

A series of white lines that start as a thin bundle on the left and fan out into several distinct lines on the right, creating a sense of movement and depth.

A Business Update for London 2012

November 2005

MAYOR OF LONDON



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About this update



On 6 July 2005, London was awarded the honour of staging the 2012 Olympic Games and Paralympic Games, the two biggest and most exciting events in the world.

Planning for the Games has got off to an excellent start – in fact we are well ahead of many previous host cities at this stage in the process. New delivery structures are being formed and some of the leaders needed to drive the process have already been appointed.

Naturally, there is a huge desire for information, particularly from the business community wanting to find out how it can become part of the preparations for hosting the London 2012 Games.

This update aims to share the information available at this early stage about anticipated supply needs for the Games – the broad timetables, likely procurement processes and delivery structures. It suggests ways that businesses can get a head start for when contracts do become available. We hope you will find this update helpful.

Delivering the Games

London's bid to stage the Olympic Games and Paralympic Games in 2012 included the promise to ensure that the spirit of the Games would be used to create lasting benefits for communities in London, the UK and right around the globe.

Now London is in the business of delivering rather than bidding, the key stakeholders are embracing the challenge. It will be a major undertaking, accelerating one of the largest post-war regeneration projects in Europe. It will mean transforming the Lower Lea Valley in east London into a stage fit for the greatest show on earth.

To achieve this transformation, vast tracts of derelict land and polluted waterways have to be cleaned up and nine new stadia, an athletes' village to sleep 17,000, new roads and some 40 new bridges must be built.

Success will depend on the involvement of thousands of businesses of every size, up and down the country.

There will be opportunities for SMEs from 2006, but the main supply chain opportunities will kick in from 2007 onwards, after the big construction contracts are let for the main Olympic Park. There will be plenty more chances in the run up to and during the Games, and then afterwards, when post-Games legacy development begins.

As the programme takes shape in early 2006, businesses will start to hear a lot more about these opportunities through newsletters and online media. Until then, businesses should be focussing their attention on gearing themselves up to compete successfully for contracts.

For its part, the London Development Agency (LDA) will continue to invest in business support programmes which celebrate and develop supplier diversity and help businesses become fit to supply.



Who is responsible for what?

The three key stakeholders in the Games are the Government, the Mayor of London and the British Olympic Association (BOA). Together with the London Organising Committee of the Olympic Games (LOCOG), they form the Olympic Board which is ultimately responsible for delivering a successful Games. The overall strategy will be agreed with the International Olympic Committee (IOC).

The Mayor of London

The Mayor of London sits on the Olympic Board, which oversees the entire delivery of the Games. He also oversees the work of the Greater London Authority group, which includes the LDA and Transport for London (TfL) and their specific responsibilities in relation to the

delivery of the project. The Olympic Board structure is already in place to allow stakeholders to fulfill their responsibilities. In terms of day to day operations, two organisations will be key – LOCOG and the Olympic Delivery Authority (ODA).

The Olympic Delivery Authority

A Bill is passing through Parliament to establish the ODA, a Government body that will deliver the venues, transport and infrastructure for the 2012 Games. We expect this legislation to be passed in Spring 2006. The ODA will manage the agreed public sector funding package of £2.375 billion and other public sector budgets to deliver the Games. Jack Lemley is the ODA's Chairman and David Higgins is Chief Executive.

Until the ODA is formally established by statute, the LDA and TfL are acting jointly on behalf of Government in the role of 'interim ODA', to prepare the ground. They are now completing the procurement of park-wide designers and project managers, developing Olympic Park transport plans and recruiting a core ODA team.

The London Organising Committee of the Olympic Games

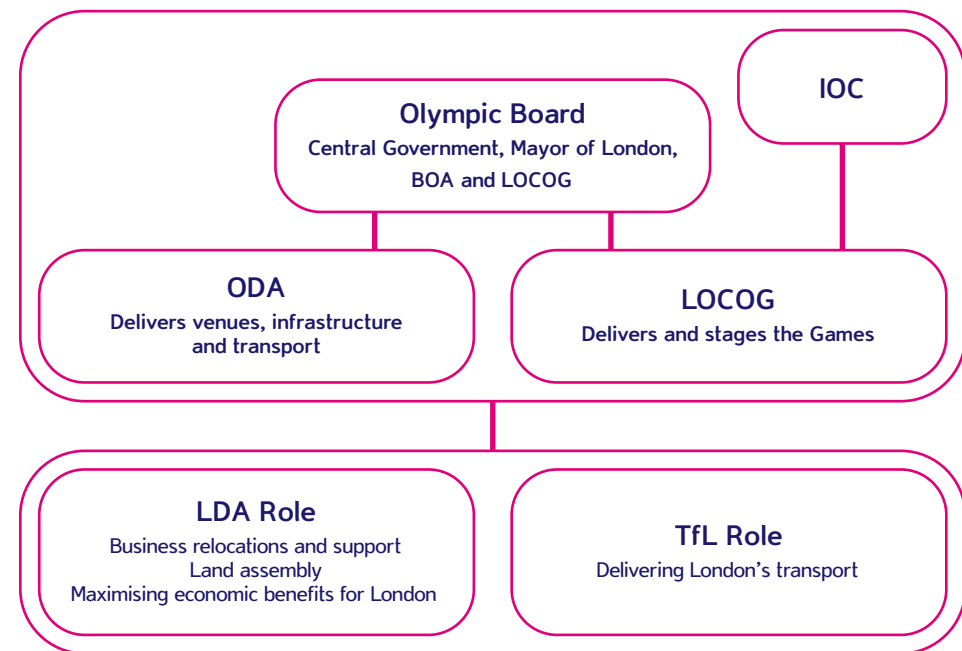
LOCOG will organise, publicise and stage the 2012 Games. Sebastian Coe is LOCOG's Chairman and Keith Mills is Deputy Chairman. LOCOG's £1.5 billion operational budget will be largely financed through the private sector.



The role of the LDA

The LDA is acquiring the land required to build the Olympic Park and providing up to £250 million, as part of the original public funding package for the Games. The LDA has restructured since the bid decision. It will play an integral role in realising the economic and community benefits of the Games, both in the run up to 2012 and beyond.

An Olympic Opportunities and International Promotion team has been established within the LDA to work alongside existing Business, Skills and Regeneration teams to take this agenda forward. A key focus will be to maximise business, job and skills opportunities, ensuring inclusion for all.



A commercial opportunity

Related events

The evidence of past host cities shows that staging the Games can be very lucrative for businesses. Events of this scale offer a chance for firms to find new trading partners, enter new markets and compete for contracts – and to showcase themselves to an audience of 4 billion potential customers around the globe.

When Sydney staged the 2000 Olympic Games and Paralympic Games, businesses in New South Wales won the equivalent of £400 million worth of Olympic contracts, and led to 55,000 people receiving employment-related training. Businesses in Queensland won the equivalent of £150 million worth of work relating to the Olympic Games and Paralympic Games.

The Games will be a major boost to London's visitor economy as evidenced by previous host cities of Barcelona and Sydney particularly. Prior to the 1992 Olympics, Barcelona was ranked the 16th most popular city tourist destination in Europe. By 1999 it had risen to third. Barcelona's airport handled 2.9 million passengers in 1991; in 2002 this had risen to 21 million, bringing lasting benefits to the local economies. In 2001, Sydney had made over £2 billion from tourism as a direct result of the previous year's Games.

London will need to stage 'test' events in the run up to the Games themselves. International sports federations will also hold World and European championships and other major events in the UK to help Olympic and Paralympic athletes acclimatise. These events will also require their own business support, and are likely to attract significant investment to the relevant host towns and cities. Tourism will also be boosted as these events attract spectators.

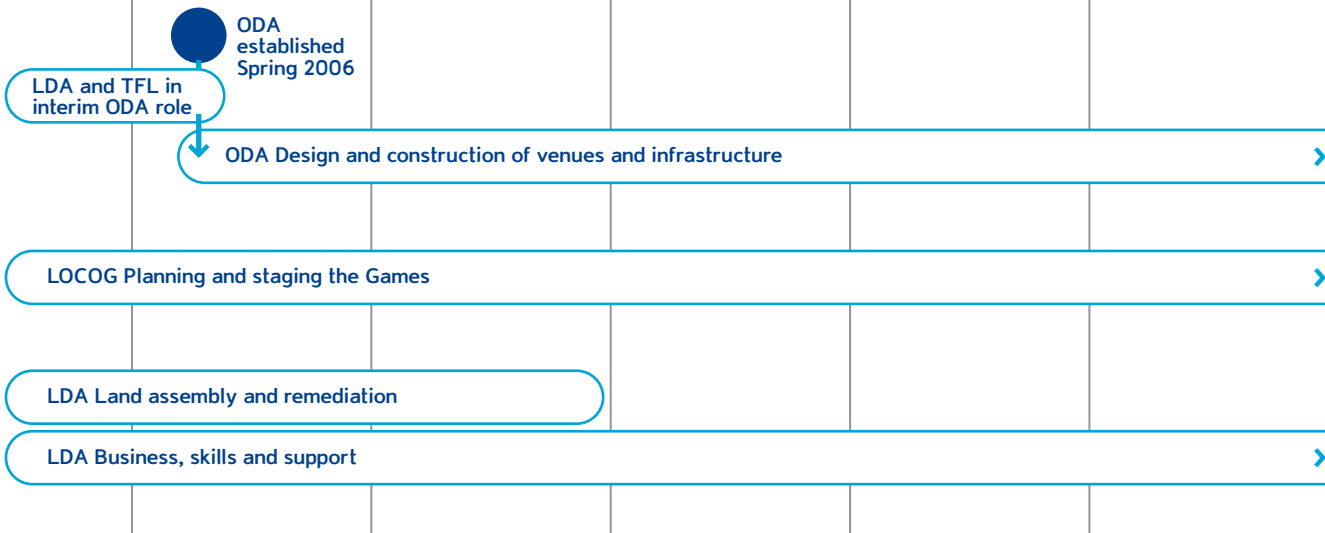
When Birmingham hosted the 2003 World Indoor Athletics Championships and World Badminton Championships, they generated an estimated £3.5 million and £2.5 million in revenue respectively.

Of course, UK companies that do play a role in servicing a London Games will also be well placed to successfully bid for major sports events contracts in the future.

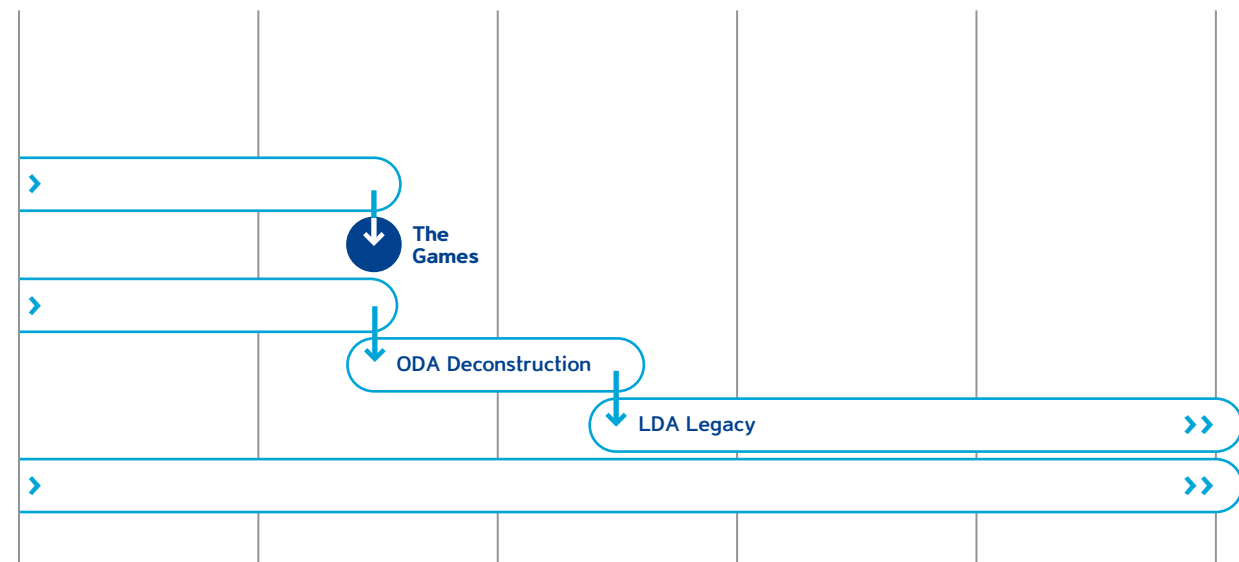


What happens when?

2005 2006 2007 2008 2009 2010



2011 2012 2013 2014 2015



Opportunities for small and medium sized businesses

Delivering a London 2012 Games will be a massive undertaking, requiring the goods and services of firms from a myriad of business sectors: construction; engineering; manufacturing; tourism; hospitality; food; retail; merchandising; business services; leisure; media and creative industries are among the many that will benefit.

Most of the opportunities for SMEs are likely to come from the supply chains that will surround the major contracts.

The supply needs can be broadly classified as follows:

People – core staff, supported by a very wide range of professional, technical and advisory consultants. Some of these employment contracts will be large framework contracts that are wide ranging and last for many years. Others will be for shorter, task or project specific activities.

Olympic Park – contracts for the Olympic Park will be a mixture of site-wide and zone-specific. Examples of these kinds of contracts are: land assembly, land modelling and remediation, construction and infrastructure.

Venues – this encompasses work on the permanent venues, including support facilities for all Olympic and Paralympic sports inside and outside the Olympic Park. It will also include the entire transport infrastructure and may include other supporting facilities.

Legacy – this will relate to the dismantling of the temporary Games infrastructure, the conversion of Olympic Games infrastructure to long-term legacy use, and the delivery of the long term legacy development.

Operations – LOCOG's needs will focus on the staging of the Games themselves so its procurement requirements are likely to cover goods and services such as sponsorship, sports equipment, venue seating, security, venue IT/score systems, catering, staff/volunteer uniforms and official merchandise. Many of these will rely on the services of smaller firms.

For all of these contracts, the LDA intends to act as a regional 'champion' for SMEs to help them access the opportunities which will arise.



Procurement of contracts

Who will let contracts?

The ODA will let the majority of the contracts for the infrastructure, transport and construction of the Olympic Park, while LOCOG will let most contracts for services to deliver and stage the Games.

Until the ODA is established, the 'interim ODA' has been managing a small number of contracts in connection with the development of the Olympic Park. These include the appointment of J Murphy and Sons Ltd to construct twelve kilometres of tunnels to replace the overhead power lines that currently cross the Lower Lea Valley.

For more detail, visit www.lda.gov.uk

When will contracts be tendered?

Announcements are expected later this year and in early 2006 for the following:

- Consultancy design services for the Olympic Park and infrastructure (excluding venues)
- Programme Manager for site-wide development of Olympic facilities
- Designer for the Olympic Velopark

In addition, the LDA will let contracts enabling work such as demolition, remediation and bulk earthworks.

A detailed schedule of contracts will be available after the Programme Manager is appointed in early 2006.

We expect the ODA to begin the search for a design team for the main stadium in 2006, and to procure major construction contracts after 2007.

The LDA will begin the procurement process for two new contracts in 2006: the Demolition and Remediation Contractors and the Designer for the Remediation and Demolition work.

Closer to 2012, LOCOG will procure services to run the Games and install temporary facilities. Most LOCOG contracts will not be tendered until 2008 onwards.

How will contracts be procured?

ODA

The ODA will procure contracts in line with European Union procurement legislation. In addition, the 'interim ODA' is developing a draft procurement strategy, which should be published in early 2006. This will guide the procurement of contracts, and will be adopted by the ODA once it is set up.

In the meantime, a set of draft Procurement Principles for the ODA has been agreed to ensure that:

- Sustainability lies at the heart of the delivery of the London Games
- Facilities meet the highest standards of design quality – and are of lasting use
- Local people are given every opportunity to benefit from new jobs



How will contracts be advertised?

ODA

All tender opportunities above EU thresholds will be publicised through the Official Journal of the European Union. They will be widely advertised in key trade journals and on the ODA website, once it is established. Until the ODA is set up, the LDA and TfL are responsible for advertising contracts. Both organisations will follow EU procurement legislation and publicise opportunities through trade journals and on their respective websites.

LOCOG

Opportunities to tender for the supply of goods and services will be published on www.london2012.com. Unfortunately, LOCOG cannot respond individually to offers for the supply of goods and services at this time.

and training opportunities before and after the Games

- The Games are the most environmentally friendly ever
- The Games bring lasting economic, social and environmental benefits to London through regeneration and the creation of a lasting legacy

All contractors need to demonstrate a clear policy for equality and diversity.

LOCOG

LOCOG will manage its procurement separately from the ODA, but will also adopt fair and sustainable procurement principles. Depending upon the nature of the goods and services required, LOCOG will either contact potential suppliers directly or undergo an open tender process.

Business support

Planned initiatives

Because of the sheer scale of the project and the unique opportunities the Games have for businesses, a number of special initiatives are being considered to give SMEs a helping hand. On a national level, these proposals include a Business Club and a Business Intelligence Unit to provide up to date contract information to businesses directly from a base inside the Olympic Park.

These initiatives will be based on similar successful models used in the past, like those used to support the Sydney 2000 Games. They will be designed to complement, not duplicate existing services. We anticipate a key role for central government and the Small Business Service in shaping these proposals for the rest of the UK.

We expect any new initiatives to be up and running well ahead of major construction milestones and they will be widely publicised.

The LDA is currently developing a programme of support aimed at helping local people and businesses access Olympic opportunities through tailored job brokerage, construction skilling, business support and education initiatives.

Specific business support is likely to include:

- A tailored assessment for firms to ascertain their fitness to supply and providing further support/training as necessary to help them meet the required level
- For companies that have met that level, a structured programme of advice/mentoring to meet the specific requirements of Games-related opportunities
- Structured engagement opportunities such as "Meet the Buyer" events
- Establishing a proactive business-to-business partnering/brokerage service to enable small firms to compete effectively

Additionally, the LDA is looking to significantly enhance its Procurement Development Programme (PDP) which aims to open up the public sector procurement process to BME owned, and other, SMEs by helping them to successfully tender for contracts.

The LDA is also driving strategic marketing initiatives for the capital through London Unlimited. These will help maximise London's international profile in the run up to London 2012 and beyond. They will cover tourism promotion, inward investment, promotion of London's Higher Education sector, the science and cultural sectors, promotion of future technology and the environment.



Support for training and skills



The Games are going to be a major driver for job creation and skills development.

London will need architects, engineers, IT specialists, project managers, linguists, tour guides, electricians, brick layers, journalists, hairdressers, printers, singers, drivers, cooks, tour guides and choreographers – among many other professions. In construction alone, it is estimated that 7,000 full-time equivalent workers will be required to build the Olympic Park and post-Games legacy development.

A priority is to ensure that London's businesses have a supply of skilled workers so they can access the opportunities presented by the Games and that Londoners are equipped with the skills to access the jobs created.

The LDA is now working closely with the sector skills councils for construction, the Learning and Skills Council and other partners to quantify the detailed construction skills needs for the Games and to develop appropriate responses.

Proposals include widening the availability of training in modern methods of construction, more 'craft' training (roofing, bricklaying, tiling and wood trades etc.) and encouraging more women and BME communities into the construction sector.

Building on the work of the London Skills Commission's Regional Skills Partnership and other initiatives, improving skills levels will be the cornerstone of the LDA's Olympic Opportunities agenda going forward, enabling the full economic benefits of the Games to be realised.

Support available now



In order to be well prepared to win and deliver contracts, SMEs need to be in a competitive position and be 'fit to supply'. There is already a great deal of support and advice available for firms to help with the practicalities of tendering for public and other contracts.

We recommend the following sources of information:

- Supply London, www.businesslink4london.com/supply
- The Procurement Development Programme, designed to support BME Businesses, www.tendertowin.com

- The Manufacturing Advisory Service, www.mas-london.com
- Fit to Supply, www.fittosupply.org

For SMEs outside London, contact your Regional Development Agency or the equivalent Scottish, Northern Irish or Welsh organisations listed opposite. They'll be able to provide full information on local schemes.

- Regional Development Agencies, www.englishrdas.com
- Scottish Enterprise, www.scottish-enterprise.com
- Highlands and Islands Enterprise, www.hie.co.uk
- Invest Northern Ireland, www.investni.com
- Welsh Development Agency, www.wda.co.uk

Contact details

A summarised version of this publication is available in other languages and formats. To obtain a copy, please call 020 7954 4500.

For further information about the contents of this update, please contact the LDA by telephone on 020 7954 4500, by fax on 020 7680 2014, by email on info@lda.gov.uk or by post at London Development Agency, Devon House, 58-60 St Katharine's Way, London E1W 1JX.

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