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Gerry Murphy  
Chief Operating Officer  
Olympic Delivery Authority  
23<sup>rd</sup> Floor  
One Churchill Place  
London E14 5LN

31 July 2013

Dear Gerry,

**REVISED FUNDING 2013-15**

This is very largely the text of the letter that you agreed with Richard Hartman a while back. I am sorry for the delay in getting this to you. However it has allowed me to update the penultimate paragraph to reflect the recent agreement over the treatment of the Village receipt figures for 2013-14 which ensures that there is no artificial deficit in 2013-14. Otherwise the text of the letter remains unchanged.

On 7 December 2012 I wrote to Dennis Hone to inform him of a change to the Olympic Delivery Authority's allocations for the financial year 2013-14 following a budget cut of 1% to Resource baselines, arising from the Chancellor's 2012 Autumn Statement.

In the budget on 22 March 2013 the Chancellor announced a further budget cut of 1% to Resource baselines in 2013-14 and a cut of 2% in 2014-15. The ODA has no Resource baseline for 2014-15. Ministers are clear that spending on frontline services should continue to be prioritised, and that you should actively identify and implement the most cost-effective ways of delivering public services. We have corresponded previously on the need to set and maintain contingency plans to help you cope with budgetary reductions within and between Spending Review periods.

The amended control totals against which net expenditure will be monitored and the grant in aid that the Department will pay are set out in the table below. The control totals are shown in the shaded columns and incorporate any other changes that have previously been agreed with you.



£m	Resource Budget				Capital Budget			Grant-in-Aid
	Programme (near-cash)		Programme depreciation	Total Resource (DEL) Budget  (A+B)	Core capital – Major Projects	Reserves	Total Capital (DEL) Budget  (D+E)	  (A+D)
Year	A		B	C	D	E	F	G
2013-14	40.764		316.500	357.264	-497.210	0.0	-497.210	-456.446

Guidance on the budgeting rules which you are expected to operate has been circulated previously and can be found in the Treasury's Consolidated Budgeting Guidance.

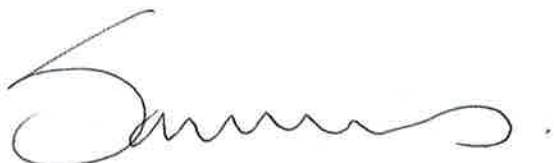
The Budget cut means that the available resource funding to the ODA in 2013-14, as determined by DCMS, will reduce by £ 455,000 ie from 41,218,650 to £ 40,763,650. I note that the ODA expects to use some £13.3 million of this programme funding to meet its administrative costs.

As before, HM Treasury have agreed that this in-year budget reduction will be returned to the HM Treasury reserve and made available for the Olympic programme if required. As such, the full £9.298bn Public Sector Funding Package will be maintained in its entirety.

Following the decision that the ODA will continue in operation until end June 2014 I should be grateful if you could establish the resource and capital costs that could fall to be met from grant-in-aid in 2014-15 and let me know as soon as possible.

If you have any questions about the content of this letter, or would like to discuss your contingency plans, then please get in touch with Richard Hartman in the first instance or with me.

Yours sincerely,



**Samantha Foley**  
Director, Finance and Commercial