternate design, technical or commercial solutions to provide a facade to the Stadium with the focus on ensuring that all Games operational aspects are considered in the final solution.

**Neil Wood
Chief Financial Officer**

The London Organising Committee of the Olympic Games and Paralympic Games Limited

 Phone: 0203 2 [REDACTED]
 Fax: 0203 2012 001
 E-mail: neil.wood@london2012.com
 Mail: **LOCOG**
Finance Department
One Churchill Place
London E14 5LN

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From: Dennis Hone <Dennis.Hone@london2012.com>
Sent: 18 October 2010 19:47
To: [REDACTED]
Cc: GOLDSTONE DAVID; [REDACTED]
Subject: Re: SR: Stadium Wrap

No problem on number - but the wrap is not in the ODA budget. It was always a cost pressure in the AFC. Therefore cutting the wrap reduces the AFC by £7m but has no impact on the budget.

This is very difficult to explain to the general public

From: [REDACTED]@Culture.gsi.gov.uk>
To: Dennis Hone
Cc: GOLDSTONE DAVID <DAVID.GOLDSTONE@Culture.gsi.gov.uk>; [REDACTED]
Sent: Mon Oct 18 17:45:02 2010
Subject: SR: Stadium Wrap

Hi Dennis,

Firstly, congratulations on your appointment as Chief Executive.

We're finalising our public messaging around the Olympic Spending Review outcomes.

I understand you are aware we plan to announce the £20m ODA savings, and that they're derived from cutting the wrap, and efficiencies. We'll obviously be stressing that the wrap is subject to Planning, further work, etc.

We may well be pressed on how much cutting the wrap will save. We initially planned to announce this in the 9 Nov Quarterly Report. However, would there be any problem with providing a provisional figure of £7m for the wrap if pressed this week?

Thanks,



Financial Adviser
Government Olympic Executive
2-4 Cockspur Street
London
SW1Y 5DH
020 7211 [REDACTED]

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From: [REDACTED]
Sent: 25 May 2011 09:00
To: [REDACTED]@london2012.com'
Cc: [REDACTED]@london2012.com'
Subject: Stadium Wrap

Adrian

[REDACTED] gave me your details whilst we were having a discussion on the Stadium Wrap.

David Goldstone wanted a briefing to go to Ministers on this. [REDACTED] has said that you are dealing with this and may already be in contact with GOE or DCMS?

If you are can you let me know who and I will then leave the issue between yourself and whoever you may be dealing with already.

If you aren't in contact with GOE or DCMS then we need to make sure that any announcement on the Wrap is coordinated between LOCOG and Government.

Can you give me a call when you have a chance

Thanks

[REDACTED]

[REDACTED]
Government Olympic Executive
Department of Culture, Media and Sport
www.culture.gov.uk
Direct line: 020 7211 [REDACTED]
Mobile: [REDACTED]
Fax: 020 [REDACTED]

From: GOLDSTONE DAVID
Sent: 23 November 2010 09:25
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: stadium wrap

Fyi,
Paul Deighton agreeing to look into the wrap, alternative sources of funding

[REDACTED] is going to make some discrete enquiries about progress

From: Paul Deighton [mailto:Paul.Deighton@london2012.com]
Sent: 13 September 2010 11:30
To: GOLDSTONE DAVID; David Higgins
Subject: RE: stadium wrap

We'll do some further investigation. This would be covered by IOC clean venue rules which would allow for something as it is not the field of play. The reality is that the limited nature of what would be permitted would prevent us from extracting particularly significant sums.

From: GOLDSTONE DAVID [mailto:DAVID.GOLDSTONE@Culture.gsi.gov.uk]
Sent: 13 September 2010 07:43
To: Paul Deighton; David Higgins
Subject: stadium wrap

Paul, david

Can i just ask one follow up to our discussion last Thursday? And sorry if this its a stupid idea, wasting your time

I was thinking about why we cant get the wrap paid for by sponsors – it will be (if we dont scrap it) one of the most viewed images in the world in 2012; it must be worth a fortune for sponsors to have their logos etc on there

I assumed it fell foul of “clean venues” requirements – but understand they focus on the field of play, not external. As i assume an external wrap wouldn't be visible from field of play, that should be ok

So whats to stop Paul sending the commercial team to auction off rights to a bunch of sponsors each to have images etc on there- which would i assume raise far more than the £7m we are talking about saving

I keep thinking i must be missing something, and this must have been looked at – so if there is an obvious reason why it doesn't work, please do let me know.

Otherwise, is it worth pursuing??

Thanks, and sorry if this is an obviously stupid idea for a reason i am missing

David

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From: GOLDSTONE DAVID
Sent: 25 May 2011 11:45
To: [REDACTED]
Cc: PATE CHARLIE; [REDACTED]; OLDFIELD PAUL
Subject: RE: wrap

I don't think there is any existing comms contact – i raised with Ministers, with godric and special advisers present and no one was aware

[REDACTED] – is it worth you having a word with JBD on this?

From: [REDACTED]
Sent: 25 May 2011 08:53
To: GOLDSTONE DAVID
Cc: PATE CHARLIE; S [REDACTED]; OLDFIELD PAUL
Subject: RE: wrap

David

The deal with Dow has been agreed but the contract is not yet signed (all contract and commercial terms are agreed). [REDACTED] in LOCOG comms is dealing with any announcement and I have left him a message to call me. [REDACTED] was under the impression that LOCOG comms were already talking to GOE/ DCMS press or comms?

The details on the deal are:

- Dow Chemical is a US company
- IOC has been involved as they are bringing Dow on as a new world wide sponsor
- [REDACTED]
- Covers all necessary fabrication and install costs to connect to the fixing plates built in by the ODA
- There are circa 330 wrap panels
- Will include printing on both sides
- It is not PVC – I am trying to find out what the material is
- The cost includes taking the panels down post Games – one legacy use being explored is for the panels to be converted into humanitarian aid shelters for organisations such as UNICEF or Red Cross

Dave also said that Neil Wood is in the loop on this and at the Directors meeting where this was discussed an announcement in conjunction with Government was already being considered.

I will continue to try and contact [REDACTED] but if anyone is aware of any GOE/ DCMS contact already then let me know

Thanks

[REDACTED]

From: GOLDSTONE DAVID
Sent: 23 May 2011 12:35
To: [REDACTED]

Cc: PATE CHARLIE; [REDACTED]; OLDFIELD PAUL
Subject: wrap

[REDACTED]
I understand from LOCOG that they are close to a deal on the wrap, along the lines we discussed a few weeks ago

We will need to be sighted – and be able to agree/amend – any announcement on this, as the idea of seeking private funding for this came from the SofS so there should be some recognition of that when the new solution is announced

Can you find out from [REDACTED] or whoever it now is what's going on in relation to any announcement on it?
And charlie and [REDACTED] – you might want to connect with JBD/ [REDACTED] similarly

David Goldstone
Director, Build and Finance
Government Olympic Executive
Department for Culture, Media and Sport
2-4 Cockspur Street
London SW1Y 5DH

[REDACTED]