



department for  
culture, media  
and sport

# London 2012 Olympic and Paralympic Games Quarterly Report May 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.**

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**In the last three months Olympic tickets have gone on sale and the construction of the Velodrome and Olympic Stadium have both been completed. Operational issues are now at the forefront of London 2012 planning and public support, and excitement, as evidenced by the demand for tickets, remains strong.**

The delivery of a safe and successful Olympic and Paralympic Games in 2012 is a key priority for the Government. The overall funding package for the Games remains at £9.298bn, with some of this funding made available from April to cover operational cost as the project's focus shifts from construction to operational delivery.

All the venues and infrastructure are taking shape, with 83 per cent of the Games-time construction programme now complete. Members of the GB cycling team, including Sir Chris Hoy and Victoria Pendleton, were full of praise for the high speed Velodrome track when they tested it out in February on its handover to the London 2012 Organising Committee (LOCOG). Olympic medallist Frank Fredericks was equally impressed with the Olympic Stadium as he laid the last piece of turf alongside other members of the International Olympic Committee (IOC), marking the flagship venue construction completion.

We continue to seek value for money and cost savings in our day-to-day running of the project. Through a combination of further savings achieved in the quarter together with reducing risks, the overall Anticipated Final Cost of the Olympic Delivery Authority (ODA) programme has reduced by £35m to £7.266bn.

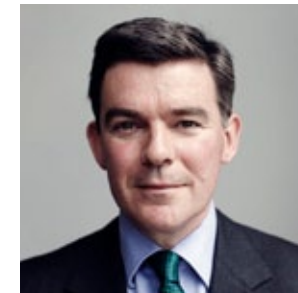
The 2012 Games will leave a significant economic, social and sporting legacy for the UK. A key part of this legacy is our support of businesses, creation of jobs and skills development. At the end of March, over 12,000 people were working on the Olympic Park and Olympic Village, and around 1,400 companies had directly supplied the ODA. The Government, through UK Trade and Investment (UKTI), is working to promote British companies through its *Springboard to Success* directory, with a view to helping them win work helping to put on major sporting events.

The shape of a significant sports legacy is now clear. London 2012 is delivering a raft of new elite sports facilities, sustained funding for Olympic and Paralympic sports and world class sports events hosted in this country before and after the Games.

On top of that there will be community facility improvements through the *Places People Play* programme, ongoing support for International Development through International Inspiration and the new School Games which will give young people the chance to experience genuine sporting competition with more opportunities for disabled children.

The launch of Olympic ticket sales coincided with 500 days to go to the Games and the unveiling of the countdown clock in Trafalgar Square. We have seen unparalleled levels of interest, from people right across the UK and around the world to come and see the Games and hope for the same response when Paralympic tickets go on sale later this year.

With just over a year to go, the project is in good shape but there is no complacency. We will be staging the two biggest sports events in the world next summer – the Olympic and Paralympic Games. There will be big challenges ahead as we undertake the biggest peacetime logistical exercise ever staged in the UK. We can however approach them with confidence based on a strong track record of success to date.



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

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

# Inspiring enthusiasm for sport

Children from across the country are being encouraged to feel part of the London 2012 Olympic and Paralympic Games by taking part in the School Games.

This new national school sport competition will work alongside the London 2012 Organising Committee's Get Set educational programme, which is already being used by thousands of schools across the UK to teach young people about the Olympic Values of respect, excellence and friendship, and the Paralympic Values of inspiration, determination, courage and equality.

The School Games is at the heart of the Government's plans to create a lasting sporting legacy from the London 2012 Games and will run for many years to come. It will give young people the chance to experience genuine sporting competition with more opportunities for disabled children and a cultural element reflecting the traditions of the Cultural Olympiad and Opening Ceremony.

Competition will start within schools leading to district, county and city level, and then on to the national finals. The first national finals will be in May 2012 at the Olympic Park, giving School Games finalists the chance to compete in the world class arenas before the Games begin.

The Games will be run by the Youth Sport Trust and funded by Sport England, the Department for Education and the Department of Health, including funding for hundreds of School Games Organisers who will help schools get more of their pupils taking part in competitive sport.

The London 2012 Organising Committee is providing more than 100,000 donated tickets for pupils in schools in London and across the UK, through Ticketshare. These have been funded by a levy on hospitality packages.



UK School Volleyball.



# The Games for growth

**Growth is central to the Government's strategy for tackling the deficit. The 2012 Olympic and Paralympic Games are supporting the Government's *Plan for Growth*, by providing opportunities for business across the UK; enabling UK businesses to maximise opportunities for export; and helping to boost the number of visitors to the UK.**

ODA and LOCOG procurements continue to provide business opportunities for companies across the UK, in particular the SMEs which benefit from supply chain opportunities. In addition to the London 2012 supply chain, CompeteFor is increasingly being used by other public sector buying organisations including the Olympic Park Legacy Company (OPLC), Crossrail, Transport for London (TfL), the Metropolitan Police and Westminster City Council. To date, almost 140,000 businesses are registered nationally on CompeteFor, and at least 49,000 have had 'light touch' support from their local business support provider and around 8,000 of these have had 'intensive support'. Over 8,500 business opportunities have been made available and the website used by over 950 buying organisations – of which around 90 per cent are from the private sector.

Some 100 companies that have worked on the 2012 Games have had their achievements highlighted in the first edition of *Springboard to Success* which was launched by UKTI, the ODA and LOCOG at Sport Accord.

The directory showcases 400 UK companies specialising in major infrastructure and sporting project supplies – who have won contracts at domestic and international sporting events including London 2012, with a view to helping them win more work in this billion pound sector. For example, it has been estimated that the value of projects around the 2014 World Cup and 2016 Olympic and Paralympic Games is in excess of £50bn.

The next two years provide a golden opportunity for the tourism industry. The *Government's Tourism Policy*, published in March, aims to help the tourism industry achieve its potential for growth through a range of measures including creating a sustainable new model for destination marketing and management, taking advantage of the series of major events which the UK is due to host over the next few years. The strategy builds on the marketing plan launched in January, through which we are looking to create a marketing fund of more than £100m. Major companies have already pledged support to help match the £50m of public money the Government has committed through VisitBritain. This initiative aims to generate four million extra overseas visitors over the next four years bringing in an extra £2bn worth of visitor spend and helping to create 50,000 new jobs across the country.



ODA Chairman John Armitt visiting the Salix wetland plant nursery. Over 300,000 wetland plants have been grown in Thetford, Norfolk and planted in the Olympic Park.



ODA Chairman John Armitt viewing trees at Hillier Nurseries in Hampshire. Around 2000 semi-mature British grown trees have been hand-picked for the London 2012 Olympic Park.

## Case study Icon points the way in export markets

London-based branding specialist Icon has been making a name for itself across the globe with help from UKTI.

The company has won contracts for top international sporting events, such as the 2010 FIFA World Cup South Africa, and assisted a number of cities with hosting bids for Olympic Games.

The company has received strategic support from UKTI London, under the Passport to Export and Gateway to Global Growth programmes, tapping into the knowledge and expertise of UKTI trade advisers both in the UK and overseas. Icon has also participated in many international trade missions with UKTI, including visits to China and Canada, and exhibited at the 2010 Soccerex Global Convention in Rio de Janeiro at the end of November. Now it has its sights set on the 2014 FIFA World Cup Brazil.

Andrew Hodson, Icon's Sales and Marketing Director, said: "UKTI has played a significant role in helping us to extend our international reach. We have worked closely

with our UKTI International trade adviser and with other UKTI staff overseas, who have provided us with invaluable insights into international markets. UKTI has also given us access to important contacts in the markets we wanted to expand into."

For the 2010 FIFA World Cup South Africa, Icon was responsible for the design, production and delivery of the branding, wayfinding, media backdrops and general signage for all 10 tournament stadiums, as well as providing city, hotel, transportation and airport branding and signage.

In 2011 Icon will continue its work for major football tournaments when it will provide the branding and wayfinding signage for the FIFA Women's World Cup in Germany.

Icon also boasts an impressive list of Olympic credentials. In 2005, it completed the branding and signage work for London's 2012 Olympic and Paralympic Games bid, and helped the Russian city of Sochi with its bid for the 2014 Winter and Paralympic Games.



## Case study Building for the future

Wood Newton, based in Huthwaite in North Nottinghamshire, is one of many businesses in the region that is benefiting from the Games. Its turnover has increased considerably since securing London 2012-related contracts. Wood Newton specialises in providing high quality external facades. The company has secured the contract to manufacture and install the external timber facade and composite timber roof of the distinctive double-curved structure of the Velodrome, which has been designed to reflect the geometry of the cycling track. Wood Newton is supplying and fixing thousands of square metres of western red cedar and birch-faced composite timber panels, along with other fixtures and fittings such as roof lights, as part of a multi-million pound contract.



# 72%

72% of CompeteFor contracts awarded have gone to small and medium sized enterprises (SMEs).

# 49,000

Since registering on CompeteFor, at least 49,000 businesses across the UK have received 'light touch' support from their local business support provider and around 8,000 of these have received 'intensive' support.

# 8,500

Over 8,500 business opportunities have been made available to potential suppliers through the CompeteFor website to date.

# 98%+

More than 98% of the ODA's suppliers are based in the UK.

# 1,400

Over 1,400 companies have directly supplied the ODA so far.

**The ODA continues to provide crucial employment opportunities. The combined workforce of the Olympic Park and Olympic Village by the end of March stood at 12,635. Meanwhile LOCOG is ramping up its own recruitment looking to Games-time. It will require a workforce of around 200,000 people, including 6,000 staff, up to 70,000 volunteers and up to 100,000 contractors.**

LOCOG now has over 1,000 employees and expects to double in size by early 2012, with a further 4,000 short-term contract roles thereafter. The procurement process for contractors was launched at the end of 2009 and most of the contracts will be awarded by the end of 2011. LOCOG's main 'people' contracts will be in catering, cleaning and waste management, security, transport, venue overlay, stewarding and retail.

LOCOG has set targets of 15-20 per cent of the workforce coming from the six Host Boroughs and 7-12 per cent being previously unemployed. In order to meet those targets, LOCOG is working in partnership with the London Development Agency (LDA), Greater London Authority (GLA), Jobcentre Plus and the Host Boroughs using existing networks and programmes designed to help people access opportunities. LOCOG also works with each new contractor to reinforce the need to ensure that the candidates furthest away from the job market have the best chance of accessing Games-time opportunities.

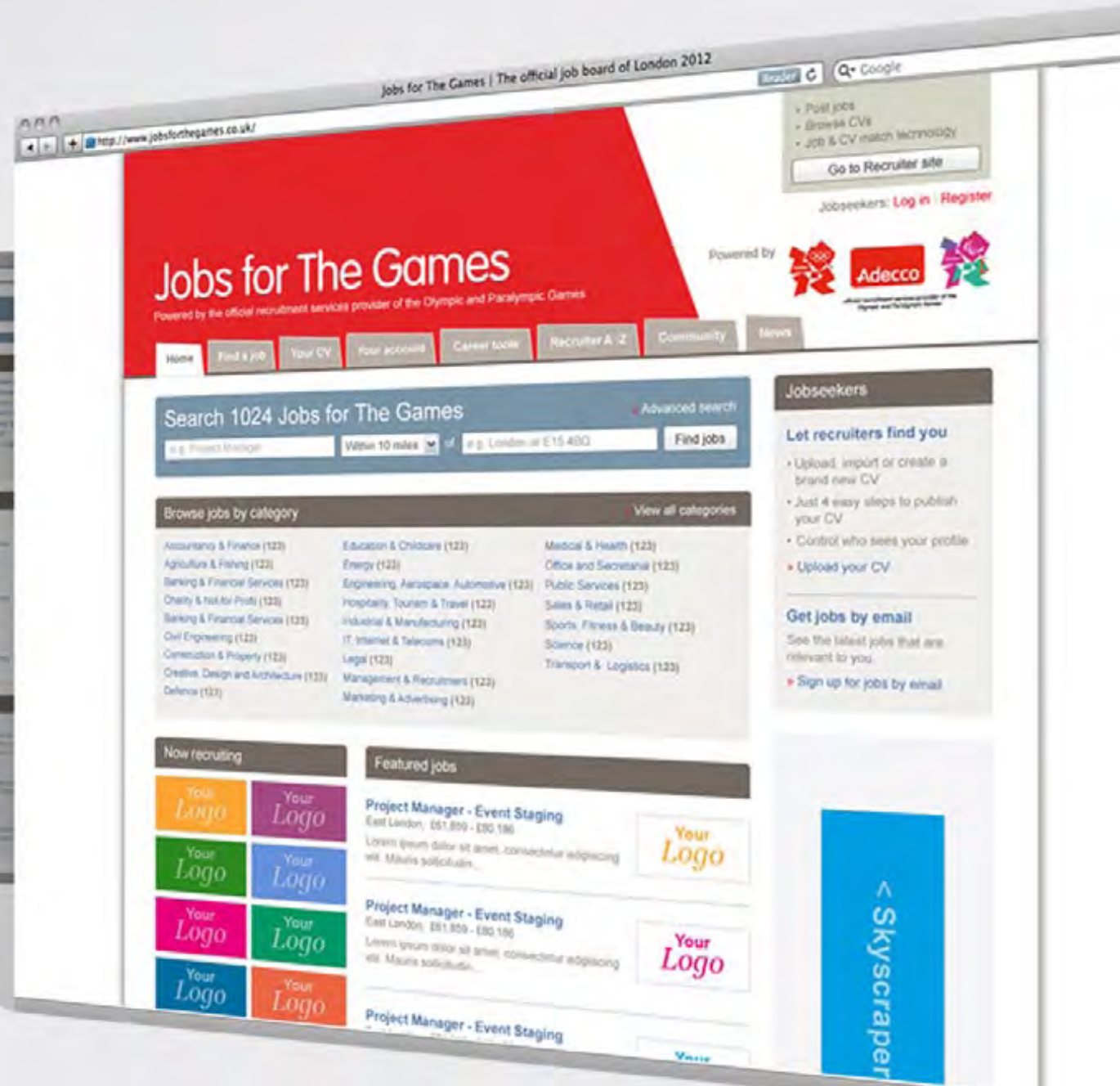
After the Games, LOCOG will work with Jobcentre Plus and Adecco (the official recruitment services provider of the Olympic and Paralympic Games) to ensure that people get appropriate support to help them find new employment opportunities.



Security at the Olympic Park.

## Case study The London 2012 Jobs Board

Adecco has contributed to the lasting legacy of the London 2012 Olympic and Paralympic Games by creating a job board showcasing the employment opportunities generated through the official contractors, suppliers and sponsors of the London 2012 Games. The Adecco website – [jobsforthegames.co.uk](http://jobsforthegames.co.uk) – complements the official London2012 website and includes special features such as interview tips, job alerts and career tools. The website is already open for people seeking jobs to pre-register their interest and use the career tools, and the first jobs are expected to be advertised from the end of April. Jobs for the Games will also provide a platform to showcase and highlight individual candidate success stories, the breadth of Games opportunities and 'day in the life experiences' gained through working for official London 2012 contractors or suppliers.





### Case study Women into Construction Project

Cherrell Sobers achieved a first class degree in Business Studies and was looking to work in Human Resources. She was struggling to find a job and was working part-time in a discount retail store when she met the ODA team at a careers fair in Hackney and registered with the London 2012 Women into Construction project. Cherrell's long-term goal was to work and gain experience within a functional HR team. The Women into Construction Project found her a 13-week placement with an HR department based in the Pudding Mill Lane offices.

At the end of the placement, Cherrell's mentor helped her to look for further jobs on the Park. After attending an interview with a contractor working on the Handball Arena, Cherrell was offered an Administration Assistant position for six months, until the end of the Project. Cherrell is now working as an Administrator/Document Controller on the landscaping project. Cherrell said: "This was a great opportunity to see what it's like to be on a construction site and see the development of one of the venues. I also gained experience working with many subcontractors and seeing how many people it takes to come together to achieve one goal.

"I have done this all in a space of a year and I have enjoyed every second. This would have never happened if it wasn't for the London 2012 Women into Construction Project – Thanks!"

# 12,635

People worked for contractors on the Olympic Park and Olympic Village at the end of March 2011.

# 24,357

Between April 2008 and March 2011, 24,357 people have worked on the Olympic Park for five or more days.

# 426

Apprentices have experienced working on the London 2012 construction project.

# 1,473

People have been placed in work through the Olympic Delivery Authority's Job Brokerage since April 2008.

# 32%

Of the 6,309 strong Olympic Village workforce during March, 32% were resident in the six Host Boroughs.

# 225

Women helped to find employment through the London 2012 Women into Construction Project.

**“The venues look fantastic thanks in large part to the vision and planning of London 2012 and the construction team, who have clearly taken great pride in their work. We’re very pleased with the progress, and we can see that the athletes are really at the heart of these Games.”**

**International Olympic Committee Coordination Commission  
Chairman, Denis Oswald.**

The IOC Coordination Commission made its eighth visit to London on 30 March 2011. The Commission’s ninth and penultimate visit to London is scheduled for 5-7 October 2011.



## Public Sector Funding Package for the Games

The overall Public Sector Funding Package (PSFP) for the Games remains at £9.298bn. As reported in the Annual Report in February this year, the breakdown of the funding package altered from April 2011 reflecting the changing focus of the programme from construction to the operational delivery of the Games.

In the 2011 Annual Report we published the baseline funding available for each part of the programme following the 2010 Spending Review. This is reproduced in Table 1 below, alongside latest forecasts.

**Table 1: PSFP Programme forecasts against 2010 Spending Review baseline**

Public Sector Funding Package	SR Baseline (£m)	March 31 2011 forecast (£m)	Variance (£m)
ODA	7,321	7,266	(55)
LOCOG Park Operations	67	67	0
Policing and wider security	475	475	0
Venue security	282	282	0
Paralympic Games	95	95	0
Funding available to LOCOG	63	63	0
City operations	22.5	22.5	0
Other operational provisions	63.5	63.5	0
Look of London	32	32	0
Elite and community sports	290	290	0
GLA Olympic and Paralympic programmes	0	12.5	12.5
Contingency and other savings remaining	587	629.5	42.5
<b>Total</b>	<b>9,298</b>	<b>9,298</b>	<b>0</b>

The ODA's current forecast cost to completion is £7.266bn. This represents a projected £55m saving since the Spending Review (including a £35m reduction since 31 December 2010). The change in the ODA's forecast is discussed in more detail on page 24.

In the past quarter £12.5m was released to the GLA, in order to support its plans for the Olympic and Paralympic Games. The GLA will use the funding for:

- The London Media Centre – a hub that will provide facilities for unaccredited media and be used to market London as a destination. It is additional to the Main Press Centre, which is for accredited media only.
- The London Ambassadors programme – the GLA will recruit 8,000 volunteers who will provide consistent information and a positive impression to visitors at busy and high profile locations throughout the city. The programme complements LOCOG's Games Maker volunteer programme.
- Southbank Accessibility improvements – physical access improvements along the Southbank Riverside Walk, in line with the bid commitment to make the Games the most accessible ever and leave a lasting legacy.
- Resourcing – to support GLA and host London borough operational planning, and testing of essential Games-time services.

The latest forecasts for the other programmes that are funded in the PSFP remain unchanged since the previous quarter. We continue to hold £63.5m for operational provisions, although funding has yet to be allocated. We will provide updates in future Quarterly Reports when specific allocations have been made.

As shown in the February 2011 Annual Report, £587m of the £9.298bn funding package was held as contingency for the programme. As a result of the changes in forecasts in the last quarter, the forecast balance of contingency and other savings remaining has increased by £42.5m to £629.5m. This contingency is available or additional cross-programme issues that may arise, including any major changes in security circumstances. The 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

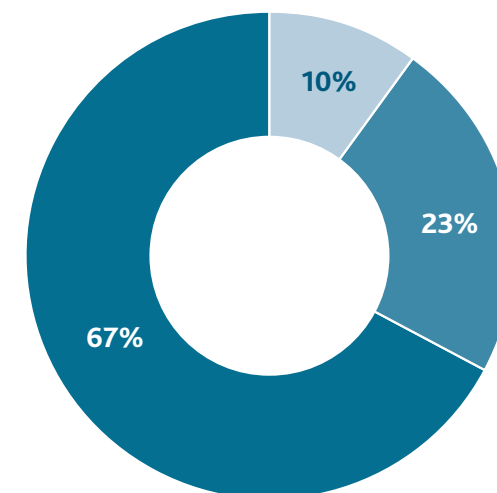
From April 2011, Government funding for the Olympic and Paralympic programme, excluding security, is held by DCMS. The Greater London Authority (GLA) and the Olympic Lottery Distributor (OLD) will continue to contribute, as per the 2007 Spending Review agreement. Security funding will continue to be provided primarily by the Home Office.

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.

The maximum contributions from the GLA/London Development Agency (LDA) and the Lottery remain unchanged from the previous quarterly report. Under the confirmed arrangements, the interests of the Lottery under the 2007 Memorandum of Understanding between the Government and the Mayor are still protected. The Memorandum will be updated as necessary to reflect the latest position as a result of the transfer of land ownership from the LDA to the Olympic Park Legacy Company on 30 September 2010. The Lottery's entitlement to the receipts of the sale of land as set out in the 2007 Memorandum of Understanding will be fully preserved in the revised memorandum.

**Table 2: Sources of funding**

Funding from:	£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



## ODA Programme Overview

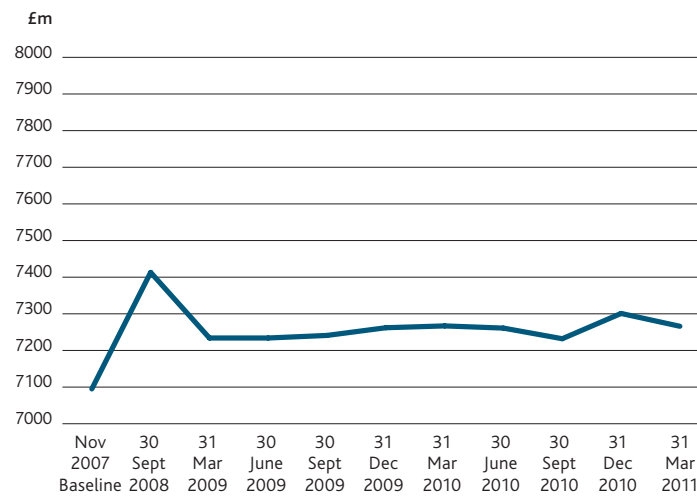
The funding package for the Games remains at £9.298bn and, as previously announced, is being reconfigured from April 2011 to make provisions for operational requirements, reflecting the changing focus of the programme from construction to operational delivery. This reconfiguration has been made possible by the effective way that the ODA has managed their programme, delivering within budget and making over £830m of savings since November 2007.

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. These reports have consistently shown that the project remains on time and within budget.

The table and graph opposite show that the ODA's Anticipated Final Cost (AFC) has varied over time. The increases have primarily been for projects affected by the economic downturn – notably the loss of private sector funding for the Village and International Broadcast Centre/Main Press Centre (IBC/MPC) – and the addition of new Parkwide operations responsibilities not provided for in the November 2007 baseline.

**Graph 1: ODA Anticipated Final Cost over time**

Date	ODA AFC (£m)
November 2007 Baseline	7095
30 Sept 2008	7413
31 March 2009	7234
30 June 2009	7234
30 Sept 2009	7241
31 Dec 2009	7262
31 March 2010	7267
30 June 2010	7261
30 Sept 2010	7232
31 Dec 2010	7301
31 March 2011	7266



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 83 per cent of the venues and infrastructure to Games-time now completed. Recent milestones include the completion of construction at both the Velodrome and Olympic Stadium.

The ODA has also achieved additional significant savings in the quarter and, with less than 18 months to go to the 2012 Games, the AFC, the current forecast of the final cost of the ODA's programme, including risks, scope changes and inflation is £7.266bn, compared to £7.301bn at the end of December 2010, a decrease of £35m. Most of the contingency used to date has been for projects affected by the economic downturn – the Village, the IBC/MPC and the additional Park Operations scope. Contingency required for other projects has been more than offset by savings elsewhere.

## Programme Progress

Construction work is on schedule on the venues and infrastructure required for the Games and in legacy.

There are now over 12,000 workers on the Olympic Park and Olympic Village and the programme continues to provide jobs and millions of pounds of business opportunities to companies all around the UK. Seventy-five pence of every pound the ODA spends is an investment in long-term regeneration so a considerable physical legacy from the Games is already largely delivered.

Recent milestones include the completion of construction of the Olympic Stadium and handover of the Velodrome to LOCOG.

The Aquatics Centre's permanent structure and roof are in place, with the temporary seating stands for Games-time spectators structurally complete. Work is continuing inside the venue and it is on track for completion this summer as planned.

Final fit-out and mechanical and electrical works are progressing inside the structurally complete International Broadcast Centre and Main Press Centre, with both facilities on schedule for completion by July.

Construction progress on the Olympic Village has been praised by the IOC. Members of the IOC were shown around the Village as part of their biannual Coordination Commission delegation and visited the first of 11 residential plots where the ODA's construction work has now been completed.

A key milestone for the Olympic Village was also reached on 28 February when 4,029 athlete bed spaces were completed by Lend Lease and accepted by the ODA and LOCOG against a target of 3,750 bed spaces.

**“The Olympic Village is at the very heart of the Games experience for thousands of athletes. It represents their home away from home and the place where they will prepare to achieve their Olympic dreams. It is therefore encouraging to see that excellent progress has been made in constructing this accommodation, especially knowing that this Village will become a vibrant new community in legacy. With its close proximity to the Olympic Park, the athletes will undoubtedly take full advantage of being able to walk to events and this will allow them to soak up the atmosphere and live their Olympic experience to the full.”**

Denis Oswald, IOC Coordination Commission Chairman

The ODA has also announced the three private sector organisations shortlisted to submit best and final offers for the purchase and long-term management of the Olympic Village.

- Delancey & Qatari Diar
- Hutchison Whampoa Limited
- Wellcome Trust

**“The quality of the three shortlisted parties is a vote of confidence in the Olympic Village, demonstrating both UK and international interest in first-class British property.”**

Dennis Hone, ODA Chief Executive

Landscaping on the park is also progressing with more than 1,500 trees and thousands of plants planted across the 250 acres of new parklands. The wetland bowl in the north of the Olympic Park is now complete.

The ODA is currently discussing with the Olympic Park Legacy Company (OPLC) the best and most effective way of delivering the ODA's post-Games transformation responsibilities on the Park. These discussions could involve the transfer of scope and budget to the OPLC to deliver in line with the broader legacy plan for the area.

## Savings

A total of over £830m in savings has been achieved by the ODA since the November 2007 baseline was agreed, including £49m 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 that lower levels of contingency have been utilised than anticipated.

# Progress against milestones to July 2011

## Milestone 1

**By 27 July 2011:** Construction of the Olympic Stadium will be complete and the venue ready to be handed over.

**Progress:** The last piece of turf on the Olympic Stadium's field of play was laid in March, marking the completion of construction on the flagship venue in just under three years – on time, under budget and with an exemplary safety record. The final surface of the running track will be laid later this year by LOCOG.



## Milestone 2

**By 27 July 2011:** Construction of the Aquatics Centre will be complete and the venue ready to be handed over.

**Progress:** The Aquatics Centre's permanent structure and wave-shaped roof are in place and the structures of the two temporary seating stands for Games-time spectators complete and covered. Inside the venue, the 30,000 treated timber ceiling panels have been fitted, all 180,000 tiles have been installed in the three pools and the distinctive curved diving boards have been cast.



### Milestone 3

**By 27 July 2011:** Construction of the Velodrome will be complete and the venue ready to be handed over.

**Progress:** The completed 6,000 seat Velodrome was unveiled in February – the first Olympic Park sports venue to finish construction, on time and to budget. Work is now underway on the neighbouring 400-metre BMX Circuit, which is due for completion by August.



### Milestone 4

**By 27 July 2011:** 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:** Final fit-out and mechanical and electrical works are progressing inside the structurally complete International Broadcast Centre and Main Press Centre, with both facilities on schedule for completion by July. The multi-storey car park was completed in February. Work is now underway on the temporary 'high street', catering village and press conference room.



## Milestone 5

**By 27 July 2011:** Construction of the Handball and Basketball Arenas will be complete and the venues ready to be handed over.

**Progress:** The Handball Arena is structurally complete, the timber-sprung floor of the field of play and the permanent terraced and retractable floor-level seating have been installed. The Basketball Arena is also nearing completion, with the field of play's concrete base and majority of seats in place and the back-of-house and Olympic Family lounge areas fitted out.



## Milestone 6

**By 27 July 2011:** Construction of the Lee Valley White Water Centre will be complete and the venue handed over to 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 opened the venue to the public in April, delivering an early legacy over a year before the Games.



## Milestone 7

**By 27 July 2011:** Construction work on Eton Manor and The Royal Artillery Barracks will be underway and on track to be completed as planned in spring 2012.

**Progress:** Construction work at Eton Manor is now taking shape with the 40-metre long beams lifted into place – the longest single span timber beams in the UK. Eton Manor is on schedule to be completed by the beginning of 2012. A Hertfordshire-based contractor has been appointed to deliver the three enclosed and three open-air ranges at Royal Artillery Barracks, where works are now underway in preparation for the start of main construction.



## Milestone 8

**By 27 July 2011:** The external structure of the Olympic Village will be finished with the internal fit out complete in most of the blocks.

**Progress:** On 28 February 4,029 completed athlete bed spaces were accepted by the ODA and LOCOG against a target of 3,750 bed spaces. Work on the first residential plot was completed in March, with the construction of the remaining residential plots firmly on track to be completed by the end of 2011. The structure of the Chobham Academy education campus is nearing completion, work is well underway on the state-of-the-art new Polyclinic, and landscaping work is progressing with the creation of an extensive wetlands park.

The external structure of the Olympic Village will be finished with the internal fit out complete in most of the blocks, including fixtures and fittings, bathrooms, flooring and partition walls where needed.



## Milestone 9

**By 27 July 2011:** Construction of all permanent bridges will be complete. All utilities will be operational. Landscaping will be well advanced across the Park.

**Progress:** More than 1,500 trees and thousand of plants have been planted across the 250 acres of new parklands. The wetland bowl in the north of the Olympic Park is complete, featuring 15,000 square metres of riverside spectator lawns, wetlands, and woodlands. The colourful major footbridge in the centre of the Olympic Park has been installed. The Primary Substation and Sewage Pumping Station are in operation, and the Energy Centre is ready to enter service. Structural works are underway on the Water Recycling Facility in the south of the Olympic Park.



## Milestone 10

**By 27 July 2011:** Construction work at Stratford Station will be complete, with Londoners already benefiting from hundreds of millions of pounds of additional investment across London's transport system.

**Progress:** The upgrade of Stratford Station is nearing completion. The new mezzanine-level entrance and ticket hall opened in March, providing direct access to the new Central line platform that has been in use since September 2010 – delivering a legacy for passengers ahead of the Games. 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 the summer.



For further detail on these milestones and progress against them, please visit:  
[www.london2012.com/publications/big-build-structures-update.php](http://www.london2012.com/publications/big-build-structures-update.php)

## Cash flow

The outcome of the spend analysis up to the end of March 2011 is as follows:

November 2007 Forecast Spend to end March 2011	Actual Spend to end March 2011
£5.8bn	£5.1bn

The variance between forecast and actual spend reflects savings achieved on infrastructure works (such as Structures, Bridges and Highways), logistics and security offset by additional spend on the Village (now publicly funded), together with planned changes to the delivery programme.

## Overall budget position and Anticipated Final Cost

There have been some movements in the ODA's budget and the overall Anticipated Final Cost (AFC) in the last quarter.

### Movements on overall AFC

Through a combination of additional savings made in the last quarter and the expectation of reduced risks going forward, the overall AFC to completion for the project has decreased by £35m.

### Below are the movements in the AFC:

- A forecast increase for Enabling Works of £10m due to the reallocation of costs from other projects.
- A forecast saving of £17m from South Park Site Preparation due to the reallocation of costs to Enabling Works, savings due to the close out of the Stadium project and reduction in scope.
- Forecast savings of £3m on Stratford Station upgrade works as the project nears completion.
- Forecast saving for both logistics and security for park construction of £7m and £3m respectively.

A new budget line for Venue Operations has been created following the recent agreement of the additional operational costs incurred by LOCOG as a consequence of the reorganisation of temporary venues.

It was assumed during the bid that three temporary venues were to be built by the ODA; Volleyball, Fencing and Badminton/Rhythmic Gymnastics. A review of temporary venues in 2007 concluded that it was not necessary to build these venues. This process also involved the relocation of the Basketball Arena and Velodrome on the Olympic Park and the reduction in size of the Handball Arena. Overall this reorganisation saved the public sector funding package over £200m. However, increased costs were expected to be incurred by LOCOG as a result, including venue rental, additional security for off-Park venues, additional overlay and transport costs. It has now been agreed that the ODA should meet the estimated cost of these additional operational costs of £55m and this now shows as a new budget line in the AFC.

After taking into account these actual and forecast cost increases and savings, together with reduced risks going forward, the overall AFC has reduced by £35m to £7.266bn.



**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
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
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
Parkwide 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)	
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
RAB		11	11	(11)	
GTTV		6	6	(6)	
VAT and other Emergency Budget impacts		47	47	(47)	
Parkwide Operations (Programme)		116	116	(116)	
Parkwide Operations (Funders)		57	57	(57)	
Parkwide Operations (LOCOG Funding)				(67)	(67)
<b>December 2010s – pre Spending Review</b>	6,100	1,066	7,166	839	8,005
Comprehensive Spending Review				(684)	(684)
<b>December 2010 – post Spending Review</b>	6,100	1,066	7,166	155	7,321
Transformation Works		10	10	(10)	
VAT and other Emergency Budget impacts		(13)	(13)	13	
Sponsors hospitality/resilience work		6	6	(6)	
<b>March 2011 – post Spending Review</b>	6,100	1,069	7,169	152	7,321
Olympic Village future receipts		(324)	(324)	324	0
<b>March 2011 after Village receipts</b>	6,100	745	6,845	476	7,321
Net future cost pressures		106	106		
<b>Total before assessed programme risks</b>	6,100	851	6,951		
Assessed programme risks		315	315		
<b>TOTAL AFC</b>	6,100	1,166	7,266		

## Contingency

A net £3m in contingency has been released during the last quarter due to a reassessment of the costs on the transformation works required post-Games and site preparation work for sponsors hospitality areas on the site being virtually balanced by an addition to programme contingency to cover VAT on remaining contingency at 20 per cent rather than 17.5 per cent.

As of the end of March 2011, the gross allocation of contingency to the ODA was £1.069bn out of the £1.972bn contingency available. The net allocation is £745m, assuming the £324m additional funding made available in May 2009 to the Olympic Village from contingency is repaid from the future sale of Olympic Village homes.

With £684m being removed from the ODA funding package as part of the Comprehensive Spending Review and £67m being used to fund LOCOG Park Operations scope, this leaves a contingency balance of £476m.

The ODA now estimates the value of programme risks going forward to be £315m, a reduction in the quarter of £52m.

**Table 4: Anticipated Final Cost (AFC)**

		Nov 07 ODA Baseline Budget £m	Feb 11 Annual Report £m	May 11 Quarterly Economic Report £m	Feb 11 – May 11 Variance £m
<b>Site preparation and infrastructure</b>	Powerlines	282	285	285	0
	Utilities	256	238	235	(3)
	Enabling works	364	383	393	10
	F10 Bridge	89	63	61	(2)
	Other structures, bridges and highways	740	611	612	1
	South Park site preparation	116	111	94	(17)
	Prescott Lock	5	5	5	0
	Other infrastructure (landscaping)	243	245	243	(2)
	<b>Total site preparation and infrastructure</b>	<b>2,095</b>	<b>1,941</b>	<b>1,928</b>	<b>(13)</b>
<b>Venues</b>	Stadium	496	486	486	0
	Aquatics	214	269	269	0
	Velopark	72	93	93	0
	Handball	55	43	43	0
	Basketball	58	42	43	1
	Other Olympic Park venues	59	109	112	3
	Non-Olympic Park venues	84	116	117	1
	<b>Total venues</b>	<b>1,038</b>	<b>1,158</b>	<b>1,163</b>	<b>5</b>
<b>Venues Operations</b>	Venues reconfiguration	17	23	55	32
	<b>Total venue operations</b>	<b>17</b>	<b>23</b>	<b>55</b>	<b>32</b>
<b>Transport</b>	Stratford Station	119	123	120	(3)
	DLR	86	80	80	0
	Thorntons Field	47	23	23	0
	North London Line	110	107	107	0
	Other transport capital projects	178	140	141	1
	Other transport operating expenditure	357	388	388	0
	<b>Total transport projects</b>	<b>897</b>	<b>861</b>	<b>859</b>	<b>(2)</b>
<b>Parkwide projects</b>	Logistics for site construction	337	263	256	(7)
	Security for Park construction	354	286	283	(3)
	Section 106 and masterplanning	127	117	117	0
	Insurance	50	50	50	0
	Parkwide Operations	0	213	213	0
	Security screening and operational areas	0	52	52	0
	Other parkwide projects	0	28	29	1
	<b>Total Parkwide Projects</b>	<b>868</b>	<b>1,009</b>	<b>1,000</b>	<b>(9)</b>
<b>Media Centre and Olympic Village</b>	Stratford City land and infrastructure	522	613	614	1
	Stratford City development plots*	(250)	(100)	(100)	0
	Village construction – public sector funding	0	709	711	2
	Village receipt	0	(324)	(324)	0
	IBC/MPC	220	301	301	0
	<b>Total Media Centre and Olympic Village</b>	<b>492</b>	<b>1,199</b>	<b>1,202</b>	<b>3</b>
	Programme delivery	647	718	718	0
	Taxation and interest – includes Emergency Budget Impact	73	25	26	1
	<b>Total budget before contingency</b>	<b>6,127</b>	<b>6,934</b>	<b>6,951</b>	<b>17</b>
	ODA programme contingency available	968	439	421	(18)
	<b>Total after ODA programme contingency</b>	<b>7,095</b>	<b>7,373</b>	<b>7,372</b>	<b>(1)</b>
	Available programme contingency**	0	(72)	(106)	(34)
	Retained savings***	0	0	0	0
	<b>Total potential Anticipated Final Cost (AFC)</b>	<b>7,095</b>	<b>7,301</b>	<b>7,266</b>	<b>(35)</b>

\* Anticipated receipts from the sale of plots acquired from LCR.

\*\* Available Programme Contingency represents the amount of Programme Contingency available in excess of assessed risks.

\*\*\* Retained Savings represents savings generated which will be used to meet future cost pressures.

## Olympic and Paralympic security finance update

Management of the Olympic and Paralympic Safety and Security Programme, which covers the policing and wider security for the Games, is the responsibility of the Home Office. The Home Secretary is the lead minister for Olympic and Paralympic safety and security, and is accountable for the delivery of the Safety and Security Strategy, Delivery Plans and the Safety and Security Programme. The Olympic Security Directorate (OSD), within the Home Office, has developed and manages the Strategy and its associated programmes, and ensures their delivery through other agencies, Departments and organisations. The Government has recently reviewed the security arrangements and is confident the right plans are in place to deliver a safe and secure Games for all. The Government's approach to security is intelligence-led and risk-based, giving the flexibility to respond to any changes between now and 2012.

Funding for Olympic 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. By the end of the financial year 2010-11 approximately £143.5m had been spent on the additional costs of Olympic and Paralympic safety and security. Venue security is a shared responsibility of LOCOG, as event organiser, and the Government, as the guarantor of security to the IOC. Accordingly, a further £282m will be made available to LOCOG to support it in delivering its responsibilities for securing Olympic venues. By the end of the 2010-11 financial year, £13m of this had been spent.

## LOCOG finance update

The London 2012 Organising Committee of the Olympic Games and Paralympic Games Limited (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 80 per cent of its total revenue, including over £680m of local sponsorship revenue. As at 31 March 2011, it had signed up 39 domestic sponsors including two sponsors for the Paralympic Games only. These are listed in the table opposite. On 15 March 2011, LOCOG launched the remaining element of its revenue-raising programme as tickets for the London 2012 Olympic Games went on public sale.

LOCOG is now accelerating its procurement programme. It is procuring £700m-worth of contracts for goods and services across eight sectors – including Performance & Events, Security, Sports and Technology. Notable contracts in the last quarter include an agreement with G4S Secure Solutions (UK) for recruiting, training and managing a 10,000-strong security workforce for the Games. The terms of this major contract provide for extensive insurance coverage to address potential liabilities, and beyond this, LOCOG has agreed to indemnify G4S for certain claims which cannot be

covered by insurance. The Government has confirmed that in the event of a shortfall between LOCOG’s revenues and its costs, LOCOG’s indemnification obligations would be covered by the Government as ultimate guarantor of Games funding.

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, all from within the PSFP, include:

- £282m to support the Government in delivering its responsibilities for ensuring safe and secure Olympic and Paralympic venues.
- £36m contribution to the Olympic Village as a publicly owned venue and other costs relating to venue changes.

Up to £27m will also be retained by the Government to fund further specific cost pressures that may arise in LOCOG’s budget.

If LOCOG generates a surplus at the end of the Games, following the payments of contractual commitments of up to \$8m and \$4m due to the BOA and BPA respectively, any remaining surplus will be used to repay any funding drawn down by LOCOG from the PFSP to fund cost pressures (rather than that made available to fund government obligations such as security or additional scope such as park operations) before it calculates a final surplus for distribution.

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

Domestic Tier One Partners	Domestic Tier Two Supporters	Domestic Tier Three Suppliers and Providers	Domestic Tier One Paralympic Games Partner
adidas	Adecco	Aggreko	Otto Bock
BMW	ArcelorMittal	Airwave	Sainsbury’s
BP	Cadbury	Atkins	
British Airways	Cisco	Boston Consulting Group	
BT	Deloitte	CBS Outdoor	
EDF Energy	Thomas Cook	Crystal CG	
Lloyds TSB	UPS	Eurostar	
		Freshfields Bruckhaus Deringer LLP	
		G4S	
		GlaxoSmithKline	
		Gymnova	
		Heineken UK	
		Holiday Inn	
		John Lewis	
		McCann Worldgroup	
		Mondo	
		Next	
		The Nielsen Company	
		Populous	
		Rapiscan Systems	
		Technogym	
		Ticketmaster	
		Trebor	

## Government Olympic Executive (GOE)

The Department for Culture, Media and Sport (DCMS) is the host department of the London 2012 Olympic and Paralympic Games. 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. The Government Olympic Executive (GOE) has been set up within DCMS to ensure the Games are delivered on time and on budget and that they benefit the whole of the UK. This includes overseeing the entire London 2012 project, identifying and solving problems, delivering the public sector effort and being accountable to Parliament and to the public.

## Olympic Delivery Authority (ODA)

The Olympic Delivery Authority (ODA) was established by the London Olympic and Paralympic Games Act 2006 and is responsible for building the permanent venues and infrastructure needed for the Games. The ODA is a non-departmental public body (NDPB) whose Board is appointed by the Minister for the Olympics and Paralympics (in consultation with the Mayor of London) and is responsible to the GOE. The ODA is the primary recipient of support from the public sector funding package, which comprises funding from the Government, the Lottery and the Mayor of London.



department for  
**culture, media  
and sport**

2-4 Cockspur Street  
London SW1Y 5DH  
[www.culture.gov.uk](http://www.culture.gov.uk)

We can also provide documents to meet specific requirements of people with disabilities. Please call 020 7211 6200 or email [enquiries@culture.gov.uk](mailto:enquiries@culture.gov.uk)

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