



department for
culture, media
and sport

London 2012 Olympic and Paralympic Games **Quarterly Economic Report** November 2009



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.

Foreword	3
Continuing to support business	5
Business stats	10
Continuing to boost jobs and skills	11
Jobs and skills stats	13
Quarterly budget update	15

The London 2012 'Big Build' remains on time and within budget. Having hit all of its milestones for laying the foundations of the Olympic Park and Village, the Olympic Delivery Authority (ODA) is now working to complete the structures that will house the Games.

As the build continues, part of the role of Government is to make sure that the whole country benefits from the Games. That is why the map on page 7 of this quarterly report represents such an important snapshot of the British businesses that are capitalising on the London 2012 investment.

It is a map that clearly highlights how companies from every corner of the UK are winning contracts – whether for a basketball arena from Glasgow or structural decking from Poole, wetland planting from Norfolk or steel reinforcements from Neath – and it provides a powerful illustration of how London 2012 is helping the whole of the country to ride out the downturn and plan for recovery.

With just under 1,000 days to go until the Games, more than 1,000 companies have won direct contracts from the ODA worth more than £5bn. Now the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) is putting over £700m worth of new contracts up for grabs, creating more opportunities down the supply chain.

This will significantly broaden the range of opportunities on offer to UK businesses – moving beyond construction and engineering and into sectors such as security, transport and logistics, as well as merchandising, clothing and retail.

As these possibilities open up, we are determined that companies are made aware of them, which is why our CompeteFor service will continue to play such an important role.

So far, CompeteFor has kept more than 92,000 businesses informed about Games-related contracts, it has also given more than 35,000 companies the focused business support they need to help them to compete successfully.

London 2012 is not only helping to keep order books full right across the country, it is also creating a legacy of fitter companies, better equipped to compete for business opportunities as they arise – whether linked to the Games or not.

With more Games-related opportunities to come in the months and years ahead, and an estimated £200bn worth of other major, national infrastructure projects in the pipeline between now and 2020, UK businesses have it all to play for in 2012 and beyond.



Tessa Jowell

Rt Hon Tessa Jowell MP
Minister for the Cabinet Office,
The Olympics, London and
Paymaster General



View of the Olympic Park with Olympic Stadium (left) and the Aquatics Centre (right), November 2009.

The London 2012 Olympic and Paralympic Games are continuing to help the UK ride out the recession through both international and national opportunities, right when we need them most.

The map on page 7 shows some of those businesses across the UK that have won work in the ODA's supply chains.

The sheer scale of the London 2012 build means that, all in all, there are more than £6bn worth of contracts up for grabs, which will provide business opportunities all along the supply chain.

Starting from next year, LOCOG will be procuring over £700m worth of goods and services up until 2012. These will be sourced from across the following sectors: arts, performance and events, security, facilities management and catering, sports, technology, transport, logistics and venues.

Through CompeteFor and associated business support services the Government is ensuring that companies from across the UK are well placed to take advantage of opportunities as they arise.

CompeteFor

CompeteFor is a free service which allows businesses to access Games-related contract opportunities and supports businesses to win them. Over 92,000 businesses have registered on CompeteFor to date, up from 78,000 in the last quarter, and over 500 buyers have advertised over 4,000 contract opportunities.

The initiative provides access to focused business support, through the national Business Link Network and equivalents in the devolved administrations. This includes advice on how to improve performance and compete successfully for London 2012 contracts. This quarter a further 5,000 companies who registered on CompeteFor have received business support because of their London 2012 ambitions, bringing the total to 35,000 since CompeteFor was launched. This has helped them to be better placed to compete for Games-related business, and for wider work too.

CompeteFor is creating a lasting legacy for UK business competitiveness by helping them to capitalise on Games-related and other business opportunities as and when they arise.

host2host – Progress in developing trade

Evidence from previous Games suggests that hosting the Olympics and Paralympics will bring significant trade benefits to the UK. Companies with world-leading experience and expertise in delivering major sporting events will have a real advantage when it comes to competing for business overseas.

It is a chance to establish the UK as a global centre of excellence – the number one 'go to' country for delivering international sporting events. This important objective is why UK Trade & Investment, the Government's international business development organisation, has developed 'host2host', a programme designed to maximise business and economic outcomes between host nations.

Trade agreements already exist with Canada (Vancouver 2010 Winter Games), Singapore (2010 Youth Games), and with Russia (Sochi 2014 Winter Games). This quarter an agreement was also signed with South Africa, the hosts of the 2010 World Cup. We will continue to explore opportunities for agreements with other partners such as Brazil, hosts of the 2016 Olympic and Paralympic Games.

The opportunities for UK businesses are immense. The Sochi estimated spend alone will be US\$30bn for the Games and related infrastructure projects. So far UK Trade & Investment has hosted a range of visits from Sochi's Organising Committee in order to showcase the expertise that UK businesses can offer. Already British companies are reaping the rewards – with a major UK company landing a £23m contract to supply generators and excavators to prepare road, bridge and tunnel infrastructure.

2012 Games Business Summit

On 4 November 2009 the Government hosted a conference, attended by 500 companies from across the UK, highlighting the broad scope of commercial opportunities arising from the London 2012 Games and other major international events.

The conference gave the most comprehensive picture yet of how the London 2012 Olympic and Paralympic Games are providing opportunities for UK businesses, whatever their size or location. At the time this document was written £1.7bn worth of London 2012-related contracts were still up for grabs.

The event illustrated that the London 2012 Games can act as a catalyst for industry growth and success and equip businesses to supply other world-class sporting events, particularly the 2014 Sochi Games and the 2016 Games in Rio.

It is hoped that this conference will become an annual event to ensure that as these opportunities open up, all interested businesses will stay informed.

For more information, visit:
<http://tiny.cc/businesssummit>

Case study

Belfast company builds bridge to Olympic Park

All over the UK businesses are benefiting from the opportunities that London 2012 offers.

Lagan Construction, a Belfast-based company, has won a major contract to construct one of the bridges in the Olympic Park (see artist's impression, right).

The Olympic Delivery Authority (ODA) awarded Lagan Construction the contract to develop the Central Park Bridge, which is located close to the Olympic Stadium and spans the River Lea. The bridge links the Basketball Arena, Aquatics Centre and the Olympic Stadium. The contract was awarded through the ODA tendering process.

Lagan Construction is also building the retaining walls and reinforced soil slopes for the bridge structure along with drainage works, electrical works, landscaping, feature surfacing and temporary bridge maintenance.



Building for 2012

Thousands of companies across the UK are already winning business contracts as a result of the investment in the London 2012 Olympic and Paralympic Games. It is estimated that thousands more companies across the country will win London 2012-related work over the lifetime of the project.

This map gives a snapshot of UK companies that have won contracts to date and are helping to deliver the venues and infrastructure for the ODA. Around 1,500 companies are shown on the map – only a fraction of the total number that will benefit from the £6bn investment up and down the supply chain. For more information (including the full list of companies that have won contracts) visit london2012.com/suppliers

1 Scotland

Companies that have won contracts to date include:

Bodycote Testing, Glasgow

Design services
Aquatics Centre

Weldex, Inverness

Plant hire services
Olympic Stadium

KN Environmental Services, Perth

Oil absorbent materials
Aquatics Centre

2 Northern Ireland

Companies that have won contracts to date include:

Macrete Concrete, County Antrim

Parapet support structure
Bridges and highways

Lagan, Belfast

Construction services
Bridges and highways



3 North West

Companies that have won contracts to date include:

Ainscough Crane Hire, Wigan

Crane hire
Bridges and highways

Kalzip, St Helens

Roof cladding
Aquatics Centre

Merseyside Coatings, Widnes

Paint
Olympic Stadium

4 North East

Companies that have won contracts to date include:

Hathaway Roofing, County Durham

Roof cladding
IBC/MPC

Mammoet, Wallsend

Supply and operation of jack machines
Bridges and highways

Corus, Redcar

Steelworks
Aquatics Centre

5 Yorkshire

Companies that have won contracts to date include:

Kim Barker Construction, Scunthorpe

Sheet piling
Bridges and highways

Bespoke Precast, Barnsley

Concrete structures
Velodrome

Stag Security Services, Harrogate

Office security services
Aquatics Centre

6 East Midlands

Companies that have won contracts to date include:

Flygt, Nottingham

Pumps
Primary foul sewer and pumping station

EFCO UK, Wellingborough

Reinforced concrete
Bridges and highways

Wood Newton, Ashfield

Roof finish and lights
Velodrome

7 West Midlands

Companies that have won contracts to date include:

Nets Work, Worcester

Roof cladding
Aquatics Centre

RMD KwikForm, Walsall

Structural steelwork
Aquatics Centre

All-Clean, Worcester

Cleaning services
Primary foul sewer and pumping station

8 Wales

Companies that have won contracts to date include:

Bluebay Building Products, Cardiff

Reinforced concrete
Bridges and highways

Rhino Doors, Port Talbot

High security entrance doors
Powerlines project

Express Reinforcements, Neath

Reinforcement
Olympic Stadium

9 South West

Companies that have won contracts to date include:

PDF Erection Services, Dorchester

Structural steelwork
Aquatics Centre

Paulex Environmental, Exeter

Specialist environmental site training services
Aquatics Centre

CPM Group, Frome

Drainage and buried services
Bridges and highways

10 South East

Companies that have won contracts to date include:

Chestnut Products, Tonbridge

Security fencing
Broxbourne White Water Canoe Centre

Schindler, Sunbury-on-Thames

Lifts
Velodrome

Home Grown Timber, Horsham

Vegetation clearance services
Bridges and highways

11 London

Companies that have won contracts to date include:

Paddington Construction, Enfield

Toilets
IBC/MPC

John Lyall Architects, Old Street

Design services
Primary foul sewer and pumping station

GBN Services, Leyton

Skips
Aquatics Centre

12 East

Companies that have won contracts to date include:

Salix, Thetford

Wetland plants
Parklands

H&B Scaffolding, Basildon

Scaffolding services
Primary foul sewer and pumping station

Sound Research Laboratories, Sudbury

Acoustics
Aquatics Centre

Case study

Camfaud Concrete Pumps Ltd – Creating opportunity for small businesses

Another company that is reaping the benefits is Camfaud Concrete Pumps Ltd, a specialist provider of liquid concrete pumps, located near Epping in Essex.

Camfaud is a family owned and managed business that was set up in 1982 with just a single mobile concrete pump. The company has expanded steadily over the years and now operates one of the largest fleets of concrete pumps in the country. It employs over 50 people and has an annual turnover of £8m.

Camfaud has been awarded the contract for Wetlands concrete pumping. The contract is to provide concrete on site, primarily for the bridge structures, in areas where access is too difficult for traditional concrete delivery by mixer.

Brendan Murphy, Director for Camfaud said:

"We were initially made aware of CompeteFor through a trade magazine and once investigated found the portal an ideal way to access available contracts.

"Working on the Olympic Park has not only opened up further opportunities for us but by being published on CompeteFor we are well positioned to benefit from similar contracts as and when they arise in the future."

90,000+

Companies are now registered on CompeteFor with over 4,300 contract opportunities advertised so far and 15,000 expected by 2012

98%+

Of ODA direct suppliers are based in the UK

1,036

Suppliers had been directly awarded contracts by the ODA (as at September 2009)

35,000

Businesses registered on CompeteFor have received business support as a result of registering

£6bn

Worth of contracts to be directly procured by the ODA and LOCOG between them, creating thousands of supply chain contracts

Through the London 2012 Games, the Government is continuing to make a direct investment in the UK workforce by getting people into work and offering them the skills and experience they need to stay in work.

In September 2009, 4,842 people were employed on the Park site with a total of 7,270 when including those working on the Olympic Village. Over the lifetime of the build up to the Games, 30,000 people will be employed, including 2,250 traineeships, apprenticeships and work placements. At the same time, dedicated East London training centres will offer as many as 20,000 training places over the next five years.

Furthermore, the London 2012 Games offer a unique opportunity to ensure that the UK education and training systems anticipate the future needs of employers, and furnish the workforce with the skills that will be in demand for the years ahead.

It is this investment in skills that will help provide industry with the experienced, skilled workforce it needs to deliver not only the Games, but also other major construction projects such as the £2.5bn redevelopment of Kings Cross, and the £16bn Crossrail project.

The Games are also helping to change the face of the construction industry and its workforce. The ODA and its partners are drawing more hard to reach and previously unemployed people into the industry. As of September 2009, 12 per cent of the contractor workforce were previously unemployed. Furthermore, the Women into Construction project is helping to bring women into the London 2012 workforce.



Women into Construction

There are currently 271 women working for contractors on the Olympic Park, which is approximately two and a half times the industry average.

The London 2012 Women in Construction project is designed to increase employment of women on the Olympic build and to help break down gender barriers in the industry as a whole.

The project, set up in March 2008, aims to place 50 women per year into manual trades, including construction roles on other projects and security on the Olympic Park site.

The project is having notable success. To date 79 women have come through the project.

The project is funded jointly by the London Development Agency (LDA) and Construction Skills and is an example of the London 2012 Games providing a blueprint for the whole of the construction industry to follow.

Plant Training Centre

This quarter the Plant Training Centre, formerly at Eton Manor, has reopened on a new site in the Royal Docks, half a mile from the second training centre which opened earlier this year at Thames House.

In the past year, 680 people have been trained at these facilities, contributing to a training programme that has delivered 4,616 courses for local people.

The Plant Training Centre is currently one of two construction training centres specifically developed to meet the demands of the Olympic build programme. It provides trainees with an invaluable 'hands on' introduction to the construction industry, with training on how to use plant machinery such as 360 degree diggers and 35-tonne dumper trucks. To date the Plant Training Centre has trained 703 people.

The relocation of the Plant Training Centre from the Olympic Park to the new site at the Royal Docks doubles the Centre's previous capacity and allows training to be offered to people across the capital. It will provide training for other major projects such as Crossrail and we anticipate that 500 training places will be available every year.

Other sector-based training is also being developed for local people, focusing on other skills including hospitality, security, IT, catering, retail and logistics.

Personal Best

The Personal Best programme has been piloted in 11 locations across London for the last two years and has seen 559 young people complete the programme, with over 100 going on to further training, 136 doing further volunteering and 69 people going on to obtain full-time employment.

The programme is using the inspirational power of the Games to draw in the hard to reach or the previously out of work by offering work experience and an NVQ level 1 qualification whilst building invaluable confidence and self-esteem.

LOCOG is also committed to securing up to 10 per cent of their 70,000 volunteer workforce from the Personal Best programme.

Due to this success the programme is being rolled out across London and the UK regions this year. In the North East they continue to make progress in delivering the programme, with more than 1,000 people now benefitting from the scheme. The West Midlands region will be next to roll it out.



London Employment and Skills Taskforce for 2012 (LEST) Action Plan – Getting people into employment

The Mayor's LEST Action Plan aims to get 70,000 workless Londoners into permanent employment by 2012.

The Action Plan identifies the jobs and skills the Games will demand in London and proposes programmes to give local people the best possible chance to compete to fill these posts. The focus is on getting those furthest from the job market engaged, and giving people the right skills so that they can develop careers.

The Plan details many programmes and new initiatives. The key vehicle delivering this is the joint job brokerage and employment team. The scheme has placed just over 450 local people into work on the site in the period from April 2008 to March 2009. This represents an approximate conversion rate (vacancies converted into placement of local candidate) of about 70 per cent. The same support apparatus has also helped place a further 800 local people into other work in the same period.

Progress to date includes:

- Overall, a total of 10,500 people have been employed on the Olympic Park since April 2008. During that period on average one in five of the construction workforce have been local people from the five Host Boroughs;
- A substantial drive to boost the construction training offer for Londoners with three new facilities launching in East London that will ultimately provide 20,000 training places over the next five years and link to work on the Olympic Park and other construction sites;
- Over the course of the last year, over 4,600 construction-related training courses have been provided for local people;
- The creation of a robust and flexible job brokerage apparatus advertising vacancies and supporting both local people and those across London into Olympic-related employment and other jobs;
- Over 1,250 local people have been placed into work via this service in the last year;
- The formulation of a ground breaking commitment from the ODA and its contractors to deliver 350 construction apprenticeships.

30,000

People will be employed on the Olympic site over the lifetime of the build

10%

Of workers on the Olympic Park are undertaking a traineeship, apprenticeship or work placement

21%


Of the current Olympic Park workforce reside in one of the five Host Boroughs

7,270

People are working on the Olympic Park site, including the Olympic Village (as at September 2009)

12%

Of the current contractor workforce were previously unemployed

A photograph of four people standing in front of a large stadium under construction. From left to right: John Armitt, an older man with glasses in a grey suit; PM Gordon Brown, a man with grey hair in a dark suit and blue tie; Tessa Jowell, a woman with short brown hair in a patterned blazer; and Sebastian Coe, a man with dark hair in a dark suit and patterned tie. The stadium's steel framework is visible in the background, with a blue crane arm extending across it. The sky is blue with some clouds.

"We are already reaping the benefits from a massive capital investment programme to build the venues and infrastructure."

Prime Minister, Gordon Brown

John Armitt, ODA Chairman, PM Gordon Brown, Tessa Jowell, Minister for the Olympics and Paralympics, and Sebastian Coe, Chairman of LOCOG, at the Olympic Park, 3 September 2009.

Overview

The overall £9.325bn Public Sector Funding Package for the Games remains unchanged. With less than a 1,000 days to go we remain on time and within budget.

Within this, £6.1bn was identified as the ODA budget, with around £2bn contingency and £1.2bn for non-ODA activities such as wider security and support for elite and community sport.

The Anticipated Final Cost (AFC), the current forecast of the final cost of ODA's programme including forecast costs, risks, scope changes and inflation, is £7.241bn. This compares to £7.234bn at the end of the last quarter (June 2009).

The majority of contingency remains unreleased and the ODA continues to make strong progress in preparing the venues and infrastructure in the Olympic Park.

The Government is in discussion with the newly established Olympic Park Legacy Company (OPLC), LOCOG and the ODA to agree the split of responsibilities for managing the Olympic Park for the period between the end of construction and the Games, and into the legacy period after the Games.

Programme Progress

The ODA announced in July 2009 that it had hit all of its annual milestones and has now published the next ten – 'the Big Build: Structures', which will run to the summer of 2010.

Construction is well underway on all of the permanent venues and the infrastructure required for Games in legacy. The external structure of the main Stadium is complete as is the roof structure of the Aquatics Centre. The structure of the International Broadcast Centre (IBC) has been completed ten weeks after work started and work has also commenced on the structural steelwork of the Velodrome. Outside of London, work has started on time at Broxbourne, for the White Water Centre, and at Eton Dorney, the venue for rowing and flat water canoeing.

The Olympic Village is also well underway. The majority of apartments should be structurally finished by next summer, along with half of the new bridges across the Park. The primary sub-station, the first building to complete on the Park, is now operational. Earlier this month Her Majesty The Queen planted the first of over 2,000 trees in the Olympic Park.

Transport improvements are also moving ahead quickly with more carriages for the Docklands Light Railway (DLR), the redevelopment of Stratford Regional Station and the successful completion of the test of the seven minute Javelin service from Kings Cross Station during Games-time. The ODA's focus is now moving to the operational transport planning requirements for 2012.

Progress against milestones

The ODA sets out in advance the milestones it plans to achieve for different phases of the project, to ensure transparency and accountability. It has achieved all of these milestones, with the most recent milestones, announced in July 2009, expected to be completed by 27 July 2010. These milestones are set out below.

Milestone 1

The structure of the Olympic Stadium including the roof will be complete. The first seats will be fitted and work on the field of play about to start.



Milestone 2

The Aquatics Centre's permanent structure and roof will be complete and all three swimming pools will be dug out.



Milestone 3

The Velodrome structure and roof will be complete, with work about to start on installing the timber track.



Milestone 4

The structure of the International Broadcast Centre (IBC) and multi-storey car park will be finished, with roof and wall cladding well underway. The Main Press Centre's (MPC) structure will be nearing completion.



Milestone 5

The Handball Arena and Basketball Arena structures will be in place with internal works underway. Building work will have begun on the new Eton Manor sporting facilities.



Milestone 6

The majority of the Olympic Village homes will be structurally finished and internal works will have started. The entire major infrastructure needed to support the development will be complete.



Milestone 7

All works will be complete at the Eton Dorney Rowing venue. The new lake and competition courses at Broxbourne White Water Centre will be finished, with the facilities building almost complete. A planning application will have been submitted for the shooting facilities at the Royal Artillery Barracks.



Milestone 8

More than half of the new bridges and underpasses will be complete and parts of the Olympic Park Loop Road in operation. Planting will have begun across the Park.



Milestone 9

The Energy Centre, Primary Substation, main sewer and deep sewer pumping station will all be operational from July 2009.



Milestone 10

All major transport improvements will be in progress or complete, and the next level of detailed planning for transport operations during the Games will have been completed.



Public Sector Funding Package for the Games

The financial breakdown of the £9.325bn Games funding package and sources of income for the package, as announced in March 2007, is shown below.

Table 1: Breakdown of the £9.325bn Funding Package

	£m	£m	£m
Total public sector funding package			9,325
ODA			
ODA Base costs inc VAT		6,127	
Programme Contingency		968	
Funders' Contingency		1,004	
Total available to ODA			8,099
Non ODA			
Elite and community sports	290*		
Paralympic Games	66**		
Look of London	32***		
		388	
Security	600		
Security Contingency	238		
		838	
Total non ODA			1,226

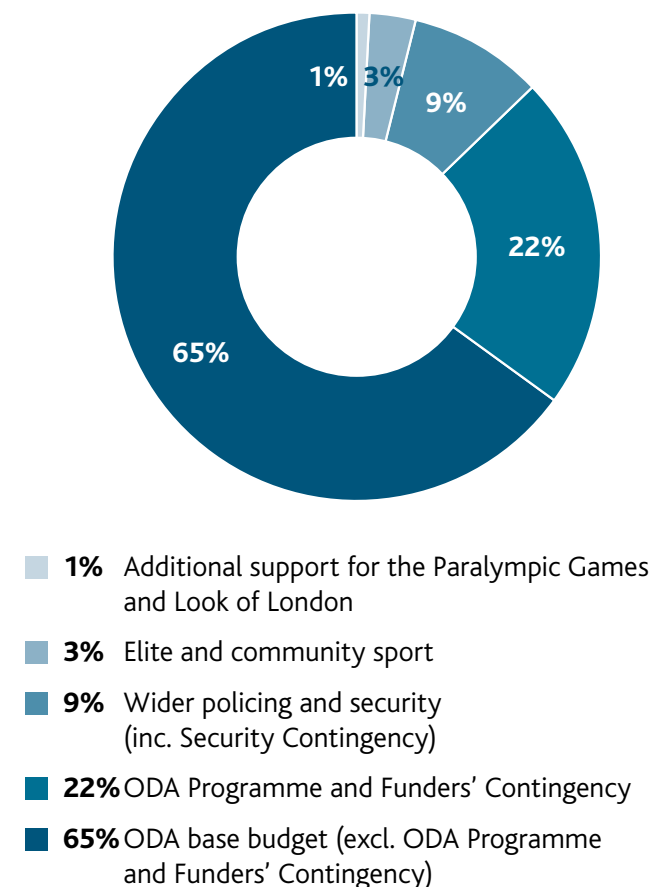
* The £290m contribution from the Sport Lottery Distributors has been invested in maximising the benefit to British sport of hosting the Games, through support of elite and community sport. The key areas that this contribution has been invested in are:

- programmes of support for elite athletes and coaches;
- development of facilities for elite and community use; and
- community programmes/projects for clubs, coaches and volunteers, to increase participation and improve performance.

** The £66m is the Government's planned contribution towards the hosting of the Paralympic Games by LOCOG.

*** The programme of works, currently being designed, will be for use on non-capital, presentational works – such as street decoration and signage, etc.

Figure 1: Overview of £9.325bn funding package



Sources of funding

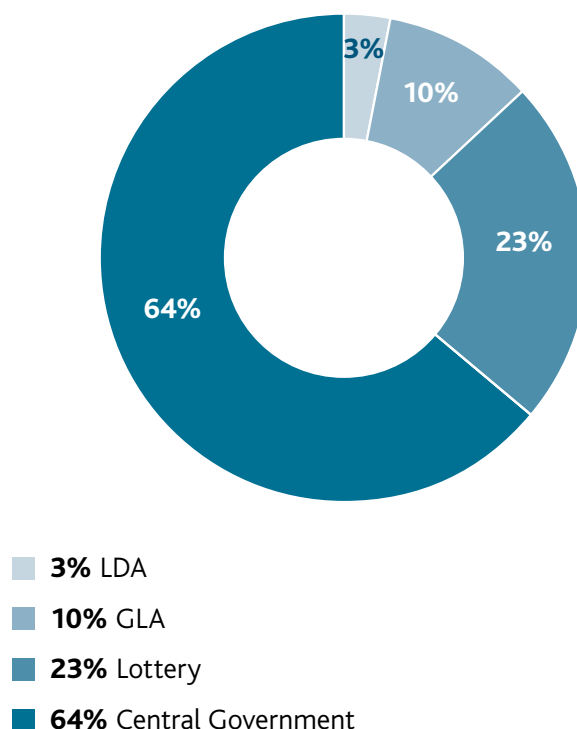
Of the £9.325bn Public Sector Funding Package, almost £6bn will come from Central Government. Funding for the ODA comprises contributions from the Department for Culture, Media and Sport (DCMS), Communities and Local Government (CLG) and the Department for Transport (DfT). The funding of the £838m for wider policing and security is primarily the responsibility of the Home Office, working with other Government Departments. Central Government funding for the Games for the period 2008-09 to 2010-11 has been secured through the Comprehensive Spending Review and the remaining balance will be confirmed in subsequent Spending Reviews.

The overall National Lottery contribution to the 2012 Games will be 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 to the Olympic Lottery Distribution Fund.

The London contribution will be made up of £925m funding from the GLA (including estimated £625m contribution from the London council tax); and £250m funding from the LDA.

Table 2: Sources of funding

Funding from:	Total contribution £bn
Lottery	2.175
London (GLA and LDA)	1.175
Central Government	5.975
Total	9.325



Cash flow

The spend incurred by the ODA in delivering its Programme to date, shows that there have been savings made, and a lower amount of contingency used, than was assumed in the November 2007 baseline budget. Following the Funders' Group decisions earlier this year, that the Olympic Village and IBC/MPC would not be delivered through private developer deals, a large part of these savings are being used to fund the Olympic Village.

The outcome of the spend analysis up to the end of September 2009 is as follows:

	November 2007 Forecast Spend to end Sept 09 £m	Actual Spend to end Sept 09 £m
	3,519.6	2,827.2

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

Overall budget position and Anticipated Final Cost (AFC)

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

Movements in ODA Budget

£2m of contingency has been released to the ODA during the quarter for:

- additional seating for people with impaired mobility at the Aquatics Centre;
- to allow the option to purchase, rather than lease, the training pools at Eton Manor so that they can be reused in legacy;
- a feasibility report in respect of Barking & Dagenham and its suitability as a venue location for shooting, rhythmic gymnastics and badminton.

Movements on overall Anticipated Final Cost (AFC)

The movement in the AFC is a consequence of:

- the potential requirement for more to be spent on upgrading local sporting facilities for Games-time training venues;

- an increase in the cost pressure on Other Parkwide Projects, in respect of vehicle screening areas, accreditation areas and transport malls;
- potential cost pressures on the Olympic Village and Stratford City Land and Infrastructure projects. These relate to a reappraisal of the security arrangements for the Olympic Village site during the construction period and higher than anticipated land purchase cost;
- some of these potential increases are being offset by savings made on site preparation and logistics, and potential savings opportunities on Transport Projects.

At this stage no contingency has been released for these potential increases as, if they materialise, it is anticipated that they will be covered in full or in part by retained savings that have been achieved in other projects.

After taking into account the budget movements, potential cost pressures, savings and risks going forward the AFC has increased by £7m to £7.241bn.

Table 3: 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)	
January 2009	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 additional funding		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/Eton Manor/Aquatics		2	2	(2)	
September 2009	6,127	702	6,829	1,270	8,099
Village future receipts*		(324)	(324)		
September 2009 before programme risks	6,127	378	6,505		
Net future cost pressures			53		
Total			6,558		
Assessed programme risks			683		
Total Anticipated Final Cost			7,241		

* The current projection is that net receipts will be generated from the post-2012 phased sale of housing that, on a risk-adjusted and prudent basis, will amount to at least £324m to repay the additional investment in the Village.

Contingency

In the last quarter £2m of contingency was released to the ODA as described on page 21.

The gross allocation of contingency on the project to date is £702m, leaving a balance of £1,270m available. The net allocation of contingency is £378m, assuming the £324m additional funding made available in May to the Olympic Village is repaid from the future sale of Olympic Village homes.

The ODA now estimates the value of programme risks to be £683m, a reduction in this quarter of £2m. Going forward, risks on the programme are expected to gradually reduce due to **continued** efficient delivery.

Table 4: Anticipated Final Cost (£ms)

Total available budget £8,099m

		July 09 Quarterly Economic Report £m	Nov 09 Quarterly Economic Report £m	Variance July 09- Nov 09 £m
Site preparation and infrastructure	Powerlines	288	285	(3)
	Utilities	202	194	(8)
	Enabling works	335	340	5
	F10 Bridge	64	66	2
	Other structures, bridges and highways	624	620	(4)
	Prescott Lock	5	5	0
	Other infrastructure (Greenway, landscaping)	247	243	(4)
	Total site preparation and infrastructure	1,765	1,753	(12)
Venues	Stadium	538	537	(1)
	Aquatics	244	245	1
	Velopark	94	96	2
	Other Olympic Park venues	340	336	(4)
	Non-Olympic Park venues	121	131	10
	Total venues	1,337	1,345	8
Transport	Stratford Regional Station	126	126	0
	DLR	85	85	0
	Thorntons Field	23	23	0
	North London Line	107	107	0
	Other transport capital projects	161	160	(1)
	Other transport operating expenditure	342	335	(7)
	Total transport projects	844	836	(8)
Parkwide projects	Logistics for site construction	313	300	(13)
	Security for park construction	339	341	2
	Section 106 and masterplanning	126	126	0
	Insurance	50	50	0
	Other parkwide projects	52	63	11
	Total other parkwide projects	880	880	0
Media Centre and Olympic Village	Stratford City land and infrastructure	553	560	7
	Stratford City receipt	(250)	(250)	0
	Village construction (public sector funding)	650	664	14
	Village receipt	(324)	(324)	0
	IBC/MPC	348	347	(1)
	Total Media Centre and Olympic Village	977	997	20
	Programme delivery	677	678	1
	Taxation and interest	69	69	0
	Total budget before contingency	6,549	6,558	9
	ODA programme contingency	726	719	(7)
	Total after ODA programme contingency	7,275	7,277	2
	Available programme contingency*	(41)	(36)	5
	Total potential Anticipated Final Cost (AFC)	7,234	7,241	7

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

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 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

We can also provide documents
to meet the specific requirements
of people with disabilities.
Please call 020 7211 6200 or
email enquiries@culture.gov.uk

Department for Culture, Media and Sport
©Crown Copyright
November 2009

Design: red-stone.com

Photography: All images kindly supplied
by the ODA and LOCOG plus:

cover and page 9: iStockphoto
page 4: Photo by David Poultney. © ODA
page 14: Photo by Stefan Rousseau/WPA Pool/Getty Images