



department for
culture, media
and sport

London 2012 Olympic and Paralympic Games Quarterly Report November 2010



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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The third quarter of 2010 has seen a number of major announcements and activities, including the outcome of the Spending Review, the launch of the London 2012 ticketing strategy and the presentation of the legacy vision for the Olympic Park site.

The delivery of a safe and successful Olympic and Paralympic Games in 2012 is a key priority for the Government. This is reflected in the overall funding package for the Games remaining at £9.298bn following the Spending Review. We will, however, be opening up the funding package beyond the Olympic Delivery Authority (ODA) to cover operational cost as the programme's focus shifts from construction to operational delivery.

All the venues and infrastructure are taking shape, with 75 per cent of the programme to the Games now complete. We continue to seek value for money and cost savings in our daily business. Through a combination of further savings achieved in the quarter together with reducing risks, the overall Anticipated Final Cost of the programme has reduced by £29m to £7.232bn. In addition, the majority of contingency remains unreleased as at the end of September.

The Government is committed to transparency and accountability in all aspects of London 2012. In this vein, the ODA has been recognised with the 2010 Building Public Trust Award for 'Excellence in Reporting'.

The 2012 Games programme is a vast investment toward the economic, social and sporting legacy of the UK. A core element is our support of businesses, creation of jobs and skills development. At the end of September, over 10,000 people were working on the Olympic Park and Athletes' Village, and over 1,400 companies had directly supplied the ODA. The Olympic Park Legacy Company is already thinking ahead to after the Games when the unique Queen Elizabeth Olympic Park will serve as the keystone to accelerate economic growth in East London, especially for the most innovative businesses.

The Government is completely behind the London 2012 ticketing strategy, which will give spectators from all walks of life the chance to see the greatest sporting event in the world. My hope is that it will also lead to greater participation in Olympic and Paralympic sport at the grassroots levels.

In October, I watched elite athletes from the UK compete at the Delhi Commonwealth Games and, a week later, I joined in a kick-about with youngsters from the StreetGames charity in London. The passion that this country has for sport cannot be denied. With less than two years to go, I am determined for the spirit and inspiration of the Olympic and Paralympic Games to be felt by communities throughout the UK.



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

Hugh Robertson MP
Minister for Sport
and the Olympics

As part of a business and diplomatic mission to India led by the Prime Minister David Cameron in July, Lord Sebastian Coe, Dame Kelly Holmes and Sir Steve Redgrave visited Springdales School in New Delhi, which is participating in the London 2012 International Inspiration programme. The three Olympians joined the Prime Minister, the Culture Secretary, Foreign Secretary, Chancellor and Business Secretary on the visit to promote strong bilateral relations and areas of shared interest between India and the UK.

Springdales School put on an Inclusive Sport Festival where children from four International Inspiration participating schools, coaches, teachers and children from Special Olympics Bharat came together. Lord Coe, Dame Kelly and Sir Steve joined in the fun activities. The Chairman of Special Olympics Bharat, a programme that provides sport for those with an intellectual disability, and former Indian cricketer Ajay Jadeja also attended the festival.

International Inspiration is based on the vision that was set out by the London 2012 Olympic and Paralympic Games Bid Committee in Singapore in 2005. Sebastian Coe promised that London 2012 would use the inspirational power of the Olympic and Paralympic Games to connect more young people with sport around the world. London is the first host city to offer an international sports legacy programme inspired by the Games.

India was one of the first countries to participate in International Inspiration, which was launched as an official London 2012 programme two years ago.

Azerbaijan, Brazil, Bangladesh, Jordan, Malaysia, Mozambique, Nigeria, Palau, South Africa, Trinidad and Tobago, Turkey and Zambia are also participating in the programme, and work is now beginning in Pakistan and Indonesia. International Inspiration has already reached six million children and is well on the way to achieving its aim of enriching the lives of 12 million young people in up to 20 countries.

International Inspiration is harnessing the power of sport to give millions of youngsters of all abilities, particularly in developing countries, a window of hope. It has a unique approach, working on three levels – with policy makers, sporting practitioners and young people themselves – to introduce systemic change in the participating country's approach to sport for youth. International Inspiration includes programmes of planned and structured education, health and sport-related activities relevant to the needs and abilities of children and young people in schools, villages and other community settings.

Fourteen-year-old Tshepo who lives in a run-down township near Witbank in eastern South Africa says of International Inspiration: "A lot of the kids used to lack confidence before we started playing football, but now they have so much more belief in themselves. Football has given me a sense of purpose and helped me stay away from trouble. Our coach encourages us to play soccer and he guides us in life."



Lord Sebastian Coe, Sir Steve Redgrave and Dame Kelly Holmes with school children at the Inclusive Sport Festival in Springdales School, New Delhi



As one of the flagship projects for the UK, the 2012 Olympic and Paralympic Games have the unique potential to produce not only a sporting legacy, but also an economic legacy for the whole country. Already, £5bn worth of contracts have been awarded by the ODA with 98 per cent of the ODA's suppliers being British companies.

The ODA has now worked with over 1,400 suppliers and around half of them are businesses based in the UK outside of London. CompeteFor (www.competefor.com) has been successful in providing businesses across the UK with access to London 2012 supply chain business opportunities, including those from LOCOG and the ODA and their supply chains.

Procurement by the London Organising Committee of the Olympic and Paralympic Games (LOCOG) is gaining momentum. Its appointment of a West Midlands-based company as its master toy licensee for the London 2012 merchandise programme shows how businesses of all shapes and sizes can become involved in the Games.

In September, over 100 of the capital's leading businesses gathered on the Westfield site adjacent to the Olympic Park for London First's Summer Party to celebrate the progress made so far in transforming east London. Westfield Stratford City is Europe's largest new urban retail development and has views of the Olympic Park and stadia. At the event, Minister for Sport and the Olympics Hugh Robertson invited the audience to consider how they, and businesses like them, could help support the development of East London into a vibrant economy.

Further afield in Rio, 23 UK companies joined UK Trade & Investment (UKTI) on a trade mission to the Rio Sports Expo 2010 convention, with the aim of developing trade between both nations – hosts of the next two summer Olympic and Paralympic Games.

In preparing for 2012, we are also looking beyond, to the legacy of the Games. In October, the Olympic Park Legacy Company (OPLC) launched its legacy vision for the Olympic Park site. Development of the Park will be crucial to the economic growth of East London. The OPLC has created an inspirational vision for the Park that meets the needs of the existing community and opens the door to new residents and investors. The site will be a unique hub of social, sporting, cultural, environmental and economic excellence, which will benefit the city for decades to come.



London First's Summer Party at the Westfield Stratford City site

OPLC Vision

In October, the OPLC launched its legacy vision for the Olympic Park site. The OPLC is the body responsible for the long-term planning, development, management and maintenance of the Park after the Games.

The transformation of the Park will be crucial to the economic development of East London, and will over time, become a prosperous metropolitan part of the capital. Its development will provide opportunities for developers and local businesses in and around the Park, and kick start regeneration of the wider Thames Gateway. It will also attract new visitors to the area.

The site, to be renamed after the Games as Queen Elizabeth Olympic Park, will have two distinct areas: an urban 'plaza' in the south, based around the Stadium and Aquatics Centre and next to the Stratford City development, and in the north, a more rural feel with waterways, parkland and green space centred around the Velopark and Eton Manor sports complex. Five new neighbourhoods will be created from 2014, and up to 11,000 new homes will be built, many of which will be family-sized. The Park, with 250 acres of open space and three kilometres of rejuvenated waterways, will retain its sports focus and venues will reopen between 2013 and 2015.

Business opportunities will have a focus on creativity and innovation, and will be centred around the International Broadcast Centre/Main Press Centre (IBC/MPC) facility and the neighbouring 3 Mills Studios. Between 8,000 to 10,000 new jobs will be generated on the site in the long term.



An artist's impression of Queen Elizabeth Olympic Park after the Games

Working with Rio for 2016

Held between 22 and 24 September at the Rio Expo Centre in Brazil, the Rio Sports Expo 2010 was a platform for building relationships in line with the UK Government's host-to-host agreement with Brazil.

UKTI took a 23-company, 36-member-strong mission of UK business people to the event where the UK pavilion was the largest national stand. A presentation by Dan Epstein of the ODA on the sustainability aspects of London 2012 was well received by both the businesses and organising authorities. It is likely to facilitate the UK Government and Rio authorities working together to meet Rio's sustainability ambitions.

Beyond this, the event clearly demonstrated the UK's commitment to working with Rio to deliver the 2016 Olympic and Paralympic Games. This has significantly strengthened the UK's relationship with senior COB (Brazilian Olympic Committee) officials generally and Carlos Nuzman (Chairman of COB) in particular.

This was one of the first tangible activities under the project aimed at supporting UK businesses seeking opportunities for Sochi 2014 and Rio 2016. The level of participation as well as the feedback received from participants and Brazilian decision makers indicate that this approach is perceived as adding value and bringing benefits to all parties.

Speaking about the Rio Sports Expo, a level one participant – Eloy Mazon, Managing Director of 4Global – said: "The trip was a huge success for us as we have firmed up all three partnerships and as an added bonus, there are a number of opportunities that we are now following up. The UKTI stand was excellent, the layout, position, look and feel; everything was spot on, the best money we have spent this year."



Chairman of the Brazilian Olympic Committee Carlos Arthur Nuzman visits the UK companies at the UK pavilion at Rio Sports Expo 2010

Case study

A golden opportunity

LOCOG has appointed Golden Bear as its master toy licensee as part of the exciting London 2012 merchandise programme. The London 2012 mascot range will include soft and plastic toy and gift products and are available now from the London 2012 online shop (<http://shop.london2012.com>), from the London 2012 store at St Pancras International in London and at John Lewis stores nationwide. The mascots will go on general sale in early 2011.

Established in 1979, Shropshire-based Golden Bear Toys is one of the UK's leading manufacturers of toy products. The company has a wealth of experience in producing high-profile sporting memorabilia including the manufacture of mascots for the 1992 Olympic Games in Barcelona and Team GB mascots at the 2008 Olympic Games in Beijing.

Golden Bear's licence for the 2012 Games will see the company manufacture a whole host of gift products including soft toy mascots of all sizes, key rings, charm accessories, collectable figurines, stick on mascots and character backpacks.

The mascots' names reflect the UK's rich Olympic and Paralympic histories. Wenlock's name is inspired by the Shropshire village of Much Wenlock where the 'Wenlock Games' was one of the inspirations that led the founder of the modern Olympic movement Baron Pierre de Coubertin to create the Olympic Games. Mandeville's name is inspired by Stoke Mandeville in Buckinghamshire, where parallel games were held alongside the London 1948 Olympics – for disabled service personnel.

Clare Balding, TV presenter and sports journalist, unveiled the initial range of London 2012 mascots at a special event at the company in August.



7,400+

Over 7,400 business opportunities have been made available to potential suppliers through the CompeteFor website to date.

1,400+

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

23

23 UK companies formed the UKTI-led mission to the Rio Sports Expo 2010 convention in Brazil, part of UKTI's strategy to use our hosting of the Games in 2012 to build trade relationships with other host and bid cities of Olympic and Paralympic Games and other major sporting events.

98%+

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

43,000

Since registering on CompeteFor, at least 43,000 businesses across the UK have received 'light touch' support from their local business support provider and around 7,000 of these have received 'intensive' support.

With less than two years to go to the London 2012 Olympic and Paralympic Games, the Olympic Park programme is now in its most challenging period, with construction underway in every part of the Park.

As the London 2012 construction programme goes from strength to strength, so too has its now 330-strong apprentice workforce. London 2012 Apprenticeships offer people who want to work in the construction industry the chance to gain a formal qualification in a paid job, whilst acquiring work experience with some of the best in the industry. The ODA is committed to providing 350 apprenticeship opportunities in all.

Other organisations too are developing apprenticeship programmes to meet the requirements of London 2012 and thereby opening doors to new careers in different sectors. An example is Skillset's creative and digital media apprenticeship programme being piloted in areas of the UK.

In September, LOCOG published its 'Employment and Skills Strategy', which sets out its approach in this area. LOCOG estimates a workforce of around 200,000 people during Games-time, comprising 6,000 paid full-time and temporary employees, up to 70,000 volunteers and around 100,000 contractors. Up to 200,000 people will help to deliver the world's largest sporting event and gain invaluable experience doing so. The strategy outlines how LOCOG will, with help from partners, create employment opportunities, offer skills and experience development and deliver specific programmes for young people.

Creative and digital media apprenticeships for London 2012

Skillset is supporting the range of media activities needed for the London 2012 Games with the launch of its Advanced Apprenticeship in Creative and Digital Media. The apprenticeship is being piloted in London, the North West and the South West of England, and will be available UK-wide after 2012.

Skillset is the Sector Skills Council (SSC) for Creative Media which comprises TV, film, radio, interactive media, animation, computer games, facilities, photo imaging and publishing. SSCs are licensed by the UK Government and by Ministers in the devolved administrations to tackle the skills and productivity challenge by sector.

The British Broadcasting Corporation (BBC) has already created an apprenticeship programme, which leads to a Creative and Digital Media Apprenticeship Level 3 qualification. In the lead up to 2012, year-long apprenticeships will provide on-the-job training as well as a study and training scheme delivered by the BBC Academy in partnership with Westminster Kingsway College.



The first London 2012 apprentices to become qualified trades people at their graduation ceremony in July



The launch of the Creative and Digital Media Apprenticeship Programme in London in June, which was attended by Creative Process, Westminster Kingsway College, Music4Good and Ravensbourne



Case study

ODA Apprentice of the Year

Kerri Chambers, who was recruited to work on the Olympic Park through the London 2012 Women into Construction Project, won the first ever 'Apprentice of the Year' award at the ODA's 2010 Health, Safety and Environment Awards. Kerri, who is also the first apprentice bricklayer recruited to work on the Olympic Park, demonstrated her commitment to health, safety and the environment through participating in the behavioural safety workshop 'be safe... home safe' organised by the Olympic Stadium contractor.

Ian Stamford, Kerri's supervisor, praised her for the way she has bonded with an established team and developed as an individual. "What I like about Kerri is the way she has adapted well and really embraced the opportunity. She is outstanding in every sense, nothing fazes her," he said.

Kerri said: "I wasn't sure what I wanted to do when I finished school, and then it just clicked. My dad is a builder and sometimes when I was young, I would go to work with him – I just loved it. Working on the Park is an amazing experience. I know that at the end of the project I will be very proud to know I was involved."

When this phase of her company's work is complete, Kerri will transfer to work on a local housing project in Tower Hamlets. This will reunite her with her love of brickwork and should hone her skills to prepare her for becoming a supervisor in the future. For now though, Kerri's eyes are firmly fixed on London 2012. Kerri added: "To know that I was part of building each wall that goes up, there's definitely a sense of pride and I want to see it when it opens up!"

6,243

People worked for contractors on the Olympic Park at the end of September.

1,069

People who were previously unemployed have been placed into work through the ODA's job brokerage between April 2008 and September 2010.

4,090

People worked for contractors on the Athletes' Village at the end of September.

200

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

25%

Of the 4,090-strong Athletes' Village workforce during September 2010, 25% were resident in the five Host Boroughs.

20,630

People have worked on the Olympic Park for five or more days between April 2008 and September 2010.

“The Aquatics Centre will be buzzing during the Games and afterwards will be a fantastic new facility for the Olympic and Paralympic athletes of the future and the local community.”

Olympic swimmer and world record holder Mark Foster visited the London 2012 Aquatics Centre to lay the first tiles in one of the two 50-metre swimming pools.



Overview

The overall public sector funding package for the Games will remain at £9.298bn following the Spending Review announcement on 20 October 2010. The funding package will, however, be reconfigured from April 2011 to make provisions for operational requirements, reflecting the changing focus of the programme from construction to operational delivery. More detail on the Spending Review settlement can be found on page 19.

As part of the Spending Review settlement, the forecast cost of the ODA's programme will be reduced by a further £20m, the details of which are explained on page 21.

The ODA has also achieved further savings in the quarter and, with well under two years to go to the 2012 Games, the Anticipated Final Cost – the current forecast of the final cost of the ODA's programme, including risks, scope changes and inflation – has reduced by £29m to £7.232bn at the end of September 2010. This takes into account the expected £20m impact of the Spending Review as described above.

The majority of contingency remains unreleased as of the end of September and the ODA continues to make strong progress in preparing venues and infrastructure in the Olympic Park, with 75 per cent of the venue and infrastructure programme to the Games now completed.

Most of the contingency used to date has been for projects affected by the economic downturn – the Village and the IBC/MPC. 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 2012 Games and in legacy. Recent milestones include the start of installation of the timber track in the Velodrome, which remains on target to be the first Olympic Park venue to be completed early next year, and the completion of the Handball structure.

The Olympic Stadium is structurally complete with the cable net roof covered and the lighting towers in place. Work is progressing with installing the 80,000 seats. The Aquatics Centre permanent structure and roof are in place, with the temporary seating stands for Games-time spectators coming out of the ground.

More than three-quarters of the residential plots on the Olympic Village are structurally complete, with the structure of the Chobham Academy education campus also nearing completion. Work is well underway on the state-of-the-art new polyclinic, and the first stage of landscaping has started with work underway on an extensive wetlands park. The ODA has also begun the process for private sector organisations to register their interest in investing in the long-term management and development of the Olympic Village.

The ODA has hit all of its milestones to date and has published its final set of milestones – Big Build: Completion – to be achieved by July 2011.

There are now over 10,000 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 at a difficult time for the economy. 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.

Savings

A total of over £750m in savings has been achieved by the ODA since the November 2007 baseline was agreed, including more than £40m 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.

Progress against milestones to July 2011

Milestone 1: Raising the bar

By 27 July 2011: 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 and all 14 lighting towers in place. Work is progressing with installing the 80,000 seats and creating the ground conditions for the running track and field of play.



Milestone 3: Bespoke venue

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

Progress: The Velodrome structure is complete and watertight, and the sustainably-sourced timber track is being installed. The venue remains on target to be the first Olympic Park sporting venue to be completed early in 2011.



Milestone 2: Starting blocks

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

Progress: The Aquatics Centre permanent structure and roof are in place, with the temporary seating stands for Games-time spectators coming out of the ground and work progressing on the ceiling timber cladding. The pools have been dug out, lined and tested and are now being fitted with 180,000 ceramic tiles.



Milestone 4: Lights, camera, action

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: The structures of the IBC, MPC and Multi-Storey Car Park are all complete. The IBC is watertight, and cladding and glazing is approaching completion on the MPC. Mechanical and electrical works are progressing inside both the IBC and MPC and, externally, the first ground works have commenced for the temporary 'high street' providing facilities for journalists and broadcasters during the Games.



Milestone 5: Net gains

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

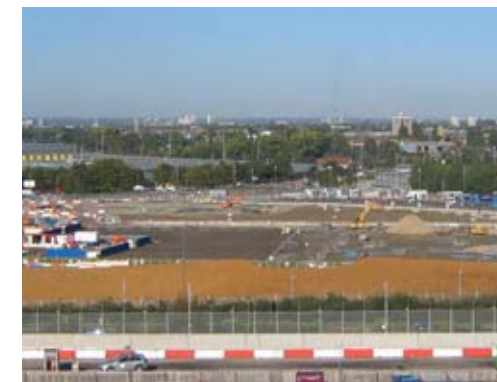
Progress: The structure of the Handball Arena is complete and weather-tight, with the roof light pipes installed and the external copper cladding about to start. Inside the completed and fully clad Basketball structure, the 12,000 seats are being installed.



Milestone 7: Shooting forward

By 27 July 2011: 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 now underway on Eton Manor, with the foundations for the permanent sports complex nearing completion. Planning permission has been secured for construction at Royal Artillery Barracks, with a contractor due to be appointed by the end of the year.



Milestone 6: Waves of progress

By 27 July 2011: Construction of the Lee Valley White Water Centre will be complete and the venue handed over to the Lee Valley Regional Park Authority.

Progress: The 10,000-square metre lake is full and water is flowing through the courses at the new white water canoe centre. Internal fit-out works of the two-storey facility building are nearing completion, with the venue on track to be completed later this year as the first brand new 2012 venue to be finished.



Milestone 8: Beds for athletes, homes for Londoners

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: More than three-quarters of the residential plots are structurally complete, with the structure of the Chobham Academy education campus also nearing completion. Work is well underway on the state-of-the-art new polyclinic, and the first stage of landscaping has started with work underway on an extensive wetlands park.



Milestone 9: Changing the face of the earth

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: Around 250 acres of new parklands are taking shape, with landscapes formed and over 500 trees and thousands of wetland plants planted; the golden riverbank meadow of wild flowers around the Olympic Stadium came into bloom two years ahead of the Games. More than half of the new bridges and underpasses are structurally complete – with the new Angel Lane bridge in Stratford recently opened, offering improved road, walking and cycling links. The Primary Substation and Sewage Pumping Station are complete and in operation, and the Energy Centre will shortly enter service. The installation of the permanent utilities infrastructure across the Olympic Park is continuing.



Milestone 10: Green light ahead

By 27 July 2011: 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 progressing at Stratford Regional Station, with a new Central line platform and additional lifts and subways opening to the public recently to improve capacity and reduce delays and congestion. All three-car DLR trains have now been delivered, while work on the DLR extension to the new Stratford International Station is approaching completion.



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

Public Sector Funding Package for the Games

Following the Spending Review, the overall public sector funding package available for the Games will remain at £9.298bn.

The settlement will ensure that the ODA is fully funded through to the completion of the programme.

From April 2011, in recognition of the changing focus of the programme from construction to the operational delivery of the Games, the Spending Review settlement will provide for defined operational requirements. These will include specific extra responsibilities for host local authorities, where the burden imposed for Games-time operations is of such a scale that it should not be borne solely by local council-tax payers, and for shared responsibilities for the safety of spectators and visitors between transport hubs and sporting venues where existing budgets cannot cover the additional requirement.

As set out in the Bid, venue security is a shared responsibility between LOCOG and the Government. The Spending Review settlement makes provision to ensure that all venues, over 100 in number, are secure both during the preparatory phase and through the six weeks of Olympic and Paralympic competition. Whilst this is over and above the funding for Olympic policing and wider security, both can be contained from within the £9.298bn funding package. More detail on security cost forecasts is expected to be published by the Home Office by early December 2010 and will be included in future quarterly reports.

The Government remains committed to the public sector funding half of the incremental cost of the Paralympic Games. This is also included within the £9.298bn funding package.

The remainder of the funding package – around £0.5bn – will be held as an Olympic contingency for cross-programme issues, including any major changes in security circumstances. This will take effect from April 2011. 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. £50m of this contingency will be held by the Department of Culture, Media and Sport (DCMS) in 2012-13. Under the settlement, DCMS will be able to increase this £50m contingency through the delivery of savings within the Olympic programme. The rest of the contingency will be held in HM Treasury's general reserve.

Sources of funding

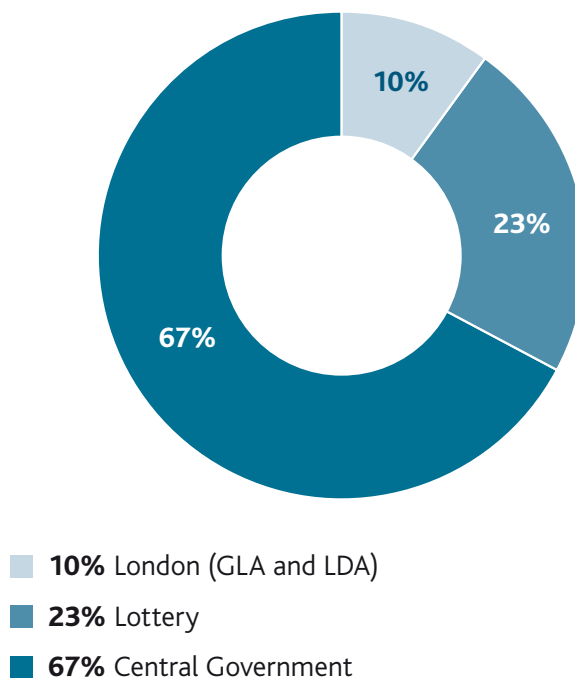
From April 2011 Government funding for the programme, excluding security which sits with the Home Office and other Government Departments, will be held by DCMS. The Greater London Authority (GLA) and the Olympic Lottery Distributor (OLD) will continue to contribute as per the 2007 Spending Review agreement.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

The maximum contributions from the GLA/London Development Agency (LDA) and the Lottery remain unchanged. Under the confirmed arrangements, the interests of the Lottery under the 2007 Memorandum of Understanding (MoU) between the Government and the Mayor are still protected. Meanwhile the MoU 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 OPLC, 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 1: Sources of funding

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



Cash flow

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

November 2007 Forecast Spend to end Sept 2010 £m	Actual Spend to end Sept 10 £m
5,102.2	4,387.2

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.

Impact of the Spending Review

Savings of £20m were identified in the ODA's forecast final cost as part of the Spending Review, which are subject to formal approval, and comprise:

- A reduction of £7m in the budget for Other Park Venues. This will be achieved through efficiencies and procurement savings on the Eton Manor project, not a reduction in scope.
- The decision not to proceed with the Stadium wrap (subject to planning conditions, and unless alternative sources of funding can be found) will provide a reduction of £7m in forecast cost. Studies have shown that the wrap is not required to ensure the appropriate wind conditions on the field of play and alternative measures will be taken to ensure adequate wayfinding for spectators.
- Potential savings of up to £6m in transport projects, the details of which are currently being worked through.

Movements in ODA lifetime budget

The ODA's budget was increased by £39m in the quarter owing to releases in contingency that are explained on page 24.

Movements on overall AFC

Through a combination of further savings achieved in the quarter and the expectation of reduced risks going forward, the overall AFC to completion for the project has reduced by £29m to £7.232bn.

The main movements in the AFC are described below:

- The forecast cost of the main Stadium has reduced by £20m in the quarter (including the anticipated savings by deciding not to proceed with the Stadium wrap, subject to planning conditions, and unless alternative sources of funding can be found). The stadium is now forecast to deliver within budget.
- Further procurement savings have been achieved on the IBC/MPC project and savings are also forecast in relation to Section 106 obligations.
- There is a forecast reduction of £33m in transport capital projects and a forecast increase of £24m in transport operating expenditure. This is largely a technical adjustment and reflects the reclassification of transport scope from capital to operating expenditure. The overall budget for the Olympic Route Network (ORN) is £70m, covering all works required and including contingency, and is contained within the overall transport budget and AFC. The forecast costs for transport have reduced overall since the baseline budget was agreed in 2007.

- There is a potential cost pressure of £11m on the Aquatics Centre to ensure the project remains on schedule to complete next summer and to ensure the necessary environmental conditions for athletes' competition are met. However, savings are forecast on other Park venue projects.
- There is a potential cost increase of c£17m on Stratford City Land and Infrastructure which reflects payments due to the LDA as part of the Compulsory Purchase Order process and some additional infrastructure works, including a new pedestrian bridge at Ruckholt Road in Stratford.
- There is a forecast cost increase in Performance Management of c£10m. This anticipates enhanced payments to Delivery Partner, CLM, due to the strong progress of the project against agreed milestones and savings achieved. CLM's enhanced payments are based on performance and they are incentivised to drive down costs across the programme.

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.

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 prepared and is expected to be approved next month.

To enable preliminary security works to begin, and to obtain efficiencies from early procurement, the Government approved an early release of £21m from contingency, in addition to the £13m released earlier in the year. These sums are included in the overall AFC. The remaining budget requirement of up to £126m is expected to be released upon approval of the Park Operations business case.

Table 2: Changes to ODA budget

	Original baseline £m	Allocated contingency £m	Revised baseline £m	Contingency available £m	Maximum available ODA budget £m
November 2007	6,127	0	6,127	1,972	8,099
Village interim funding		95	95	(95)	
Contingency releases published Jan 09		35	35	(35)	
September 2008	6,127	130	6,257	1,842	8,099
Village additional funding		231	231	(231)	
IBC/MPC		135	135	(135)	
September 2008	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)	
March 2009 – pre Village funding	6,127	423	6,550	1,549	8,099
Village investment		261	261	(261)	
March 2009 – post Village funding	6,127	684	6,811	1,288	8,099
Basketball		(3)	(3)	3	
Security Resilience		19	19	(19)	
June 2009	6,127	700	6,827	1,272	8,099
Barking feasibility reports/Eton Manor/Aquatics		2	2	(2)	
September 2009	6,127	702	6,829	1,270	8,099
Aggregate Tax (£0.4m)		0	0	0	
December 2009	6,127	702	6,829	1,270	8,099
Parkwide Operations		13	13	(13)	
Stratford City post-Games development		75	75	(75)	
March 2010	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)
June 2010	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)	
September 2010 before Village receipts	6,100	829	6,929	1,143	8,072
Village future receipts		(324)	(324)		
September 2010 Budget including Village receipts	6,100	505	6,605		
Net future cost pressures			149		
Total before assessed programme risks			6,754		
Assessed programme risks			478		
TOTAL AFC			7,232		

Contingency under current arrangements

£39m of contingency was released during the last quarter, a large part of which reflects the early draw down of contingency to enable the ODA to enter into contractual commitments for security works ahead of the expected approval of the Park Operations business case in November. Early procurement will help the ODA to ensure value for money is achieved.

Contingency has also been released for additional security facilities around the Park, the inter-related areas between the site and the Westfield Shopping Centre, and for security of IT systems.

As of the end of September 2010, the gross allocation of contingency was £829m, leaving a total balance available to the ODA of £1.143bn. Contingency will be required to fund the additional costs of Park Operations, as previously reported; the final figures will be confirmed in the next quarterly report.

Contingency arrangements from April 2011

From April 2011, as part of the Spending Review settlement, the total funding package for the Games will be reconfigured, as described on page 19, with around £0.5bn 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 for the delivery of the Games, where they cannot reasonably be met from existing budgets.

Table 3: Anticipated Final Cost (AFC)

		Nov 07 ODA Baseline Budget £m	July 10 AFC £m	Oct 10 AFC £m	Variance July 10- Oct 10 £m
Site preparation and infrastructure	Powerlines	282	285	285	0
	Utilities	256	205	207	2
	Enabling works	364	380	382	2
	F10 Bridge	89	63	62	(1)
	Other structures, bridges and highways	740	611	612	1
	South Park site preparation	116	116	119	3
	Prescott Lock	5	5	5	0
	Other infrastructure (landscaping)	243	228	226	(2)
	Total site preparation and infrastructure	2,095	1,893	1,898	5
Venues	Stadium	496	516	496	(20)
	Aquatics	214	257	268	11
	Velopark	72	94	94	0
	Handball	55	44	44	0
	Basketball	58	42	42	0
	Other Olympic Park venues	59	114	107	(7)
	Non-Olympic Park venues	101	132	131	(1)
	Total venues	1,055	1,199	1,182	(17)
Transport	Stratford Regional Station	119	125	124	(1)
	DLR	86	80	81	1
	Thorntons Field	47	23	23	0
	North London Line	110	107	107	0
	Other transport capital projects	178	173	140	(33)
	Other transport operating expenditure	357	355	379	24
	Total transport projects	897	863	854	(9)
Parkwide projects	Logistics for site construction	337	270	271	1
	Security for park construction	354	299	300	1
	Section 106 and masterplanning	127	122	117	(5)
	Insurance	50	50	50	0
	Parkwide Operations	0	24	51	27
	Security screening and operational areas	0	52	50	(2)
	Other parkwide projects	0	28	27	(1)
	Total other parkwide projects	868	845	866	21
Media Centre and Olympic Village	Stratford City land and infrastructure	522	597	614	17
	Stratford City development plots	(250)	(100)	(100)	0
	Village construction – public sector funding	0	697	698	1
	Village receipt	0	(324)	(324)	0
	IBC/MPC	220	308	301	(7)
	Total Media Centre and Olympic Village	492	1,178	1,189	11
	Programme delivery	647	684	694	10
	Taxation and interest – includes Emergency Budget Impact	73	70	71	1
	Total budget before contingency	6,127	6,732	6,754	22
	ODA programme contingency available	968	578	565	(13)
	Total after ODA programme contingency	7,095	7,310	7,319	9
	Available programme contingency*	0	(49)	(87)	(38)
	Retained savings**	0	0	0	0
	Total potential Anticipated Final Cost (AFC)***	7,095	7,261	7,232	(29)

* 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.

*** AFC excludes additional scope Parkwide Operations costs of £126m – being £160m less contingency releases to date of £34m.

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 a Safety and Security Strategy, Delivery Plans and the Safety and Security Programme. The Olympic Security Directorate (OSD), within the Home Office, develops and manages the Strategy and its associated programmes, and ensures their delivery through other agencies, Departments and organisations.

By the end of September 2010, approximately £95m had been spent on the additional costs of Olympic and Paralympic safety and security. This provision is distinct from the ODA's and LOCOG's security budgets.

Funding for future years is being determined as part of the Spending Review. The Government has carried out an audit and review of the Olympic Safety and Security Programme which has fed into the Spending Review process. More detail on security cost forecasts is expected to be published by the Home Office by early December 2010 and will be included in future quarterly reports.

LOCOG finance update

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

With the exception of a 50 per cent contribution towards the cost of the Paralympic Games, LOCOG is expected to be self-financing through sponsorship, ticketing, merchandising and contributions from the International Olympic Committee (IOC).

The Government is the ultimate guarantor to the IOC of LOCOG's budget, and therefore responsible for meeting any shortfall between the latter's costs and revenues. It consequently takes a close interest in LOCOG's plans and budget.

By September 2010, LOCOG had secured nearly three-quarters of the income required for its £2bn budget to stage the Games. This included over £650m of local sponsorship revenue. It has signed up over 30 local sponsors in the following categories:

Table 4: LOCOG sponsors as at 1 October 2010

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

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.



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