



department for  
culture, media  
and sport

# Government Olympic Executive

## London 2012 Olympic and Paralympic Games

### Annual Report February 2011



host government department of the  
Olympic and Paralympic Games

improving  
the quality  
of life for all

**DCMS aims to improve the quality of life for all through cultural and sporting activities, to support the pursuit of excellence and to champion the tourism, creative and leisure industries.**



# Contents

London 2012 – who does what	2
Foreword	3
The numbers	6
Building for the Games and beyond	7
Public services for the Games	14
Legacy from the Games	17
Financial overview	29



# London 2012 – who does what

## Government Olympic Executive

The GOE is the section within the Department for Culture, Media and Sport (DCMS) which oversees the London 2012 project on behalf of the Government, ensuring that it is delivered on time, within budget, represents value for public money and benefits the whole of the UK. This is done across the project by identifying and solving problems, delivering the public sector effort and being accountable to Parliament and the public.

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

LOCOG is the private company responsible for staging the London 2012 Games and reports to the International Olympic Committee (IOC) and the International Paralympic Committee (IPC).

## Olympic Delivery Authority

The ODA is the non-departmental public body responsible for building the permanent venues and infrastructure needed for the Games.

## The Mayor of London

The Mayor of London leads on delivering the legacy of the London 2012 Games for London and ensuring that people across the capital benefit from London's role as the host city. He is also responsible for ensuring the smooth running of London during Games-time whilst also delivering an outstanding 2012 experience for residents and visitors.

## Olympic Park Legacy Company

The OPLC is a not-for-profit company responsible for the long-term planning, development, management and maintenance of the Olympic Park and its facilities after the Games.

## London Development Agency

The LDA is responsible for delivering and maximising the long-term sustainable benefits of the London 2012 Games for London's communities and economy.

## British Olympic Association

As the National Olympic Committee for Great Britain and Northern Ireland, the BOA is responsible for the selection, preparation and management of TeamGB at every Games, including the London 2012 Olympics. It is also in charge of developing the Olympic movement throughout the UK.

## British Paralympic Association

A registered charity, the BPA is the National Paralympic Committee for Great Britain and Northern Ireland. Under the brand name ParalympicsGB, it selects, prepares and manages the British Paralympic team at each Paralympic Games and raises the money to meet the costs that this entails.

## The Olympic Board

The Olympic Board is co-chaired by the Secretary of State for Culture, the Olympics, Media and Sport and the Mayor of London, and is responsible for coordinating the successful delivery of the Games and its legacy. Other members are the BOA chairman and the chair of LOCOG.

# Foreword

**Last year was one of considerable progress and achievement for the London 2012 Olympic Games and Paralympic Games. We saw the Olympic Stadium floodlights turned on for the first time by the Prime Minister, the first purpose-built London 2012 venue completed and the Government's legacy vision published.**

On time and within budget, the London 2012 project is in good shape. Much credit must go to all the different teams who are tirelessly working on the project to ensure it is delivered to schedule and to a high standard. This includes more than 12,000 workers currently on the Olympic Park and Village. Thanks to each and every one of them, 79 per cent of the venues and infrastructure for Games-time are completed.

The funding package for the Games remains at £9.298bn following the Government's Spending Review announcement on 20 October 2010. The ODA's Anticipated Final Cost of the project now stands at £7.301bn, which includes additional funding for Park Operations. Around £0.5 billion of contingency remains available for programme-wide risks and we continue strictly to control its release. In addition, we are making cost savings throughout the project. A total of over £780m in savings has been achieved by the ODA since November 2007.

We are looking forward to delivering a world-class Games, but we also want to ensure a lasting sporting, economic and social legacy for everyone in the UK. We are already seeing the legacy of London 2012 even before the Games have begun. Businesses around the UK have been helped through the tough economic climate by winning contract opportunities linked to London 2012. To take one example: the wave-shaped design of the Aquatics Centre roof was manufactured by a business in Newport, using steel fabricated in Gateshead, Motherwell, and Scunthorpe.

With the UK's success at the Commonwealth Games and the introduction of new Government initiatives, 2010 was also an important year for sport. I am determined to promote sport at the grassroots level and inspire everyone in the UK to be active and enjoy healthy lifestyles. A large part of realising that ambition is the lottery-funded 'Places People Play' initiative, run by Sport England, that will upgrade up to 1,000 local sports clubs and facilities as well as fund the recruitment, training and deployment of 40,000 sports leaders.

In 2011, we will see the excitement for the Games building up across the country as venues complete on the Olympic Park, tickets for the Games go on sale and thousands of people get the once-in-a-lifetime chance to be a Games-time volunteer. I am looking forward to a fantastic year of action in sport and a year in which individuals up and down the country begin to plan their Games-time experience.



A handwritten signature in black ink, appearing to read 'H Robertson'.

**Hugh Robertson MP**  
Minister for Sport  
and the Olympics



Aerial view of the Olympic Stadium in November 2010



## The numbers

# £9.298bn

The overall Public Sector Funding Package for the Games remains at £9.298bn, following the Government's Spending Review announcement on 20 October 2010.

# 246 hectares

The Olympic Park is 246 hectares in size, which is equivalent to Hyde Park.

# 22,805

Between April 2008 and December 2010, 22,805 people have worked on the Olympic Park for five or more days.

# 134,500+

Over 134,500 businesses are registered on CompeteFor, the free website that enables businesses to compete for contract opportunities linked to the London 2012 Games.

# 50%

The ODA is reducing carbon emissions from the built environment in the Park by 50% by 2013.

# 70%

Nearly 70% of construction materials being moved by the ODA are transported by rail and river, exceeding the target of 50%.

# 8,000+

Over 8,000 unemployed and economically inactive people have participated in the Personal Best Scheme, with over 1,000 applying to become London 2012 Games Makers.

# 10.8 million

Approximately 8.8 million tickets will be available for the Olympic Games, with a further two million for the Paralympic Games.

# 4 billion

The estimated potential global audience for the London 2012 Games is 4 billion people.

# Building for the Games and beyond

## Programme Progress

Over the past two years the ODA has set out in advance the milestones it has planned to achieve for different phases of the build project.

Here is the progress against milestones to 27 July 2011 as well as the plans for during and after the Games.

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**“We can see the pieces of the puzzle falling into place now, and the big picture is rapidly becoming visible. Preparations are advancing at an astonishing rate and LOCOG, the ODA and their partners should be congratulated for the high quality of the work they are producing across this complex project.”**

Denis Oswald, Chairman, IOC Coordination Commission, November 2010

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## Milestone 1



**Construction of the Olympic Stadium will be complete and the venue ready to be handed over.**

**Progress:** The Olympic Stadium is structurally complete with the cable net roof covered. All spectator seats have been installed and the 14 lighting towers are in place, with the lights officially switched on for the first time in December. The ground is ready for laying the grass field and installing the running track, with the Stadium on schedule for completion in 2011.

**During the Games:** The 80,000-capacity Olympic Stadium will host the Athletics events as well as the Opening and Closing Ceremonies. Its innovative design means its capacity can be reduced following the Games.

**After the Games:** There has been considerable interest and enthusiasm in the future use of the Olympic Stadium. In the light of this, the OPLC will ensure a suitable long-term, sustainable legacy use is identified.

## Milestone 2



**Construction of the Aquatics Centre will be complete and the venue ready to be handed over.**

**Progress:** The Aquatics Centre permanent structure and wave-shaped roof are in place, with the structures of the temporary seating stands for Games-time spectators nearing completion. Inside the venue, work is progressing on the ceiling timber cladding, with the six bespoke concrete diving boards being cast and the majority of the three pools' 180,000 tiles now installed.

**During the Games:** The Aquatics Centre will have a 50m competition pool, a 25m competition diving pool, a 50m warm-up pool and a 'dry' warm-up area for divers. The majority of the 17,500 spectators will be seated in two temporary wings.

**After the Games:** The Aquatics Centre will be transformed into a facility for the local community, clubs and schools, as well as elite swimmers. The two temporary wings will be removed, leaving 2,500 seats – and it will be possible to increase the capacity to 3,500 for major competitions. The OPLC is currently seeking expressions of interest from potential operators for the Aquatics Centre.

## Milestone 3



**Construction of the Velodrome will be complete and the venue ready to be handed over.**

**Progress:** The Velodrome structure is complete and watertight. The venue remains on target to be the first Olympic Park sporting venue to be completed early in 2011.

**During the Games:** The Velodrome's lower tier will have 3,500 seats located all the way around the track to create the best possible spectator atmosphere during the cycling events. A further 2,500 seats will be located in two upper tiers within the curves of the venue's roof. A 400m BMX Circuit and temporary seating will be built alongside the Velodrome.

**After the Games:** The temporary seating for the BMX Circuit will be removed and the track reconfigured. To complement the Velodrome, a new mountain bike course and road cycle circuit will be added along with a café, bike hire and cycle workshop facilities, creating a VeloPark for the local community, sports clubs and elite athletes. The facility will be owned, funded and run by the Lee Valley Regional Park Authority.

## Milestone 4



**Construction of the International Broadcast Centre/Main Press Centre (IBC/MPC) will be complete and ready for occupation by the Olympic Broadcasting Service and the London 2012 Organising Committee.**

**Progress:** The structures of the IBC, MPC and Multi-Storey Car Park are all complete. With the IBC and MPC watertight, mechanical and electrical works are progressing inside both. Externally, ground works are progressing for the temporary 'high street' providing facilities for journalists and broadcasters during the Games.

**During the Games:** The IBC/MPC will be a 24-hour media hub for around 20,000 broadcasters, photographers and journalists – bringing the Games to an estimated four billion people worldwide. As well as offices and studios, the facilities include a catering village, high street and transport mall.

**After the Games:** The flexibly designed facilities will create more than 90,000 sq m of business space for a range of prospective tenants and uses, with the potential to generate thousands of new jobs. The OPLC has opened expressions of interest for the future use of the IBC/MPC.

## Milestone 5



**Construction of the Handball and Basketball Arenas will be complete and the venues ready to be handed over.**

**Progress:** The structure of the Handball Arena is complete and weather-tight, with the roof's 88 natural light-pipes installed and the top half of the building fully clad in copper. Inside the structurally complete and fully covered Basketball Arena, the 12,000 seats are being installed with the lifts, toilets and external service rooms under construction.

**During the Games:** The 7,000-capacity Handball Arena will host the preliminary rounds and quarter-finals of the Handball competition, the Fencing discipline of Modern Pentathlon and, in the Paralympic Games, Goalball. The Basketball Arena will be one of the largest temporary venues built for any Games and will host Basketball, Wheelchair Basketball, Wheelchair Rugby and the final stages of the Handball competition in front of up to 12,000 spectators.

**After the Games:** The Handball Arena will be transformed into a new 7,500-seat Multi-Use Arena with flexible seating capacity and facilities for a wide range of indoor sports training and competitions, as well as cultural and business events. The Basketball Arena will be taken down after the Games, with parts of it expected to be reused or relocated elsewhere in the UK. The OPLC is currently seeking expressions of interest from potential operators for the Handball arena.

## Milestone 6



**Construction of the Lee Valley White Water Centre will be complete and the venue handed over to the Lee Valley Regional Park Authority.**

**Progress:** In December 2010, HRH The Princess Royal officially unveiled the Lee Valley White Water Centre – the first brand new London 2012 venue completed. Lee Valley Regional Park Authority will open the venue to the public in 2011, delivering an early legacy over a year before the Games.

**During the Games:** Up to 12,000 spectators will watch the Olympic Canoe Slalom events along the 300m competition course. A 160m intermediate course will be used by athletes for training and warm-up.

**After the Games:** The venue will be owned and operated by Lee Valley Regional Park Authority as a sporting and leisure facility for canoeing and white water rafting as well as a major competition and training venue.

## Milestone 7



**Construction work on Eton Manor and Royal Artillery Barracks will be underway and on track to be completed as planned in spring 2012.**

**Progress:** Construction is underway on Eton Manor, with the sites for the temporary swimming pools being dug out, foundations for the tennis courts and stands progressing, and structural works starting on the permanent sports complex. Planning permission has been secured for construction at Royal Artillery Barracks with a contractor due to be appointed early in 2011.

**During the Games:** Eton Manor's nine competition courts and four warm-up courts will host Wheelchair Tennis during the Paralympic Games, with a total of 10,500 seats for spectators, including a 5,000-capacity show court. During the Olympic Games, the venue will have temporary training pools for participants in Aquatics events. The Royal Artillery Barracks will provide a stunning backdrop for Shooting, Paralympic Shooting and Paralympic Archery events in front of 7,500 spectators.

**After the Games:** Eton Manor will be transformed into a unique mix of sporting facilities for local and regional communities, including a tennis centre and hockey centre with five-a-side football pitches. The facility will be owned, funded and run by the Lee Valley Regional Park Authority. The ODA, LOCOG, Government and other key parties are working to identify opportunities where elements of the Royal Artillery Barracks venue and sports equipment could be reused after the Games.

## Milestone 8



**The external structure of the Olympic Village will be finished with the internal fit out complete in most of the blocks.**

**Progress:** More than three-quarters of the residential plots are structurally complete, with external cladding and internal fit-out works underway on a number of these. The structure of the Chobham Academy education campus is also nearing completion and work is well underway on the state-of-the-art new polyclinic. Landscaping work is progressing on the extensive wetlands park, with the main construction of the Village set for completion on schedule by the end of 2011.

**During the Games:** The Olympic Village will comprise residential apartments for around 17,000 athletes and officials, along with shops, restaurants, medical, media and leisure facilities and large areas of open space.

**After the Games:** The Olympic Village will provide essential new housing for East London. It will be transformed into 2,800 new homes, including 1,379 affordable homes, which have already been purchased for development by Triathlon Homes. These will be supported by new parks, open space, transport links and community facilities. In October 2010 the ODA invited interest in investing in the Olympic Village development.

## Milestone 9



**Construction of all permanent bridges will be complete. All utilities will be operational. Landscaping will be well advanced across the Park.**

**Progress:** Around 250 acres of new parklands are taking shape, with landscapes formed, over 500 trees planted and the wetlands and wet woodlands nearing completion. More than half of the new bridges and underpasses are structurally complete – including a recently installed link into the north of the Olympic Park. The Primary Substation and Sewage Pumping Station are complete and in operation, and the Energy Centre is ready to enter service. The installation of the permanent utilities infrastructure across the Olympic Park is progressing.

**During the Games:** The new parklands will provide a colourful and festival atmosphere for the London 2012 Games, with visitors able to soak up the atmosphere in the parklands, enjoy the rivers, woodlands and oriental gardens and watch sporting action on live screens within the Park. The new roads and bridges spanning the numerous rivers and railways will provide links across the Park. The entirely new utilities infrastructure will support London 2012's commitment to use renewable and energy-efficient technology.

**After the Games:** Queen Elizabeth Olympic Park will see formerly industrial land transformed into one of the largest new urban parks in the UK for over 100 years, with meadows, gardens, woods and river walks. The Park and the improved connections created between the communities within and surrounding it are at the heart of a long-term project to regenerate the Lower Lee Valley. The new utilities infrastructure installed for the Games will provide a 'backbone' for this long-term development.

## Milestone 10



**Construction work at Stratford Regional Station will be complete, with Londoners already benefiting from hundreds of millions of pounds of additional investment across London's transport system.**

**Progress:** Work is approaching completion at Stratford Regional Station, with the majority of new and improved platforms, lifts and subways in service. A new Central Line platform has opened, providing access to both sides of the trains, and construction of the DLR (Docklands Light Railway) extension to the new Stratford International station has been completed and is being tested ahead of opening in 2011. A new southern entrance/exit to the station has also been completed and will open once additional works by the developer building the new Stratford City shopping centre have been completed.

Other transport infrastructure improvements completed by the ODA and its partners, including the Department for Transport, Transport for London and Network Rail, comprise:

- The introduction of 55 new DLR railcars, 22 of which were co-funded by the ODA.
- The DLR's second crossing under the river to Woolwich Arsenal where the Shooting events will be hosted, which opened in February 2009.

- The new ticket hall at King's Cross, which will provide necessary extra capacity for travellers during the Games.
- The high-speed domestic rail service at St. Pancras International, known as the Javelin® during the Games, which started running services to Stratford International just before Christmas 2009.
- Increased capacity and frequency on the DLR and North London line.

**During the Games:** The aim is to host the first 'public transport' Olympic and Paralympic Games with 100 per cent of spectators travelling by public transport, walking or cycling. London 2012 is committed to 'keeping London and the UK moving' during the Games while ensuring that athletes, officials and the Games Family can get to venues on time.

**After the Games:** The huge programme of London 2012 transport upgrades to create a safe, reliable and accessible transport system for the Games will provide better transport for generations of passengers long after 2012 and transform East London into one of the best connected areas of the capital. The improvements to Stratford Regional Station will increase accessibility of the station and treble its capacity, which will support the growing local community long after 2012; it is estimated that the number of passengers using the station each morning will double to 83,000 by 2016. Most of these improvements have already been delivered, benefiting people who live and work in London before the Games.

# 17 million

The Olympic Park construction project has now achieved 17 sets of a million working hours without a reportable accident since the ODA gained possession of the site in the summer of 2007.



## Health and safety

Entering the final year of construction, the health and safety of the 12,000 people working on the Olympic Park and Olympic Village and those on other venues remains the ODA's highest priority.

The ODA's commitment to health and safety has been recognised by the British Safety Council (BSC) with its 5-star award, following an independent, rigorous audit of the ODA's health and safety management system and processes, in which the ODA received a score of 98 per cent.

The ODA was also awarded the Sword of Honour, one of the most prestigious international health and safety accolades that an organisation can receive, which is designed to encourage and reward organisations that work to best practice. All applicants must have already received 5 stars from the BSC.

The Olympic Park construction project has now achieved 17 sets of a million working hours without a reportable accident since the ODA gained possession of the site in the summer of 2007.

Around 1,400 workers a month have an appointment at one of the on-site medical centres on the Olympic Park and Olympic Village, Park Health and Village Health; around 80,000 workers have been assessed or treated to date.

Every new worker receives a health and safety induction before they start work on site.

The drama classes organised by the ODA to teach local schoolchildren about keeping safe and staying away from construction sites has been made into a video and published online so that it can benefit schools across the UK.

The ODA is now running its largest-ever campaign for the safe completion of the works – to protect the workforce and the assets they are fitting out.

# Public services for the Games

**The Government Operations Team, within the GOE, oversees the delivery of the services that the Government and/or its public bodies have committed to deliver for the Games. In the Candidate File (the Bid) the public sector made a number of commitments to the IOC known as 'the Government Guarantees'.**

The Government Operations team leads on certain projects, including restricting advertising and street trading and support for domestic dignitaries. It oversees projects led by other Departments, ranging from health provision, broadcasting spectrum, tax exemptions and accreditation screening. It also oversees business as usual Government services that will be impacted by the Games, to ensure appropriate planning. In 2010, key project milestones were achieved, which are highlighted below:

- Ofcom's role is to secure the spectrum required by LOCOG for use at the London 2012 Games. Ofcom published version two of the Olympic spectrum plan in October 2010. This documents in detail the spectrum bands which will be made available to Games users, including broadcasters, journalists, teams and organisers.
- Over the last year, GOE and Cabinet Office have worked closely together to develop the arrangements for Government coordination during the 2012 Games to ensure that the right people in Government are able to make well informed and timely decisions. GOE and Cabinet Office have developed a Concept of Operations for Government Coordination during the Games based on the tried and tested COBR – named after the Cabinet Office Briefing Rooms – model, which has been used in the past to accelerate and coordinate Whitehall decision-making in support of important national events.
- In July 2010, Government and LOCOG produced a Customs and Freight Guide which has been warmly welcomed by the IOC. It includes policy and process on the import of goods for the Games. These will include horses, weapons for competition, medicines and other unusual baggage such as sports wheelchairs, javelins and very large quantities of accompanied baggage.

An important process in helping to deliver the Games is the accreditation of Games participants including athletes, officials, media and workforce. The Home Office has commissioned the UK Border Agency (UKBA) to undertake background checks on those applying for accreditation, which will contribute to making the 2012 Games safe and secure. LOCOG and the UKBA began joint testing of the IT for the accreditation service in early 2011 and the service will go live in October 2011, when workforce checks begin.

## Safety and security

The London 2012 Olympic Games and Paralympic Games are a major security challenge for the UK, but this country has a good record of hosting major events safely and securely. The Government's Safety and Security Strategy and supporting Concept of Operations for the Games address a full range of potential threats including: terrorism; serious and organised crime; domestic extremism; and public disorder. Hazards such as extreme weather are also factored into our planning, which is flexible and risk-based to address developing issues.

Shortly after the General Election, the Coalition Government commissioned an 'Audit and Review' of Olympic and Paralympic security planning. The Review confirmed overall readiness (effective plans in place and on budget) but also underlined that work to safeguard and secure the Games was entering a crucial phase, in which specific plans and operations need to be fully tested and exercised. Work is also ongoing to mobilise police resources to meet the challenge of policing the Games during 2012.

Funding for Olympic and Paralympic safety and security were prioritised within the 2010 Spending Review to ensure the safety of all those participating, watching and visiting the Games. A £600m funding envelope is available, if required, for additional policing and wider Games security, although the Government is confident it can deliver the full programme for about £475m. By the end of December 2010, approximately £117m had been spent on the additional costs of Olympic and Paralympic safety and security.

## Transport

With the transport infrastructure upgrades almost complete, the focus is now firmly on the detailed planning of transport operations during 2012.

- Arrangements for the provision of additional public transport services during the Games are now well advanced.
- The first phase of the Travel Advice for Business campaign was launched in November 2010. This is part of a wider programme of work to reduce non-Olympic and Paralympic Games demand on the transport networks. Travel Advice for Business is focused on giving businesses information about transport planning for the Games and offering them tools to help plan operations during the summer of 2012.
- The ODA published plans for implementation of the Olympic Route Network and Paralympic Route Network in July 2010. Consultation on detailed traffic regulation orders giving effect to these and other traffic management measures required to deliver a successful Games will follow in 2011. These measures will enable people who are essential to the Games, such as athletes and officials, to get to their venues, whilst enabling others to go about their business with as little disruption as possible.
- The first exercises testing the Transport Coordination Centre, which will provide a coordinated transport information hub during the Games, began in 2010.



**Top:** Security at the Olympic Park.

**Bottom:** Additional public transport services will be provided during the Games.



# Legacy from the Games

**In December 2010, the Government published a Legacy plan, which sets out the legacy vision for the 2012 Olympic Games and Paralympic Games, and the detailed plans underpinning it. The Government is committed to making the most of the Games for the whole of the UK.**

It has identified four areas to focus on:

- Harnessing the UK's passion for sport to increase grassroots participation, particularly by young people, and to encourage the whole population to be more physically active;
- Exploiting to the full the opportunities for economic growth offered by hosting the Games;
- Promoting community engagement and achieving participation across all groups in society through the Games; and
- Ensuring that the Olympic Park can be developed after the Games as one of the principal drivers of regeneration in East London.

The legacy of the Games is being steered or enabled by a range of organisations, communities and individuals across the country, including: the GOE and departments across central Government, LOCOG and ODA; the BOA and BPA; Sport England and UK Sport; the Mayor of London; the OPLC and Host Boroughs (Barking and Dagenham, Greenwich, Hackney, Newham, Tower Hamlets, Waltham Forest); the devolved administrations in the nations and local authorities UK-wide; the Nations and Regions Group established by Government and LOCOG to achieve maximum benefits from the Games and their legacy across the UK; the Games' sponsors and other businesses; and many third sector organisations.

To assess the benefits of the 2012 Games and their legacy, the Government has engaged a consortium from the private and academic sectors to conduct a meta-evaluation, which will bring together evidence relating to the benefits of individual legacy initiatives into a coherent whole.

## **Harnessing the UK's passion for sport**

The Government is committed to delivering a sporting legacy for young people and to bringing back a culture of competitive sport in schools. The 2012 Games are serving as a catalyst to promote a legacy of mass participation and healthy living, which enables the Government to deliver on the London 2012 bid pledge of inspiring a new generation to get active and play sport.

From community and school sport to the elite level, the Government is determined to maximise funding directly to the people who make sport happen every day. This includes modernising the structure of sport and improvements to governance as well as helping UK athletes maintain world-class high performances.

The Government is increasing the share of lottery funding that is invested in community sport. In November 2010, the Minister for Sport and the Olympics announced the £135m lottery-funded 'Places People Play' initiative. 'Places People Play', run by Sport England, will transform the places where people play sport, bringing the sporting legacy to life in communities across the country. Sports organisations and national governing bodies have also launched a number of national initiatives which will help more people of all ages and abilities to get involved and try new sports.

In October 2010 the ODA and LOCOG announced that schools, universities, sports clubs and leisure centres in London and elsewhere in the UK would benefit from a £10m investment in facilities to be used by athletes during the London 2012 Games. The facilities will then be available for use by the local community after the Games.

To inspire children to choose sport and to incentivise schools to set their ambitions high, the Government is creating a new, inclusive School Games. Every school in the country will be invited to sign up for this package of annual events at school, district, county and national level. Further detail around the arrangements for school sport and the new School Games will be announced later in 2011.

The Department for Education and the Department of Health continue to provide funding for school sports and physical education; but with a much greater emphasis on increasing opportunities to do competitive sport.

Overseas, the Government continues to support the International Inspiration programme, which uses the power of sport to give young people around the world, especially in developing countries, access to high quality sports opportunities. The programme's unique approach, working on three levels – with policy makers, sporting practitioners and young people – helps to introduce a change in the participating country's approach to youth sport. Led by the International Inspiration Foundation, working with the British Council, Unicef, UK Sport and other partners, the programme has reached more than 6 million children globally, while in the UK over 300 schools have forged educational partnerships by becoming International Inspiration partner schools.

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# £135m

£135m of lottery funding for the community sport initiative 'Places People Play' will bring the sporting legacy to life in communities across the country.

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**Olympic gold medallist Jonathan Edwards presents the Inspire Mark certificate to Dr Nicki Phillips of Cardiff Medical School for its Pre-Games Training Physiotherapy support programme.**

## Case study

### Physios supporting athletes across all abilities

Thus far, three countries have confirmed that they will be basing themselves in South Wales prior to the Paralympic Games. The teams from Australia, New Zealand and South Africa will be training in South Wales in the lead up to the Games.

In line with this initiative and following an identified need from the support teams of these countries, Nicki Phillips and Tony Everett at Cardiff University have put together a Continuous Professional Development programme in collaboration with Disability Sport Wales and Sports Council for Wales High Performance Unit. The objective is to provide training for physio students and new graduates to develop knowledge and skills in disability sport. They will then be in a position to work as volunteers, in a variety of capacities, with these teams during their preparations for London 2012.

There is an obvious legacy benefit with this programme as it allows 'physios' who may not have sufficient experience to volunteer in London to play an active role in the Games. The project also provides training and experience in disability sport which will be taken back into the NHS.

"The 2012 Games provide a fantastic opportunity for our 'physios' to gain experience working with elite disabled athletes. The Inspire Mark recognises the project's impact on the long-term benefits for students and the NHS in Wales," said the project manager.

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# 6 million

The International Inspiration programme has reached more than 6 million children globally.

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## Exploiting economic opportunities

The 2012 Olympic Games and Paralympic Games are producing tangible economic benefits all around the UK. British companies have been able to access almost £6bn of contracts to build and supply the 2012 Games. In all, 98 per cent of contracts let by the ODA have gone to UK-based companies and two-thirds of them have been awarded to small or medium-sized enterprises. LOCOG is now ramping up procurement for £700m worth of goods and services.

In addition to these contracts protecting and creating jobs all around the UK, they have facilitated companies to increase their capability to supply London 2012 and other major sporting events in the UK and overseas. In total, over 42,000 companies have received some business support through Business Link or equivalent and 6,900 have received intensive assistance (as at September 2010). Further business opportunities for London 2012 in tourism, leisure, hospitality, retail, creative media and others could amount to twice as much as the £6bn already spent.

UK Trade and Investment, the Foreign and Commonwealth Office, OPLC and other organisations are striving to 'convert' international interest in the Games and the direct investment opportunity in the Park into economic gains across the country. It is about using the Games to tell the world that the UK is a powerhouse economy capable of competing in high value sectors of the global market. The Government has a vision for East London to form a hub for the hi-tech and creative sectors – a 'Tech City' that will attract inward investment and boost the national economy. As part of this, the OPLC is proposing the creation of an 'accelerator space' in the IBC/MPC providing flexible IT-enabled office space for small high-tech companies.

The Games offer a once-in-a-lifetime opportunity to showcase the best of the UK – the country's culture, creativity, industry, innovation and sustainability. The Secretary of State for Culture, the Olympics, Media and Sport has announced plans for a lasting tourism legacy by creating a new fund aimed at generating £1bn worth of PR and marketing activity in the years around 2012. This four-year campaign will have clear commercial targets, including delivering one million additional overseas visitors each year and £2bn in extra visitor spend in the UK, with the potential to generate up to 50,000 new jobs UK-wide.

As well as the hard economic outputs, the Games provide the opportunity to create a 'soft power' legacy, building a wide network of influential relationships that will have a lasting effect by increasing British influence globally. The British diplomatic missions around the world are taking forward a programme to deliver a solid international legacy for the Games, which is linked to the Government's foreign policy priorities of security, prosperity and strong bilateral relations.

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# 98%

In all, 98 per cent of contracts let by the ODA have gone to UK-based companies and two-thirds of them have been awarded to small or medium-sized enterprises.

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## Case study

### Crane company gets a lift from London 2012

Based in Standish, Wigan, Ainscough Crane Hire began work on the 2012 Olympic Games and Paralympic Games within months of the host city being announced. It was accepted as a supplier to the ODA and went on to win a multi-million pound contract to provide crane hire and contract lifting to the main contractors and subcontractors working on a number of key Olympic sites, including the Olympic Village, Aquatics Centre, Basketball Arena and the IBC/MPC.

Neil Partridge, managing director at Ainscough, explains why they wanted to be part of London 2012: "We were keen to get involved and we have premises in East London, so we were well placed to serve the requirements of the Games. The contract we secured is for three years and has increased the company's annual revenue by four per cent. The contract has definitely been good for business in these challenging economic times."

Established in 1976, Ainscough Crane Hire has 30 depots around the country and employs over 950 people throughout the UK. The London 2012 contract has helped to safeguard jobs across the whole of the country, in particular in East London.

Ainscough has also signed up for CompeteFor, the online portal that enables businesses to compete for contract opportunities linked to the London 2012 Games and other major public and private sector buying organisations.

With a particular focus on supply chain opportunities, CompeteFor acts as a brokerage service, matching buyers with potential suppliers. It also facilitates access to focused business support, through the national Business Link network, helping to boost the long-term competitiveness of businesses.



## Promoting community engagement

By bringing people together over a national event, the 2012 Games provide an opportunity to promote more cohesive and proactive communities, which would last for generations, and support the creation of the Big Society.

Local people are empowered to define what London 2012 means for them. Various activities are already taking place, which support the emphasis on social action associated with London 2012. One example is the London 2012 Inspire programme, which awards the Inspire Mark, a version of the London 2012 brand, to high quality non-commercial projects inspired by the 2012 Games. Thus far 1,000 projects have been given the 2012 Inspire brand and an estimated 10 million people UK-wide have already been reached by these Inspire projects.



The Cultural Olympiad is engaging millions of people in the excitement of the Games through projects in the art, film, music, digital and museum sectors that will inspire the next generation of performers and audiences. For example, as part of the 'Artists Taking the Lead' initiative, 12 projects have won commissions totalling £5.4m to create new works of art across the UK – one in each of the nine English regions and in the nations of Scotland, Wales and Northern Ireland. The culmination of the Cultural Olympiad is the London 2012 Festival running from June until September 2012, which will be the opportunity for everyone to be a part of the celebrations of the Games and to leave a lasting legacy for culture and the arts in the UK.



The Cabinet Office's new and existing volunteering and community engagement programmes, including National Citizen Service being piloted in summer 2011, will be closely linked to the 2012 Games and enable people to play a more active part in society. Another government scheme is Opportunity 'inspired by' London 2012, which uses the inspirational power of the Games to help disadvantaged young people across the country. Starting this year, it will involve at least 250 young people having better life chances through tailored training, mentoring and development programmes.

**Top:** Trees being planted on the Holdbrook Estate opposite the Lee Valley White Water Centre venue.

**Centre:** Graeae Theatre Company – The Garden. Part of Unlimited, the UK's largest programme celebrating arts, culture and sport by disabled and deaf people.

**Bottom:** The launch of London 2012 education programme 'Let's Get Cooking Around the World'.

The Government has prioritised making London 2012 the most inclusive and accessible Games possible. Furthermore, it is utilising the Games to influence attitudes towards and perceptions of disabled people. This includes ensuring comprehensive media coverage of the Games through the London 2012 Paralympic Games broadcaster – Channel 4 – and other media outlets; and promoting inclusion and disability equality through the Cultural Olympiad and International Inspiration. Sport England is conducting a consultation with disabled people and the people who support them on how an investment of £8m of lottery funding can best be targeted to help increase participation. In March 2010, the previous Government published a plan to deliver legacy benefits for disabled people. This legacy vision will be developed further and plans will be published in 2011.

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# 1,000

Thus far 1,000 projects have been given the 2012 Inspire brand and an estimated 10 million people UK-wide have already been reached by these Inspire projects.

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## Case study Lighting the way to London 2012 and beyond

Loughborough Flames is an innovative and exciting sports leadership project developed in partnership by Loughborough College and the British Heart Foundation. It celebrated its third successive festival in May 2010.

The six-week project involves over 100 Loughborough College sports leaders completing the Active Club Pack Training from the British Heart Foundation to build upon and consolidate their CSLA (Community Sport Leadership Award) completed as part of their National Diploma in Sport. This will enable the students to plan and deliver a high quality and enjoyable Olympic and Paralympic themed sport and health programme to over 200 local primary school children.

At the end of the six-week project all of the children involved in the project will be invited to attend a Loughborough Flames festival devised and delivered by the sports leaders.

Following the success of this project in the East Midlands, in June 2010 the project was licensed for a national rollout and is currently working with colleges in Yorkshire, South East/West, North East/West, London, West Midlands, Northern Ireland and Wales.

Dame Kelly Holmes said of the project: "Training young leaders to deliver Olympic and Paralympic values as well as health and physical activity messages to primary school children, is an effective way to inspire the next generation."

## Regenerating East London

The Olympic Park was sited in East London, deliberately, to exploit the opportunities the Games present to develop and accelerate the regeneration agenda. The regeneration is transforming the residential and business image and potential of East London, and setting a new benchmark for sustainable development. Local communities will be able to enjoy a new park and public realm improvements, world-class social and sports facilities, and new housing, beginning with the 2,800 homes created after the Games by the conversion of the Olympic Village.

The site construction has provided thousands of local jobs during a challenging economic period. At the end of December 2010, the workforce on the Park and Village was around its peak of over 12,000 workers. 24 per cent of the workforce on the Park and 31 per cent on the Village were from the six Host Boroughs, while 12 per cent of the workforce on the Park and 10 per cent on the Village declared themselves to be previously unemployed. By the time the build is complete over 30,000 people will have worked on site.

In addition, LOCOG estimates it will require a total workforce of 200,000 people, including 100,000 contractors and up to 70,000 volunteers. These will work across all competition and non-competition venues.

There are various sustainability legacy benefits associated with the Park's construction including remediated soil, new renewable energy sources such as PhotoVoltaics (PVs), and a combined heating cooling and power plant and biomass boilers.

In the longer term the Park, together with Stratford City, will provide the foundations for a new growth economy built around cultural, sporting, leisure and tourism business opportunities. The Park is expected to support some 8-10,000 jobs, over and above the employment of 20,000 forecast for Stratford City.

Furthermore, the massive investment in transport is making Stratford one of the most connected places in London and the UK. The improvements include new high speed rail services from Stratford International, a £125m upgrade to increase capacity and accessibility at Stratford Regional Station, DLR extensions to Woolwich and Stratford International and the North London line, and upgrades to walking and cycling routes to link the Park to its surrounding area.

In October 2010, the OPLC launched the Park vision and the Government announced that the Park would be named 'Queen Elizabeth Olympic Park' when it is reopened after the Games. Last year the OPLC began the process of finding an anchor tenant for the Olympic Stadium and opened expressions of interest for the future use of the IBC/MPC. These are tangible demonstrations of the Government's planning for the physical legacy from the Olympic venues.

The Mayor of London has endorsed the Olympic Host Boroughs' vision of 'convergence' that 'within 20 years, the communities which host the 2012 Olympic and Paralympic Games will enjoy the same social and economic chances as their neighbours across London'. The Government is making the necessary plans and legislating to give the Mayor of London the powers he needs to drive forward this regeneration in East London. Through the Localism Bill, the Mayor will have the capacity to strengthen the OPLC by consolidating it and other public bodies operating in the area into a single Mayoral Development Corporation (MDC). Subject to public consultation and the legislation being passed, the MDC is expected to be in place before the Games.

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**"I think the Olympic Park is incredible and I am delighted that I have been involved from the very beginning. The area I know so well is being transformed and the amazing dream is becoming a reality. This is great for the East End and for sport."**

**David Beckham, England football player,  
November 2010**

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## Case study Women into Construction

Tisha-Anne McLean from Waltham Forest is studying civil engineering and construction management part-time at the University of East London while she completes her training. She has always liked drawings and the structure of buildings. She was able to do a 13-week work placement on the Olympic Park in April last year. Following her placement she was taken on by a Park Contractor. She says that people on her site are very welcoming and she likes working with the other women.

Tisha-Anne deals with document control; her role is to make sure everyone, from sub-contractors to project managers, is up to date with the latest drawing on each building. She also manages the sampling and benchmarking of items for the site.

She says that "knowing that I'm coming here to the Olympic Park and knowing I play a part in the development of London 2012" is what gets her up in the morning. In the future she would like to expand what she is doing and work in different areas. She has also worked in the environment and sustainability team checking the recycling on site and making sure people are using the correct equipment. She is picking up many new skills while working on the Olympic Park.

Tisha-Anne is a part of the Women into Construction project. Funded by the LDA and Construction Skills, it aims to use the London 2012 Games to increase the number of women working on the Olympic Park. It also challenges existing perceptions about women who work in the industry. The 'Women into Construction' project has helped 222 women into employment to date.





**“Beyond 2012, we want to ensure these Games deliver a strong legacy – not just regenerating this part of East London, but boosting our national economy and inspiring a new generation to get active and get into sport.”**

Prime Minister David Cameron, December 2010



# Financial overview

The overall Public Sector Funding Package for the Games, announced in March 2007 by the previous Government, totalled £9.325bn.

As part of the Department's contribution to reducing the overall national budget deficit, it was agreed and announced in May 2010 that the ODA's budget would be reduced by £27m, meaning the overall funding package for the Games was reduced to £9.298bn.

The funding package for the Games remains at £9.298bn following the Government's Spending Review announcement on 20 October 2010. However, the overall funding package will be reconfigured from April 2011 to make provisions for operational requirements, reflecting the changing focus of the programme from construction to operational delivery.

To ensure transparency on the investment being made in the Olympic Park, and more widely for the Games, the GOE and ODA have published Quarterly Reports since 2009 updating on forecast costs for the programme. As these reports have shown, the project remains on time and within budget.

The ODA has achieved all of its milestones to date and has published its final set of milestones – Big Build: Completion – to be achieved by July 2011. Construction work is on schedule with 79 per cent of the venues and infrastructure to Games-time now completed. Recent milestones include the completion of the first brand new venue, the Lee Valley White Water Centre at Broxbourne, and the official turning on of the main Stadium's lights by the Prime Minister and Mayor of London.

The Velodrome track has been tested and signed off by the International Cycling Union (ICU) and the venue is on schedule to be the first Olympic Park venue to be completed in early 2011.

As previously reported, the ODA will take on additional responsibilities for the operation of the Olympic Park and its venues and facilities between 2011 and the handover to legacy owners by 2014. The ODA estimated and reported previously that the additional cost of this work would be up to £160m. A business case costed at £158m has now been agreed for this work. As we get closer to the operational phase of the Games, it has been agreed that some of this work will now be delivered by LOCOG and as a result funding for this additional scope has been transferred directly to them.

The ODA's current Anticipated Final Cost (AFC), including £57m additional funding for Park Operations, is £7.301bn compared to £7.232bn at the end of September 2010, an increase of £69m. However, on a like for like basis, excluding the Park Operations budget, the current AFC has increased by £12m.

Most of the contingency used to date has been for projects affected by the economic downturn – the Olympic Village and the IBC/MPC – and now Park Operations. Contingency required for other projects has been more than offset by savings elsewhere.

2011 will see the majority of venues and infrastructure projects completed. The latest employment figures show that there are now over 12,000 workers on the Olympic Park and Olympic Village projects combined, and the project continues to provide jobs and contract opportunities around the UK at a difficult economic time.

## Public Sector Funding Package for the Games

As reported in the November 2010 Quarterly Report, the overall Public Sector Funding Package for the Games remains at £9,298m following the Government Spending Review. However, with effect from April 2011, the breakdown of the package will alter in recognition of the changing focus of the programme from construction to the operational delivery of the Games. The revised funding package, as agreed in the Spending Review, is set out in Table 1.

**Table 1: 2010 Spending Review baseline: Breakdown of the £9,298m funding package**

Public Sector Funding Package	£m
ODA	7,321
LOCOG Park Operations	67
Policing and wider security	475
Venue security	282
Paralympic Games	95
Funding available to LOCOG	63
City operations	22.5
Other operational provisions	63.5
Look of London	32
Elite and community sports	290
Contingency	587
<b>Total</b>	<b>9,298</b>

Some contingency funding previously available exclusively for the ODA will instead now be held as contingency funding potentially available for use across the programme (including by the ODA) and £67m of Park Operations scope previously allocated to the ODA will now be delivered by LOCOG for operational reasons. The collective result is revised funding for the ODA of £7,321m.

Funding for Olympic and Paralympic safety and security was prioritised within the 2010 Spending Review to ensure the safety of all those participating, watching and visiting the Games. A £600m funding envelope is available, if required, for additional policing and wider Games security, although the Government is confident it can deliver the full programme for about £475m.

The Home Office also announced that Government is to contribute £282m to LOCOG towards the cost of venue security. This is additional to the £475m for wider policing and security, but as can be seen from Table 1, still within the £9,298m total package.

The funding package meets 50 per cent of the cost of the Paralympics, in line with the Government Guarantee provided at the time of the bid. In 2007, this share was estimated at £66m. As LOCOG has developed its detailed lifetime budget and established which costs are additional to the staging of the Olympic Games, this estimate has risen to £95m.

The Government has agreed to provide funding of £36m to LOCOG from the funding package to contribute to the cost of the Village and to meet costs arising from venue changes, and a further £27m is being retained by Government to cover specific cost pressures that may arise.

Total funding of up to £22.5m has been committed to some host local authorities, where analysis has indicated that the burden imposed for Games-time operations is of such a scale that it should not be borne solely by local council-tax payers.

£63.5m has been earmarked for other operational provisions, although funding has yet to be definitively allocated to specific programmes. We will continue to provide updates in future Quarterly Reports as and when specific allocations have been made.

The provisions for Look of London and Elite and community sports have been unchanged since the last Public Sector Funding Package of March 2007.

The 2010 Spending Review made provision for all known Olympic programme cost pressures at the time. As a result, £587m remains as the contingency available for additional cross-programme issues that may subsequently arise, including any major changes in security circumstances. As we set out in the previous Quarterly Report, this contingency will continue to be strictly controlled and will only be released to meet costs that are essential for the delivery of the Games, where they cannot reasonably be met from existing budgets.

## Sources of funding

From April 2011 Government funding for the programme, excluding security which sits with the Home Office and other Government Departments, will be held by DCMS. The Greater London Authority (GLA) and the Olympic Lottery Distributor (OLD) will continue to contribute, as per the 2007 Spending Review agreement. Security funding will be provided primarily by the Home Office, based on the principle that costs lie where they fall.

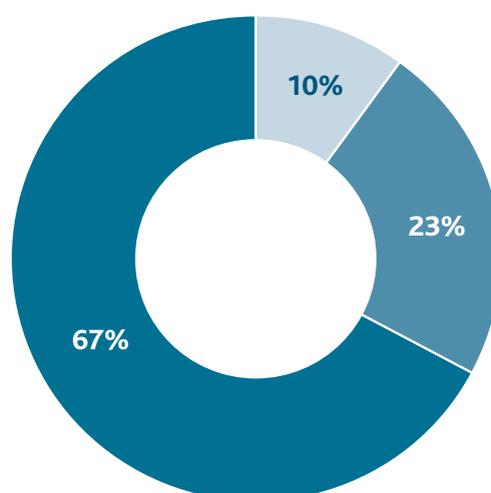
The maximum contribution of the Lottery remains unchanged. However the London Development Agency's (LDA) contribution to the Public Sector Funding Package has fallen by £300m, as reported in July 2010, from £550m to £250m. Net of £27m reduction in the overall Public Sector Funding Package the Exchequer contribution therefore increased to £6,248m as reported in July 2010.

Under the confirmed arrangements, the interests of the Lottery under the 2007 Memorandum of Understanding between the Government and the Mayor are still protected. Meanwhile the Memorandum is being updated as necessary to reflect the latest position as a result of the Spending Review and the transfer of land ownership from the LDA to the Olympic Park Legacy Company, which has now been completed.

The overall National Lottery contribution to the 2012 Games remains at up to £2.175bn, including contributions of £750m from dedicated Olympic lottery games; £340m spending by sports lottery distributors out of their existing funds (including £290m of support for elite and community sport); and £1.085bn to be transferred from general lottery proceeds held in the National Lottery Distribution Fund.

**Table 2: Sources of funding**

Funding from:	Total contribution £bn
Lottery	2.175
London (GLA and LDA)	0.875
Central Government	6.248
<b>Total</b>	<b>9.298</b>



- 10% London (GLA and LDA)
- 23% Lottery
- 67% Central Government

## Financial position

### Cash flow

The outcome of the spend analysis up to the end of December 2010 is as follows:

- November 2007 Forecast Spend to end December 2010 = £5,466m
- Actual Spend to end December 2010 = £4,730m

### Savings

A total of over £780m in savings has been achieved by the ODA since the November 2007 baseline was agreed, including £33m in the last quarter.

The majority of these savings have been achieved on Structures, Bridges and Highways, Logistics, Security, Transport, Enabling Works, IBC/MPC and savings from inflation. Most have been used to offset increases across the programme which has meant lower levels of contingency have been utilised.

### Park Operations

As reported since the February 2010 Annual Report, the ODA will take on additional responsibilities for the operation of the Olympic Park and its venues and facilities between 2011 and the handover to legacy owners by 2014. This includes facilities management, logistics and access arrangements and security, which protects the assets and supports their use through the test events period and the Games until handover to a successor body.

In February 2010 the ODA estimated that the additional cost of this work would be up to £160m depending on the finalisation of scope, delivery approach, procurement and other factors. A business case has now been agreed and the additional budget for this work has been finalised at £158m.

It has now been agreed that LOCOG are best placed to carry out some elements of this work as they scale-up and move onto the Olympic Park during 2011-2012. Therefore £67m of the funding for this additional scope will be transferred to LOCOG. The remaining £91m is allocated to the ODA, of which £57m is allocated this quarter and £34m has already been allocated in previous quarters.

As anticipated since February 2010 the ODA has also reallocated £105m from its Programme Contingency to Park-wide Operations – a move which does not affect the ODA's overall AFC.

### Contingency under current arrangements

During the last quarter, a total of £304m of contingency was released, the majority of which reflects the finalisation of the budget for Park Operations, including the funding transferred to LOCOG.

Also included in that figure is: £47m of contingency to cover the increase in the VAT rate from January 2011; £11m of contingency funding that had previously been provided for Park Operations from savings achieved by the ODA, which has now been reallocated; and £17m for anticipated additional costs at the shooting venue at the Royal Artillery Barracks in Woolwich and for Games-time training venues.

As at the end of December 2010, the gross allocation of contingency was £1.133bn (£1,066m to the ODA and £67m to LOCOG), leaving a total balance of £839m before the revised contingency arrangements apply from April 2011.

### Contingency arrangements from April 2011

As announced in November 2010, from April 2011 as part of the Spending Review settlement, the total funding package for the Games will be reconfigured as set out in Table 1, with £587m of the £9.298bn funding package being held as an Olympic contingency for cross-programme issues, including any material change in security circumstances. This cross-programme contingency will be separate from the Programme Contingency that forms part of the ODA's budget.

All contingency will continue to be strictly controlled and will only be released to meet costs that are essential and for the delivery of the Games, where they cannot be reasonably met from existing budgets.

## **Olympic Village sale**

The Olympic Village, which lies adjacent to the Olympic Park, will deliver the legacy of 2,818 new homes for East London after the 2012 Games. 1,379 of the new homes have previously been purchased by Triathlon Homes to become legacy affordable housing. The ODA owns the remaining 1,439 homes which will become private housing after the Games, together with six future development plots within the Village site with the potential for a further 2,000–2,500 new homes.

In October 2010 the ODA invited interest in investing in the Olympic Village development. The ODA is looking to secure best-value together with a long-term commitment from an investor with the experience and expertise needed to realise the full potential of the new homes being built and the future development opportunities across the Village site.

Following competitive submissions from across the UK, mainland Europe, North America and Asia, the ODA has announced a shortlist of nine private sector organisations or consortia who have been invited to submit proposals for the purchase and long-term management of the Olympic Village. The process should conclude this summer.

## **ODA budget**

The ODA's baseline budget was increased by £237m in the quarter owing to releases in contingency that are explained above.

**Table 3: Changes to ODA budget**

	Original Baseline £m	Allocated Contingency £m	Revised Baseline £m	Contingency Available £m	Maximum Available ODA Budget £m
<b>November 2007</b>	6,127	0	6,127	1,972	8,099
Olympic Village Interim Funding		95	95	(95)	
Contingency releases published Jan 09		35	35	(35)	
<b>September 2008</b>	6,127	130	6,257	1,842	8,099
Olympic Village additional funding		231	231	(231)	
IBC/MPC		135	135	(135)	
<b>September 2008</b>	6,127	496	6,623	1,476	8,099
Inflation savings		(77)	(77)	77	
VAT rate reduction		(24)	(24)	24	
Other Movements		28	28	(28)	
<b>March 2009 – pre Village funding</b>	6,127	423	6,550	1,549	8,099
Village investment		261	261	(261)	
<b>March 2009 – post Village funding</b>	6,127	684	6,811	1,288	8,099
Basketball		(3)	(3)	3	
Security Resilience		19	19	(19)	
<b>June 2009</b>	6,127	700	6,827	1,272	8,099
Barking feasibility reports / Eton Manor / Aquatics		2	2	(2)	
<b>September 2009</b>	6,127	702	6,829	1,270	8,099
Aggregate Tax (£0.4m)		0	0	0	
<b>December 2009</b>	6,127	702	6,829	1,270	8,099
Park-wide Operations		13	13	(13)	
Stratford City post-Games development		75	75	(75)	
<b>March 2010</b>	6,127	790	6,917	1,182	8,099
Reduction in ODA budget as part of public sector in-year reductions					
- IBC/MPC		(11)	(11)		(11)
- Security for site construction		(13)	(13)		(13)
- Velodrome / Basketball Arena		(3)	(3)		(3)
<b>June 2010</b>	6,100	790	6,890	1,182	8,072
Information security		3	3	(3)	
Olympic Village Operational Service Area		5	5	(5)	
Security Measures to allow public access to Stratford City Retail Centre		10	10	(10)	
Security for Park Operations		21	21	(21)	
<b>September 2010 before Village receipts</b>	6,100	829	6,929	1,143	8,072
Royal Artillery Barracks		11	11	(11)	
Games-time Training Venues		6	6	(6)	
VAT and other Emergency Budget impacts		47	47	(47)	
Park-wide Operations (Programme)		116	116	(116)	
Park-wide Operations (Funders)		57	57	(57)	
Park-wide Operations (LOCOG Funding)				(67)	(67)
<b>December 2010 before Village receipts</b>	6,100	1,066	7,166	839	8,005
Olympic Village future receipts			(324)		
<b>December 2010 after Village receipts</b>			6,842		
Net future cost pressures			92		
<b>Total before assessed programme risks</b>			6,934		
Assessed programme risks			367		
<b>TOTAL AFC</b>			7,301		

## Anticipated Final Cost (AFC)

The ODA's current AFC is £7.301bn compared to £7.232bn at the end of September 2010, an overall increase of £69m. This is mainly due to the planned release of £57m additional funding for Park Operations (with the remaining contingency releases in the quarter already included in the AFC from the previous quarter). The remaining increase of £12m is a consequence of several movements in the quarter including:

- increases to individual project budgets to take account of the increase in the rate of VAT from January 2011;
- a further forecast saving of £10m on the main Stadium as a result of contract close out gains as the project approaches completion;
- a saving of £8m on South Park Site Preparation through design savings and close out;
- net savings of £6m and a further forecast saving of £2m on Logistics for Site Construction and of £14m on security for Park Construction due to a realignment of scope;
- a potential cost increase in Utilities of £30m due to a change in the delivery costs of the project and £1m for increased VAT. The main forecast increase is a result of a detailed reappraisal of costs to complete taking into account the scheduling of works relating to operating in constrained areas on site, scope changes, rectification works and the challenges of closing out this part of the programme. The AFC is still within the original baseline budget;
- an actual cost increase of £7m on Other Infrastructure (Landscaping) in the quarter for increased VAT, underpasses, lighting and other minor projects, and potential further increase of £12m owing to a reappraisal of transformation costs post Games and the sequencing of works in the run up to the Games;
- an actual increase of £6m on the Village Construction, due in part to supplier insolvencies on that part of the programme, and a potential further increase of £5m;
- a forecast cost increase in Programme Delivery of £21m. This anticipates enhanced payments to Delivery Partner CLM due to the strong progress of the project against agreed targets. CLM's enhanced payments are based on performance and they are incentivised to drive down costs across the programme.

After taking into account these actual and forecast cost increases and savings, together with reducing risks going forward, and following the finalisation of the budget for Park Operations, the overall AFC has increased by £69m in the quarter. (However, if Park Operations funding were excluded from the calculation, the AFC has increased by £12m since the last quarter.)

As a consequence of the Spending Review, from April 2011 the maximum funding available to the ODA from the Public Sector Funding Package will be £7,321m. The ODA's current AFC is £20m within this figure.

**Table 4: Anticipated Final Cost**

	Nov 07 ODA Baseline Budget £m	Nov 10 Quarterly Economic Report £m	February 11 Annual Report £m	November 10 - Feb 11 Variance £m
<b>Site Preparation and Infrastructure</b>				
Powerlines	282	285	285	0
Utilities	256	207	238	31
Enabling Works	364	382	383	1
F10 Bridge	89	62	63	1
Other Structures, Bridges and Highways	740	612	611	(1)
South Park Site Preparation	116	119	111	(8)
Prescott Lock	5	5	5	0
Other Infrastructure (Landscaping)	243	226	245	19
<b>Total Site Preparation and Infrastructure</b>	<b>2,095</b>	<b>1,898</b>	<b>1,941</b>	<b>43</b>
<b>Venues</b>				
Stadium	496	496	486	(10)
Aquatics	214	268	269	1
VeloPark	72	94	93	(1)
Handball	55	44	43	(1)
Basketball	58	42	42	0
Other Olympic Park Venues	59	107	109	2
Non-Olympic Park Venues	101	131	139	8
<b>Total Venues</b>	<b>1,055</b>	<b>1,182</b>	<b>1,181</b>	<b>(1)</b>
<b>Transport</b>				
Stratford Regional Station	119	124	123	(1)
DLR	86	81	80	(1)
Thorntons Field	47	23	23	0
North London Line	110	107	107	0
Other transport capital projects	178	140	140	0
Other transport operating expenditure	357	379	388	9
<b>Total Transport Projects</b>	<b>897</b>	<b>854</b>	<b>861</b>	<b>7</b>
<b>Park-wide Projects</b>				
Logistics for Site Construction	337	271	263	(8)
Security for Park Construction	354	300	286	(14)
Section 106 and masterplanning	127	117	117	0
Insurance	50	50	50	0
Park-wide Operations	0	51	213	162
Security screening and operational areas	0	50	52	2
Other Park-wide Projects	0	27	28	1
<b>Total Other Park-wide Projects</b>	<b>868</b>	<b>866</b>	<b>1,009</b>	<b>143</b>
<b>Media Centre and Olympic Village</b>				
Stratford City Land and Infrastructure	522	614	613	(1)
Stratford City Development Plots	(250)	(100)	(100)	0
Village Construction – public sector funding	0	698	709	11
Village Receipt	0	(324)	(324)	0
IBC/MPC	220	301	301	0
<b>Total Media Centre and Olympic Village</b>	<b>492</b>	<b>1,189</b>	<b>1,199</b>	<b>10</b>
Programme Delivery	647	694	718	24
Taxation and Interest – includes Emergency Budget Impact	73	71	25	(46)
<b>Total Budget before Contingency</b>	<b>6,127</b>	<b>6,754</b>	<b>6,934</b>	<b>180</b>
ODA Programme Contingency	968	565	439	(126)
<b>Total after ODA Programme Contingency</b>	<b>7,095</b>	<b>7,319</b>	<b>7,373</b>	<b>54</b>
Available Programme Contingency*	0	(87)	(72)	15
Retained Savings**	0	0	0	0
<b>Total Potential Anticipated Final Cost (AFC)</b>	<b>7,095</b>	<b>7,232</b>	<b>7,301</b>	<b>69</b>

Table 4 footnotes:

\* Available programme contingency represents the amount of contingency available in excess of assessed risks.

\*\* Retained savings represent savings generated but not spent which will be used to meet future cost pressures.

## LOCOG finance update

The London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) is responsible for the overall staging of the Games. It is a private company limited by guarantee established by a joint venture agreement between its stakeholders, namely: The Secretary of State for Culture, the Olympics, Media and Sport; the Mayor of London; and the British Olympic Association.

LOCOG is ahead of schedule in generating the c£2bn needed to stage the Games in 2012, a major achievement in the current economic climate. It has secured 70 per cent of its total revenue, including over £670m of local sponsorship revenue. It has signed up over 30 domestic sponsors, plus one sponsor (Sainsbury's) for the Paralympic Games only, listed in the table below. The Worldwide Olympic Partners signed up for London 2012 are Coca-Cola, Acer, Atos Origin, Dow Chemical Company, GE, McDonald's, Omega, Panasonic, Procter and Gamble, Samsung and Visa.

When London bid to host the Games, the Government committed to fund 50 per cent of the incremental cost of staging the Paralympic Games. Those funds will be made available to LOCOG. Other public funding commitments for which Government is responsible where amounts will be made available to LOCOG include:

- £36m contribution to the Olympic Village as a publicly owned venue and other costs relating to venue changes;
- up to £27m to be retained by the Government to fund further specific cost pressure that may arise in LOCOG's budget.

Securing Olympic venues is a unique challenge. To help ensure delivery of their safety and security guarantee to the IOC, the Government has also made £282m available to LOCOG to support them in delivery of the venue security programme.

All of this funding is within the total £9.298bn Public Sector Funding Package for the Games.

**Table 5: LOCOG sponsors as at 31 January 2011**

Domestic Tier One Partners	Domestic Tier Two Supporters	Domestic Tier Three Suppliers and Providers	Domestic Tier One Paralympic Games Partner
adidas	Adecco	Aggreko	Sainsbury's
BMW	ArcelorMittal	Airwave	
BP	Cadbury	Atkins	
British Airways	Cisco	The Boston Consulting Group	
BT	Deloitte	CBS Outdoor	
EDF Energy	Thomas Cook	Crystal CG	
Lloyds TSB	UPS	Eurostar	
		Freshfields Bruckhaus Deringer LLP	
		GlaxoSmithKline	
		Gymnova	
		Holiday Inn	
		John Lewis	
		McCann Worldgroup	
		Mondo	
		Next	
		The Nielsen Company	
		Populous	
		Technogym	
		Ticketmaster	
		Trident	



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