



department for
culture, media
and sport

London 2012 Olympic and Paralympic Games Annual Report January 2008



host government
department

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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This year-end report provides a summary of activities across the Olympic programme, summarising achievements in 2007, and priorities for 2008.



Forward to 2012

This is the first Annual Report on the preparations for the London 2012 Olympic and Paralympic Games.

This year has seen strong progress and all key milestones so far have been met.

We have settled the budget, a process in which we are ahead of any previous Games – and this now provides a robust financial package with which to deliver world-class venues and infrastructure, and leave a beneficial long-term legacy, not only for one of the most deprived parts of the country, but for the whole nation – present and future generations alike.

We have seen major sponsors sign up early to be part of the Games, and LOCOG hope to have the majority of Tier 1 sponsors signed up by the time of the Beijing Olympic and Paralympic Games. Demolition on the sites of the 'Big 5' venues is now complete enabling construction to begin in earnest this year, and we expect to see all the principal contracts awarded in the first half of the year.

These are milestones that have been met through diligence and determination. In the words of the International Olympic Committee (IOC), reporting in June 2007 on preparations for London 2012, "operationally and financially they are on track".

However, we are not complacent. As we enter 2008 the focus now turns to the challenges ahead.

In 2008 we will see construction starting at the 2012 venues, Beijing handing over the Olympic flag to London, and the launch of the Cultural Olympiad – a four-year celebration showcasing the best of British culture and creativity and just one of the ways in which people around the UK can get involved in and be inspired by the London Games before they open.

We define legacy as activities that add wider value before, during and after the Games. 2008 will see the start of these projects in earnest. We will create a UK-wide legacy for everyone – through participation in sport, culture and community events; and economic benefits through new opportunities for business and jobs and skills in a range of sectors.

We now have in place a world class team at the Government Olympic Executive (GOE) with a wealth of experience of major projects around the world.

We welcomed Jeremy Beeton to the GOE team in July 2007. He has an impressive business background and his experience in construction will be invaluable as we move forward. I want to thank the DCMS Permanent Secretary Jonathan Stephens, all the staff in the GOE, the Olympic Delivery Authority, the London Organising Committee of the Olympic and Paralympic Games Limited and colleagues at our other partner organisations for all their continuing work towards delivering the 2012 Games.

There are many challenges still to come, as well as opportunities. As we enter 2008 the preparations are in good shape and I look forward to the next 12 months with confidence and excitement.



Rt Hon Tessa Jowell MP

Minister for the Olympics and London







Aerial view of the Stratford International
rail link, on the Olympic Park site

**An inspirational, safe
and inclusive Games.**



Progress in 2007

The vision for the 2012 Olympic and Paralympic Games – “to host an inspirational, safe and inclusive Games and leave a sustainable legacy for London and the UK” – is underpinned by our objectives, set out below. These objectives are complemented by the three phases of the Games programme – **Build, Stage and Capitalise (Legacy)**.

Build

Transform the heart of East London through the physical construction of the Olympic Park, including associated financial management and flow of funds to ODA. (Aligned with our Olympic and Paralympic Objective to deliver Olympic Park and all venues on time, within budget and specification.)

Stage

Plan and stage an inspirational Olympic and Paralympic Games. This includes all necessary planning and testing in the year before the Games; Games time transport, security, competition venues and sports services; athlete, IOC and IPC family and spectator services; recruitment and training of volunteers; a four year Cultural Olympiad and Education Programme; and merchandising, ticketing and raising of private finance to host and stage the Games. (Aligned with our Olympic and Paralympic Objective to stage an inspirational Olympic and Paralympic Games.)

Capitalise (Legacy)

- Make the UK a world-leading sporting nation through Elite Athlete success, mass participation in sport and school sport.
- Demonstrate that the UK is a creative, inclusive and welcoming place in which to live, visit and do business.
- Inspire a new generation of young people to take part in local volunteering, cultural and physical activity.
- Make the Olympic Park a blueprint for sustainable living.

(All aligned with our Olympic and Paralympic Objective to maximise the benefits of the Games for the UK and achieve a sustained improvement in UK Sport.)

Each phase is led by specific organisations in the Olympic family working closely in conjunction with GOE: Build is led by ODA, Stage is led by LOCOG and Capitalise (Legacy) is led by the Government, the GLA and the LDA.

Build

Olympic and Paralympic Games

Objective: To deliver the Olympic Park and all venues on time, within agreed budget and to specification, minimising the call on public funds and providing for a sustainable legacy.

ODA has:

- **January 2007** – published the ODA *Sustainable Development Strategy*
- **February 2007** – submitted the Olympic Park Planning Applications
- **March 2007** – public sector funding package of £9.325bn announced to Parliament
- **June 2007** – completed tunnelling of Powerlines
- obtained approval of Planning Applications for Weymouth sailing venue
- Funders' Group agreed release of the first tranche of contingency
- **July 2007** – the LDA transferred ownership of the Olympic site to the ODA. As a result, 100% of the required land is in public sector control, with arrangements in place for full vacation by February 2008
- commenced remediation work on the site of the Aquatics Centre
- **August 2007** – let phase 1 (design) of the Olympic Stadium contract
- **September 2007** – secured Outline Planning Permission for the Olympic Park



Waste processing, helping make London 2012 the most sustainable Games ever

- **November 2007** – launch event for Olympic Stadium design
- Olympic Park designers appointed: Arup for the North Park and Atkins for the South Park
- publication of *Olympic Transport Plan*
- Funders' Group agreed ODA Baseline Report and release of second tranche of contingency
- **December 2007** – agreed budget and scope, within the £9.325bn funding package, is announced to Parliament
- designated Olympic Lottery games delivering income on schedule, with over £237m raised for the Olympic Lottery Distribution Fund

Stage

Olympic and Paralympic Games

Objective: To stage an inspirational Olympic and Paralympic Games for the athletes, the Olympic family and the viewing public.

LOCOG has:

- **June 2007** – vision and framework for the Cultural Olympiad outlined to culture sector stakeholders after extensive consultation with 4,000 cultural sector representatives from the around the UK
 - IOC endorsed London's progress as "on time and on track"
 - London 2012 brand launched
- **June to August 2007** – London 2012 with partners ran the Join In! London 2012 Roadshow, taking in 26 stops over ten weeks; approximately 50,000 children and young people took part in sporting activities
- **September 2007** – Creative Programmers appointed in each English Region (with separate arrangements for the devolved administrations and London) to take forward plans for an inspiring Cultural Olympiad
- **November 2007** – London 2012 Sustainability Plan, *Towards a One Planet 2012*, launched. The development of specific sustainability policies and criteria (relating to procurement, materials and waste management, and ethical trading), which are set out in the invitations to tender and subsequently incorporated into all official partner agreements
 - agreed venue operational and overlay requirements to ensure that venues briefs/designs meet Games time needs
 - developed revised masterplan, including bed numbers, for the Olympic Village with the IOC, IPC, BOA and BPA
- **December 2007** – sector briefing which launched the *London 2012 Education Strategy* which will promote the Olympic and Paralympic values to young people in the UK and abroad through a range of educational initiatives
 - three Tier 1 sponsors signed up – Lloyds TSB (March), EDF (July), Adidas (September) and one Tier 2 sponsor Deloitte (December). Progress going well in other sectors



Top: The Olympic Stadium design

Bottom: Artist's impression of the Athletes' Village

Capitalise (Legacy)

Olympic and Paralympic Games

Objective: Maximise the economic, social, health and environmental benefits of the Games for the UK, particularly in East London.

Olympic and Paralympic Games

Objective: Achieve a sustained improvement in UK Sport before, during and after the Games, in both elite performance – particularly in Olympic and Paralympic sports – and grassroots participation.

- **May 2007** – Parasport website launched by the British Paralympic Association (BPA) sponsored by Deloitte. Linked with BPA's other programmes in talent identification, the website provides the opportunity for individuals to choose a sport and identify pathways from participation, to elite performance, by detailing sporting options and locations of accessible clubs
- **June 2007** – publication of the Government's five legacy promises in *Our Promise for 2012*
 - 250 local people are currently working on the Olympic Park site, constituting 25% of the workforce
- **July 2007** – 193 businesses have been supported in moving from the Olympic Park site, safeguarding 98% of the 4,750 jobs in the area
 - the Olympic Park Regeneration Steering Group (OPRSG) established to oversee development of the Legacy Masterplan Framework (LMF) which LDA and ODA are committed to producing by 2009. The LMF will set out the vision for the legacy of the Olympic Park and its relationship with the surrounding communities
 - an extra £100m to fund up to five hours extra of sport per week for all pupils and three hours for young people aged 16-19 was announced by DCMS and the Department for Children, Schools and Families (DCSF)
- **By September 2007** – three new business parks opened in Beckton, Leyton and Enfield to accommodate businesses relocated from the Olympic Park site
- **September 2007** – *Winning: A tourism strategy for 2012 and beyond* launched by DCMS and VisitBritain/Visit London. Recent research (VisitBritain and Visit London) estimates that tourism benefits from the London 2012 Games will be worth up to £2.1bn to the UK with benefits of more than half a billion pounds for outside London
- **November 2007** – launch of the Legacy Trust, an independent charitable trust largely funded by the Lottery which will distribute funds to sporting and cultural UK programmes (such as the UK School Games)



Marking five years until the Games

**Celebrating culture and
creativity across the UK
and worldwide.**



Priorities for 2008

2008 will see the closing ceremonies of the Beijing Olympic and Paralympic Games and formal handover to London as the host city for the next Games. This will be the first official opportunity to invite the world to London for the 2012 Games and there are a range of priorities we aim to deliver as the journey to 2012 gains momentum.

Significantly 2008 will see the start of the Cultural Olympiad, celebrating culture and creativity across the UK and worldwide through a programme of events and activities. The Olympiad will showcase the best of British culture and creativity, and inspire people around the country to participate in a range of cultural activities.

Priorities in 2008 include the Beijing Torch relay, which reaches the UK on 6 April; the Beijing Paralympics Torch relay, which reaches the UK on 31 August; the celebrations following the Beijing Olympic Games handover ceremony in August; the Paralympic Games handover ceremony in September; and the launch of the Cultural Olympiad in the autumn.

Build

Olympic and Paralympic Games

Objective: To deliver the Olympic Park and all venues on time, within agreed budget and to specification, minimising the call on public funds and providing for a sustainable legacy.

- sign contracts with Lend Lease for the Olympic Village
- commence installation of new utilities and energy systems to serve the Olympic Park during and after 2012
- the winning IBC/MPC bidder is expected to be chosen, with final contractual agreement during the first quarter of 2008
- contracts and designs agreed for the 'Big 5' Olympic Park venues: the Stadium, Aquatics Centre, the VeloPark, IBC/MPC, and the Village
- work to start on sites outside of London eg designers for further works appointed for Weymouth and Eton Dorney
- construction to start on Olympic Village
- all temporary bridges built to facilitate construction on the Park
- construction of Stadium to begin
- National Grid power switched from overground to underground supplies
- construction to start on Aquatics Centre Bridge

Health, Safety and Environmental policy

We are committed to ensuring that the construction and operation of venues for the 2012 London Olympic and Paralympic Games will be in full accord with the 2012 Construction Commitments. Our objectives to be delivered through stakeholders are that:

- we require the greatest care for the environment and for the health and safety of our employees, stakeholders, customers and those people in the communities where the London 2012 Games are to be held
- we are committed to achieving and sustaining a high standard of safety performance on projects through a process of continuous improvement and working with all organisations working on the 2012 Games
- we require the provision and maintenance of a healthy working environment and safe systems of work for employees
- we require that HS&E performance be given the highest priority at all times by systematically identifying, assessing and managing risk, by monitoring performance against targets and by the publication of results
- we will comply with all legal requirements and with adopted codes of practice
- we will comply with policies of sustainable environmental protection and pollution prevention

Stage

Olympic and Paralympic Games

Objective: To stage an inspirational Olympic and Paralympic Games for the athletes, the Olympic family and the viewing public.

- pre-Games Training Camp facilities guide due to be published. Overall LOCOG intends to make around £9m available to encourage overseas Olympic and Paralympic teams to use pre-Games training camps in the UK
- secondment and observer programme to Beijing to maximise the transfer of 'lessons learned' to key officials and partners
- London 2012 UK-wide Roadshow
- continued sponsorship effort – LOCOG expects that majority of Tier 1 sponsorship partners will be in place by August
- finalising production of LOCOG Venue Requirements for all venues and completing the review of all competition venue overlay block plans
- Beijing Olympic and Paralympic Games Handover ceremonies
- launch of Cultural Olympiad
- first use of the non-commercial brand
- launch of the London 2012 Education Plan
- annual update on London 2012 Sustainability Plan, *Towards a One Planet 2012*

Cultural Olympiad

The Cultural Olympiad will include a host of major projects such as an International Shakespeare Festival, UK Film and Video Festival, Live Sites and 2012 Sounds. These projects along with many others will celebrate the whole of the UK welcoming the world; our unique internationalism and cultural diversity; and will generate a positive legacy, for example through cultural and sports participation, cultural skills, urban regeneration, tourism and social cohesion and international links.

Expenditure by international tourists to Australia, who participated in cultural activity, increased by 30% following the 2000 Sydney Olympics – an indication of the economic benefits to be gained from having a Cultural Programme, such as the Cultural Olympiad, as part of a major sporting event. This was further demonstrated by the Tour De France in London (2007) which included cultural events (street entertainers, live music, French-themed market, and a big screen showing live coverage of the race) and attracted more than 3m spectators and £115m in revenue.



London 2012 Roadshow 2007

Capitalise (Legacy)

Olympic and Paralympic Games

Objective: Maximise the economic, social, health and environmental benefits of the Games for the UK, particularly in East London.

Olympic and Paralympic Games

Objective: Achieve a sustained improvement in UK sport before, during and after the Games, in both elite performance – particularly in Olympic and Paralympic sports – and grassroots participation.

- launch of the Government's Legacy Action Plan setting out how we will deliver the five legacy promises announced in June 2007
- launch of the London 2012 Business Network which includes details of approximately £6bn worth of contracts which the ODA and LOCOG will put out to tender, together with information about approximately 10-20,000 associated supply chain opportunities
- Mayor of London's legacy publication
- launch of the Legacy Masterplan Framework process and associated community engagement programme
- UK-wide facilities to be notified of inclusion in pre-Games Training Camp guide
- Olympic and Paralympic Legacy 'Beacon scheme' application process launched to help Local Government across England to use the hosting of the Games to encourage communities to become more active

Legacy Action Plan

The Legacy Action Plan will identify our priorities for the UK-wide and London-specific legacy as defined by the Government's five legacy promises published in *Our Promise for 2012* in June 2007. By setting out what we are aiming to achieve under each promise, and the major projects that will deliver these objectives it will give individuals and organisations a clear sense of how they can get involved in the Games. The Minister for the Olympics and London will report on progress and update the Action Plan annually.

Public Service Agreement

Public Service Agreements (PSAs) outline what the public can expect to receive from Government expenditure and provide a standard against which progress can be measured and reported.

PSAs are three-year agreements, negotiated between Departments and HM Treasury during the Spending Review process. Each PSA sets out the high-level aims and priority outcome-based performance targets in key policy areas.

Thirty cross-government PSAs were published alongside the Comprehensive Spending Review (CSR) of October 2007 covering the spending period 2008-2011. The Minister for the Olympics and London leads on the PSA to:

Deliver a successful Olympic and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport.

This PSA will be used to benchmark progress against our key priorities up to 2011, as the Olympic Park and venues are constructed and our UK-wide legacy plans take shape. The key indicators of success over that period are:

1. Construction of the Olympic Park and other Olympic venues

Meet critical milestones for venues and infrastructure up to 2011 within budget and applying effective change control.

2. Maximising the regeneration benefits of the 2012 Games

Plan for improving the physical, economic and social infrastructure of East London developed and agreed with key local authorities and regeneration agencies, and pre-Games element implemented by 2011.

3. The Olympic Park and venues are designed and built according to sustainable principles

Red/Amber/Green status of delivery of the Olympic Delivery Authority sustainability strategy 2011.

4. Public participation in cultural and community activities across the UK and participation in sporting activities both in the UK and other countries, particularly those in development

Number of people across the nations and regions of the UK and in other countries taking part in Government-supported programmes associated with the 2012 Games.

5. Creation of a world-class system for physical education (PE) and sport

Percentage of 5-16 year-olds participating in at least two hours per week of high quality PE and sport at school and the percentage of 5-19 year-olds participating in at least three further hours per week of sporting opportunities.

GOE will be responsible for co-ordinating, monitoring and reporting delivery against the first four indicators, which reflect the Olympic and Paralympic Games objectives. We will continue to work closely with our key delivery partners and stakeholders in order to achieve this.

DCMS and DCSF will be responsible for delivery of the fifth objective, to increase participation in PE and sport among children and young people, which also forms part of our Legacy Action Plan for 2012 and progress against this will be reported on through GOE and the Minister for the Olympics and London.

Detailed measurement methodologies for each indicator will be finalised in the first part of 2008. The first PSA report will be published in September/October 2008 and future editions of this Annual Report will contain summaries of progress against the four Olympic and Paralympic indicators.



The Olympic Park in legacy

Significant progress has been made in terms of the delivery of venues and infrastructure; and ensuring effective transformation in legacy.



Financial Report

Development of the funding package for the games

At the time of the bid the estimated cost of the Games was £4bn: £3bn for the Olympic Park and an element for elite and community sport; and £1bn as part of the wider Lower Lea Valley regeneration (excluding tax and wider security costs).

Following the announcement in July 2005 of the winning of the bid, the Government undertook, as promised, a thorough review of costs and of alternative sources of funding. The revised £9.325bn funding package announced on 15 March 2007 is the result of that review.

The reasons for the difference between the £4bn cost estimate at the time of the bid, and the £9.325bn announced on 15 March 2007 were:

- a new provision of £2.7bn contingency to manage programme and unforeseen risks. This was over and above the project contingency included at the time of the bid
- an increase in core Olympic costs of £1.1bn resulting primarily from the appointment of a delivery partner, additional inflation, and leveraging contribution to the cost of the Olympic Village
- contribution for VAT and corporation tax. At the time of the bid it had been uncertain whether ODA would be liable
- an indicative provision of £0.6bn for policing and wider security included in the wake of the tragic events of 7 July 2005
- a reduction of around £600 million in the anticipated private funding directly available

As a result, within the overall funding package of £9.325bn, the budget for the ODA to deliver the Games and associated legacy benefits is £6.1bn, of which £0.8bn relates to tax (which is recoverable by the Government).

As the NAO report (July 2007) confirms: "The Olympic Games is now on a firmer financial footing thanks to the budget announced in March 2007." The report also confirms that the cost estimate of £9.325bn, which includes a contingency of £2.7bn, is informed by thorough and detailed analysis and expert advice, and is sufficient to cover the additional costs. Further details of the development of the funding package for the Games – costs, provisions and funding – for the venues and infrastructure required to host the Games can be found in the NAO Report *The budget for the Olympic and Paralympic Games* (July 2007). This report can be accessed from the NAO website at: www.nao.org.uk/publications. Further details of the Governments 15 March 2007 and 10 December 2007 announcements can be found on the DCMS website: www.dcms.gov.uk.

Following announcement of the funding package in March 2007, as with any major project at this stage, further work was needed to ensure that the budget was fully aligned with scope, programme and risks. This work resulted in the completion of the Programme Baseline Report and the announcement of the ODA's budget on 10 December 2007.

Funding package for the Games – announced on 15 March 2007

The funding package for the Games announced in March 2007 totalled £9.325bn, and of this total £6.090bn including tax and £500m of contingency was identified as ODA budget. The full financial breakdown of the March announcement and sources of funding for the whole £9.325bn package are shown below.

The ODA budget will be the basis for regular reporting in the future updates of this Annual Report.

Table 1: Breakdown of the £9.325bn funding package

	£m	£m	£m
Total funding package			9,325
Less non-ODA costs			
Elite and community sports	290		
Paralympic Games	66		
Look of London	32		
		388	
Security	600		
Security contingency	238		
		838	
Total non-ODA			(1,226)
Total available for ODA			8,099
ODA base costs inc VAT		5,590	
Contingency released		500	
Total ODA before unallocated contingency			6,090
Contingency remaining			2,009
Maximum funding available for ODA			8,099

Table 2: Funding contributions towards £9.325bn funding package

Funding from:	Original package £bn	Additional contribution £bn	Total contribution £bn
Lottery	1.5	0.675**	2.175
London	0.875	0.3	1.175
Central Government*	1.044	4.931	5.975
Total	3.419	5.906***	9.325

Notes:

* Central Government funding is made up of contributions from the Department for Culture, Media and Sport (DCMS), Communities and Local Government (CLG) and the Department for Transport (DfT).

** We are proposing that the £675m additional Lottery funding announced on 15 March 2007, together with the £410m from the original funding package, is transferred from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund between 2009 and 2012, as set out in the draft Payments into the Olympic Lottery Distribution Fund etc. Order. The Order is subject to an affirmative resolution of both Houses of Parliament.

*** The settlement in the recent Comprehensive Spending Review (CSR) contributes towards the total £6bn central Government contribution announced on 15 March 2007. The necessary central Government funding for the Olympic funds for the period 2008-09 to 2010-11 has been secured through the CSR. The remaining balance will be confirmed in subsequent spending reviews.

What is out of the funding package?

The public sector funding package in table 2 does not include provision for:

- LOCOG expenditure, which is met through LOCOG's own budget and is covered by projected revenues from sources such as merchandising, sponsorship and ticket sales. The exception to this is the £66m, within the public sector funding package, which has been allocated towards the cost of the Paralympic Games
- the purchase of the Olympic Park site, funded by the LDA, which is the interim Olympic Park legacy client
- the future operational management of the Olympic Park in legacy, which will be the responsibility of the Olympic Park legacy client, although the ODA programme does include post-Games Legacy Park transportation
- the Cultural Olympiad, which will be funded and delivered in partnership with a range of public and private partners. The mandatory ceremonial events will be funded by LOCOG whilst the major projects featured in the bid for 2012 and the UK-wide Cultural Festival will be funded from a range of sources including existing cultural funders, the Legacy Trust, sponsorship and other sources such as local authorities
- the wider legacy commitments, such as sports participation, which are funded by the relevant departments out of their existing resources, or by other stakeholders' budgets



Clearing the rubble from the Olympic Park ready for construction

ODA programme progress

ODA has made significant progress over the last year in advancing the preparatory work necessary for the delivery of venues and infrastructure, and ensuring a viable platform for effective transformation into legacy. Key milestones include:

- the approval of Planning Applications for the Olympic Park
- the LDA transferred ownership of the Olympic Park site to the ODA and as a result, 100% of the required land is in public sector control, with arrangements in place for full vacant possession by February 2008
- Olympic Board endorsement of the November 2007 Baseline Report setting out the scope of the Olympic Programme

The procurement process for many of the key projects is at an advanced stage with those already under contract including:

- enabling works
- powerlines undergrounding
- Stratford regional station
- part of the utilities

We expect some £5bn of projects to be awarded within the first half of 2008, with additional anticipated multi-billion pound private sector investment in projects including the Olympic Village, additional retail development, the Stratford City Retail development and the IBC/MPC. Those projects to be awarded in the first half of 2008 include the:

- Olympic Stadium
- Stadium Platform and Warm up Track
- Aquatics Centre
- International Broadcast Centre/Main Press Centre (IBC/MPC)
- Olympic Village
- structures, bridges and highways
- balance of utilities
- logistics

See Annex A: Progress on development of venues, for further details.



Construction workers at the underground powerline tunnelling for the Olympic Park

ODA budget and contingency

Breakdown of the ODA budget

As announced in March 2007, the total public sector funding package is £9.325bn and of this the maximum available for the ODA is £8.099bn. The breakdown of the ODA budget, as announced in December 2007, is as follows.

Table 3: The detailed breakdown of the ODA budget

Project	Detailed project	Base cost £m	VAT £m	Gross cost £m
Site preparation and infrastructure	Powerlines	240	42	282
	Utilities	217	38	255
	Enabling works	310	54	364
	Structures, bridges, highways	706	124	830
	Contribution to Prescott Lock upgrade	5	0	5
	Other infrastructure (greenway, landscaping)	175	31	206
	Total site preparation and infrastructure	1,653	289	1,942
Venues	Stadium	422	74	496
	Other Olympic Park venues	488	86	574
	Non-Olympic Park venues	86	15	101
	Total venues	996	175	1,171
Transport	Stratford regional station	114	5	119
	Contribution to DLR upgrade	86	0	86
	Thorntons Field relocation	40	7	47
	Contribution to North London Line upgrade	110	0	110
	Other transport capital projects	161	17	178
	Other transport operating expenditure	328	29	357
	Total transport projects	839	58	897
Other Parkwide projects	Logistics for site construction	287	50	337
	Section 106 and master planning	108	19	127
	Insurance	42	8	50
	Security for park construction	301	53	354
	Total other Parkwide projects	738	130	868
IBC/MPC, Olympic Village, programme delivery and taxation	IBC/MPC, Olympic Village	491	1	492
	Programme delivery	580	67	647
	Corporation tax and net interest	0	73	73
Total		5,297	793	6,090
Remaining contingency				2,009
Maximum funding available for ODA				8,099

Notes:

The amounts shown above are net of contributions receivable totalling £589m, which includes amounts related to enabling works, utilities and the Village.

Projects which are not disaggregated such as other Olympic Park venues are still subject to contract and accordingly are commercially sensitive at this stage.

Programme delivery includes a provision for performance related payments to CLM, the ODA Delivery Partner.

Contingency as announced on 15 March 2007 totalled £2.247bn. This is included as two separate amounts, £2.009bn for the ODA programme-wide risks as included above and £238m identified as security contingency within the non-ODA budget.

Whilst a cost to the Games, all tax paid by the ODA will be a future receipt to the Exchequer and accordingly no net additional cost to the public sector.

How was the £500m contingency approved?

Since March 2007 the focus of the work has been on finalising the full detailed programme plan. In June 2007 the Ministerial Funders' Group, established to manage the release of contingency for the ODA programme-wide risks within the overall budget, met and agreed the release of a first tranche of £360m of contingency out of the total of £500m first identified in March 2007.

On 10 December 2007, the Minister for the Olympics and London announced that the Ministerial Funders' Group had agreed a further release of £140m of the contingency for the ODA programme-wide risks, bringing the total contingency allocated up to the £500m announced in March. The ODA Programme Baseline Report, which aligns scope, programme, budget and risks and which addresses the recommendations of the NAO report, was also approved.

A summary of the ODA's baseline scope and budget was published earlier in January 2008. The detailed work carried out to build up the scope and budget has included assessment and quantification of the programme-wide risks, and other risks outside the ODA's control, and confirmed that the contingency available is sufficient to cover such risks.

Breakdown of the £500m contingency that has been approved

The 10 December 2007 announcement has the following implications (detailed in table 3):

- the ODA baseline costs budget is confirmed at £6.090bn, as announced in March 2007
- the contingency allocated totals £500m (included in the ODA's £6.090bn), as announced in March 2007. A breakdown of the £500m released can be found in table 4
- £2.009bn contingency remains available for ODA programme-wide risks that may arise, this being the balance of the maximum available from the public sector funding package to support the ODA programme

Table 4: Breakdown of £500m contingency released (included in £6.090bn), as announced in March 2007

Released contingency included in cost £m	
Site preparation and infrastructure	177
Venues	100
Transport	21
Other Parkwide projects	208
IBC/MPC, Olympic Village, programme delivery and taxation	(6)
	500

LOCOG budget

A detailed operational budget for LOCOG was developed and submitted to the IOC for review in late 2004.

This budget was restated to out turn prices in January 2006. LOCOG's £2bn budget is funded almost entirely by private sources such as sponsorship, contributions from the IOC, ticket receipts and merchandise sales. Under the Host City Contract the UK Government contributes towards the cost of the Paralympic Games. This contribution is estimated at approximately £66m, which is included in the £9.325bn funding package. LOCOG's budget is subject to continual revision and adjustment with formal IOC reviews on an annual basis until 2009 and more frequently thereafter. LOCOG's latest detailed budget was the subject of an IOC review in May 2007.

Oversight of LOCOG's budget is exercised through the following mechanisms:

- the Minister for the Olympics and London proposes a non-executive Director to LOCOG's Board
- regular meetings and sharing of financial and performance information takes place between senior officials of GOE and LOCOG
- under the terms of the Joint Venture Agreement (JVA), LOCOG provides the Minister for the Olympics and London with a business plan that includes financial information for the forthcoming year and Board papers that include updated accounts
- LOCOG provides the Minister for the Olympics and London with audited accounts at the end of the financial year
- regular project reviews take place between the Minister for the Olympics and London and the Chair of LOCOG



Tunnel for cabling at the Olympic Park

**As we look to 2008 the
focus now turns to the
challenges ahead.**



Annex A: Progress on development of venues at December 2007

Olympic Stadium

Strong progress has been made in preparing the stadium site. Demolition is complete and work is already well underway to bring the ground level of the site to the correct level. The ODA is working with the Team Stadium consortium to design and build the venue. The consortium is led by building contractors Sir Robert McAlpine Ltd and includes renowned sports and design architecture team HOK Sport, and international engineering team Buro Happold. Previous projects include the new Arsenal Stadium and the Telstra Stadium in Sydney, the main stadium for the Sydney Olympic and Paralympic Games in 2000. Contract terms for the Olympic Stadium are being finalised. Construction of the stadium itself is expected to begin in the second quarter of 2008.

A launch event for the Olympic Stadium design took place on 7 November 2007. The main design elements announced are as follows:

- bowl – a sunken bowl built into the ground for the field of play and lower permanent seating, designed to bring spectators close to the action
- seats – 25,000 permanent, 55,000 demountable
- roof – a cable supported roof

VeloPark

An integrated design team – led by Hopkins Architects – was appointed in October 2007. This team is leading the procurement process for the track designer. The procurement process for the Velodrome contractor has now determined a shortlist of bidders currently undergoing tender evaluation.

Aquatics Centre

Award of construction contract is expected in the first quarter of 2008 with work scheduled to start in the summer of 2008. Over 90% of the buildings on the site of the Centre have already been demolished, with ongoing work on the cleaning and sorting of contaminated soil for reuse. The procurement process continues with a single bidder, Balfour Beatty. The ODA Sponsor Team is working closely with Balfour Beatty in closing out the tender evaluation process. Following the conclusion of the tender evaluation the ODA will then enter into negotiation with Balfour Beatty with a view to awarding the contract in early 2008.



Top: Aerial view of Olympic Stadium site

Middle: Aerial view of VeloPark site

Bottom: Weymouth and Portland, where the sailing and paralympic sailing events will take place in 2012

Handball Arena

The ODA announced its shortlist of seven design teams for the Handball Arena in August 2007. The tender process has now concluded and the design team for the Handball Arena has been appointed – Arup and Make Architects with PTW, as stated in the ODA press release of 30 November 2007. The Handball Arena is a permanent venue within the Olympic Park. The procurement of construction contractors will begin early in 2008 with the issue of OJEU notices.

Broxbourne Canoe Slalom (outside Olympic Park)

The investigations into risk of contamination at the Spitalbrook site in Broxbourne, Hertfordshire, planned for canoeing, are nearing conclusion. In parallel with this work an alternative site, six miles south of the planned site, is being considered as a suitable alternative. Should there be a recommendation for relocation, the current venue designs could largely be transferred to this alternative site, given its similarity to Spitalbrook. Venue designs continue to be developed so that a planning application can be submitted once the site decision has been taken. Following IOC approval of that decision, a formal announcement is expected in early 2008. We are on track to complete the venue for test events in 2011.

Eton Manor Hockey and Tennis facilities

The Eton Manor Venue will host the Paralympics Tennis and Archery. The procurement process for the venue designer is in progress with an appointment planned for early next year, to be followed by construction award expected in late summer 2009.

Weymouth and Portland Sailing (outside Olympic Park)

The planning applications for both the Weymouth and Portland National Sailing Academy (WPNSA) marine enhancement work (including a new permanent slipway) and the Dean and Redyhoff marina were approved in June 2007. On-site WPNSA works are expected to commence in the first quarter of 2008, with construction work on the commercial arena begun in August 2007. Both schemes are ahead of programme and are expected to be completed by the end of 2008, meaning Weymouth and Portland will be one of the first venues ready for the 2012 Games.

Temporary venues

A number of sporting facilities which have no legacy within the Olympic Park after the Games have been termed as Reusable/Relocatable Arenas which could be relocated around the UK.

After the Games the temporary structures may potentially be reconfigured and relocated elsewhere in the UK. This may range from the entire venue 'shell' or its parts, 'field of play', courts, seating or fit-out elements. In November 2007 a soft market testing exercise was undertaken, led by Sport England, to gauge what appetite exists amongst local authorities and sports facility providers across the UK and expressions of interest are now being considered.



The Games will provide a legacy of world-class sporting facilities

Annex B: Bodies involved in the delivery of the Olympic Programme

The main delivery agents for the 2012 Games are the ODA, with responsibility for delivering the permanent venues and infrastructure, and the LOCOG, with responsibility for hosting and staging the Games. The ODA and LOCOG work closely with GOE, which in turn reports to the Minister for the Olympics and London.

The Olympic Board

The Olympic Board has strategic oversight of the overall Olympic Programme and is responsible for co-ordinating the successful delivery of the Games and securing a sustainable legacy. The Board's four members are the Minister for the Olympics and London, the Mayor of London, the Chair of LOCOG and the Chair of the BOA. The Chair of the ODA also attends, as does the Minister for Sport and the Metropolitan Police Commissioner. The Board meets once a month, with the Chair alternating between the Mayor of London and the Minister for the Olympics and London. The Board is supported by a secretariat and a senior officials group, known as the Olympic Board Steering Group (OBSG).

GOE

The Government Olympic Executive acts as client for the Games on behalf of central Government, reporting to the Minister for the Olympics and London and acting as sponsor to the ODA. It has strategic responsibility for the Games to ensure successful delivery across the whole Games programme and undertake any and all such Games-related work as may be required by Government. This includes management of the public sector funding package, liaison with the Home Office (who lead on planning for a safe and secure Games) and co-ordination on legacy.

Minister for the Olympics and London: Tessa Jowell MP

Director General: Jeremy Beeton

LOCOG

A private company limited by guarantee, the London Organising Committee of the Olympic and Paralympic Games Limited is responsible for hosting and staging the London 2012 Olympic and Paralympic Games. It was formed by its three members – the Minister for the Olympics and London, the Mayor of London and the BOA.

The primary document governing the relationship between LOCOG and its members is a Joint Venture Agreement (JVA) between the Minister for the Olympics and London, Mayor, BOA and LOCOG. The JVA provides for the establishment and operation of LOCOG. LOCOG raises its own income through a variety of sources including ticket sales, sponsorship, merchandising and the International Olympic Committee (broadcasting revenue, TOP sponsor programme). It also receives a small percentage of its income from Government towards the cost of the Paralympic Games.

Chair: Sebastian Coe

Chief Executive: Paul Deighton

ODA

The Olympic Delivery Authority 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 London (in consultation with the Mayor of London), and is responsible to GOE. The ODA is the primary recipient of funding from the public sector funding package which comprises funding from Government, the Lottery and the Mayor of London, as shown in table 1.

Chair: John Armitt

Chief Executive: David Higgins

Mayor of London

The Mayor of London is a signatory to the Host City Contract and co-chairs the Olympic Board. The Mayor of London leads on the delivery of the legacy of the 2012 Games and its benefits for London. The Greater London Authority (GLA) is the strategic authority for the Government of London accountable to the Mayor of London. It has strategic responsibility for the legacy of the Games for Londoners and the regeneration of East London communities and their environment. The London Development Agency (LDA) also has a number of specific responsibilities relating to the 2012 Games: assembling and remediating the land needed to develop the Olympic Park; acting as the interim legacy client; and developing and delivering programmes to deliver social and economic benefits for Londoners from the Games.

Mayor of London: Ken Livingstone

Policy Director: Neale Coleman

LDA Chief Executive: Manny Lewis

BOA

The British Olympic Association is a signatory to the Host City Contract. It is responsible for selecting, leading and preparing the nation's finest athletes at the Olympic Games and Winter Olympic Games.

Chair: Colin Moynihan

Chief Executive: Simon Clegg

BPA

The British Paralympic Association is responsible for selecting, preparing, entering, funding and managing Britain's teams at the Paralympic Games and Winter Paralympic Games.

Chair: Mike Brace

Chief Executive: Phil Lane

ED (OPG)

The Economic Development (Olympic and Paralympic Games) Cabinet Sub-Committee is the official Cabinet Committee for policy on the Olympics. It co-ordinates and oversees issues relating to the London 2012 Olympic and Paralympic Games and reports as necessary to the Committee on Economic Development and receives reports from the Committee on National Security, International Relations and Development (Protective Security and Resilience Sub-Committee).

Funding partners

These organisations are external to central Government and contribute to the public sector funding package. They are the Greater London Authority (GLA), the Olympic Lottery Distributor (OLD), the London Development Agency (LDA) and Sport England.

Ministerial Funders' Group

A Ministerial Funders' Group manages the contingency for the ODA programme-wide risks. It was established by a co-funders agreement between the Paymaster General and the Minister for the Olympics and London, the Secretaries of State for Transport and for Communities and Local Government, the Chief Secretary to the Treasury and the Olympic Delivery Authority.

OLD

The Olympic Lottery Distributor's remit is to ensure proper, timely and effective distribution of Lottery money to fund any facility, function or service it considers necessary or expedient for the delivery of the London 2012 Olympic and Paralympic Games.

Chair: Janet Paraskeva

Chief Executive: Mike O'Connor

The five host boroughs

The host boroughs are responsible for securing opportunity and legacy benefits from the 2012 Games for the immediate communities in East and South East London. They are: Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest.

Nations and Regions Group

London 2012 Nations and Regions Group has been established within LOCOG and is chaired by Charles Allen. Originally set up to galvanise UK-wide support and engagement, it now has a dual focus to:

- promote local involvement in Games time activity (eg Cultural Olympiad, Volunteering) – in partnership with LOCOG; and
- pursue a UK-wide legacy – in partnership with DCMS

Scotland, Wales and Northern Ireland and each English region has put forward its own representative for the group – often this is the Chair of the Regional Development Agency or the Regional Sports Board.

Local Government has a crucial role to play in spreading the benefits of the Games across the UK and securing a lasting legacy. 2007 saw many local authorities leading the legacy vision in their communities – councils are recognising how the Games can be a powerful catalyst in accelerating programmes or re-casting priorities, such as raising participation in culture, sport and volunteering. In particular, local authorities are engaging with the Nations and Regions Group to drive this agenda forward.



Construction of the Olympic Park

Annex C: Glossary of terms and references

Glossary

BOA	British Olympic Association	NDPB	Non-departmental public body
BPA	British Paralympic Association	OBSG	Olympic Board Steering Group
CLG	Communities and Local Government	ODA	Olympic Delivery Authority
CSR	Comprehensive Spending Review	OJEU	Official Journal of the European Union
DCMS	Department for Culture, Media and Sport	OLD	Olympic Lottery Distributor
DCSF	Department for Children, Schools and Families	OPRG	Olympic Projects Review Group
DfT	Department for Transport	OPRSG	Olympic Park Regeneration Steering Group
ED(OPG)	Economic Development (Olympic and Paralympic Games)	PAC	Public Accounts Committee
GLA	Greater London Authority	PSA	Public Service Agreement
GOE	Government Olympic Executive		
HS&E	Health, Safety and Environmental		
IBC/MPC	International Broadcast Centre/Main Press Centre		
IOC	International Olympic Committee		
JVA	Joint Venture Agreement		
LDA	London Development Agency		
LMF	Legacy Masterplan Framework		
LOCOG	London Organising Committee of the Olympic and Paralympic Games Limited		
MfO	Minister for the Olympics and London		
NAO	National Audit Office		

References

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Olympic Transport Plan (edition 1)

www.london2012.com/plans/transport/getting-ready/transport-plan.php

This plan sets out the ODA/LOCOG strategy for moving athletes, members of the Games family, spectators and Games staff around London for the duration of the Games, while minimising any disruptive effect on the broader UK transport network. The key aspect of the plan is to make London 2012 a 'public transport Games'.

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2012 Sustainability Plan –
Towards a One Planet 2012

www.london2012.com/plans/sustainability/index.php

Has been developed in partnership by all members of the London 2012 family (Government, GLA, LDA, LOCOG, ODA, BOA) and covers the five main themes of London 2012's sustainability policy throughout the Games process (building, staging and in legacy): climate change, waste, biodiversity, inclusion and healthy living. This Plan, which will be updated annually, will form a basis of how London 2012 intends to achieve a sustainable Games, setting out achievements so far, key commitments and targets and challenges ahead.

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Our Promises for 2012

www.culture.gov.uk/NR/rdonlyres/8730CEEE-F897-4689-82B1-6FDA681A24A9/0/DCMSLeafletAdobev5andlaterTPL.pdf

Compiled in advance of the full Legacy Action Plan, this paper outlines the key legacy commitments of London 2012. These are to make the UK a world-class sporting nation, to transform the heart of East London, to inspire young people to take part in cultural and physical activities, to make the Olympic Park a blueprint for sustainable living and to demonstrate that the UK is a creative, welcoming and inclusive place in which to live, visit and do business.

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Public Service Agreement (PSA)

www.hm-treasury.gov.uk/media/5/6/pbr_csr07_psa22.pdf

PSA's are statements of a Government policy objective that run across departmental boundaries. PSA 22 is to "Deliver a successful Olympic and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport". The PSA sets out this vision and five indicators against which success will be measured. These are: constructing the venues, maximising the regeneration benefits, designing and building sustainably, increasing public participation in cultural and community activities and creating a world-class system for Physical Education and sport.

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Funding package for the Games announced on 15 March 2007

www.culture.gov.uk/Reference_library/Minister_Speeches/Ministers_Speech_Archive/Tessa_Jowell/oral_statement_funding_2012games.htm

The Government's statement to Parliament on the public sector funding package for the Olympic and Paralympic Games. It details the £9.325bn funding package, arrived at following a detailed review of costs commissioned after we won the Games, and how that budget is funded.

Olympic Delivery Authority budget announced on 10 December 2007

www.culture.gov.uk/Reference_library/Press_notices/archive_2007/dcms_TJ-odabaselinebudget_10dec07.htm?contextId={41AA788F-00AD-4BA4-87F9-ADBF5108FDE4}

The Government's statement to Parliament on the ODA budget. It confirms the ODA base cost budget at £6.090bn, and the £500m contingency allocated (included in £6.090bn), as announced in March 2007. It also provides a breakdown of the £500m contingency allocated.

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July 2007 NAO report – *The Budget for the Olympic and Paralympic Games*

www.nao.org.uk/publications/nao_reports/06-07/0607612.pdf

In July 2007 the NAO published its report on the budget for the London 2012 Olympic and Paralympic Games. In it the NAO concluded that the budget announced in March 2007 “represents a significant step forward in putting the Games on a sound financial footing” and that the budget process followed since London was chosen to host the Games has been thorough, and the judgements and assumptions made by the Department and the ODA have been informed by detailed analysis and expert advice.

Other Documents

February 2007 NAO report – *Preparation for the London 2012 Olympic and Paralympic Games: Risk Assessment and Management*

www.nao.org.uk/publications/nao_reports/06-07/0607252.pdf

This report represents a first look by the NAO at the structures that have been put in place to deliver the London 2012 Olympic and Paralympic Games. It focuses on potential risks affecting the Games programme going forward, which include ensuring clear and quick decision making, maintaining an effective programme support unit and ensuring Government accountability. The most important risk identified, the lack of a finalised budget, was satisfied by the publication of the final public sector funding package and budget in March 2007.

ODA's *Demolish, Dig and Design*

www.london2012.com/documents/oda-publications/demolish-dig-design-leaflet.pdf

This publication lists ten major milestones for the ODA in the preparation of the Olympic Park site as the Olympic flame is transferred from Beijing to London. Examples of these objectives include: clearing almost all of the Olympic Park, commencing the installation of utilities, regenerating the waterways and starting the construction of the Olympic Village.

A summary of the ODA Programme Baseline Report was published in January 2008.

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Department for Culture, Media and Sport
Printed in the UK on recycled paper
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January 2008/PP1083

Design: red-stone.com

Photography: All images kindly supplied by organisations involved
with the London 2012 Olympic and Paralympic Games except:

cover: Nick David
page 2: Nick David and Sport England
page 6: Nick David and Sport England
page 11: PA Photos
page 26: Sport England
page 29: Sport England



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