



department for  
culture, media  
and sport

# London 2012 Olympic and Paralympic Games Quarterly Economic Report July 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.**

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**July 27th marks the start of our three-year countdown to the 2012 Games and, from Friday 24th July, thousands of people across the country will be celebrating by getting involved in the second annual London 2012 Open Weekend.**

Anyone who has watched the Olympic Park rapidly taking shape on the East London skyline will have a clear vision of what the city will look like when the curtain rises on a summer of world-class Olympic and Paralympic sport in 2012.

The Olympic Delivery Authority (ODA) has now hit all of its annual 'Big Build: Foundations' milestones for the construction of the Olympic Park to 27 July. It will be publishing new milestones shortly. This quarter has also seen the completion of the external structure of the Olympic Stadium – just 14 months after building work began and more than a month ahead of schedule.

Less obvious is what the Games are already achieving in helping London and the UK ride out the recession and prepare for economic recovery.

London 2012 provides a unique opportunity to ensure that the UK is best placed to take advantage of the opportunities of the post-downturn economy. This quarterly report demonstrates once again that the Games are playing a valuable role in:

- helping to get people into work and giving them the skills they need to stay there;
- supporting businesses in a broad range of sectors to improve their competitiveness and fill their order books;
- building the infrastructure that can help to attract and retain investment in the UK.

Meanwhile, legacy plans are being built into the Olympic site that will allow it to become a thriving centre for the low-carbon, digital and communications industries which will be at the heart of the new economy.

There may still be three years to go until the Games, but already they are delivering economic benefits to the whole of the UK.



*Tessa Jowell*

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



An aerial view of the Olympic Stadium, July 2009.

## Supporting UK business

In total, the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic and Paralympic Games (LOCOG) expect to award around 7,000 direct contracts worth approximately £6bn, creating in the region of 75,000 business opportunities down the supply chain.

The ODA has already awarded £3.5bn worth of direct contracts, with 98 per cent of the direct ODA suppliers UK-based companies, and two-thirds small- or medium-sized businesses.

Furthermore, the 'Games effect' has spread across the country. Earlier this month, a Glasgow-based company won the contract to build the main structure of the London 2012 Basketball Arena – the third largest venue on the Park, and in February a Newport-based firm won the contract to provide both the fabricated steel for the trusses and roof beams to the construction contractor for the Aquatics Centre in a deal worth over £10m. The roof steel is being rolled in Gateshead, Motherwell and Scunthorpe by two different companies.

With millions of pounds worth of work up for grabs, London 2012 is delivering economic gold for the whole of the UK, right when we need it most.

## CompeteFor

CompeteFor is the online brokerage service which provides registered businesses with advanced notification of contract opportunities to match their profile. The service acts as a 'dating agency' that brings buyers and suppliers in the London 2012 supply chain together, and provides access to business support and advisory services.

So far over 78,000 businesses have registered, with more than 3,000 contract opportunities already awarded, we expect around 12,000 more contracts. Over 30,000 of the businesses that have signed up to CompeteFor have received business support, helping them to boost their business capacity and competitiveness; improving their chances of winning London 2012-related business but putting them in a better position to win other work too.

For more information on CompeteFor visit:  
**[www.competefor.com](http://www.competefor.com)** and the business section of the London 2012 website: **[www.london2012.com/business](http://www.london2012.com/business)**

### Case study

#### A&L Paving – Train2Gain scheme in Northamptonshire

With the help of Business Link and Train2Gain, the family run A&L Paving registered on the CompeteFor website and won the contract to supply the contractor responsible for highways and bridges in the Olympic Park.

Business Link provided A&L Paving with advice about writing a Quality Statement on its CompeteFor profile. With simple advice, A&L was able to compile a statement and update their profile immediately. Jo Malpas, Head of Health, Safety and Training, commented that "being on the CompeteFor site is very helpful, because being pre-registered avoids having to do reams of paperwork once people are keen for you to do the work".

Business Link also introduced A&L Paving to the Train2Gain initiative, which it subsequently used to help fund one of its employees through the Site Management Safety Training Scheme (SMSTS). The SMSTS five-day course enabled the employee to gain the knowledge, understanding and competence to carry out duties under health and safety regulations on the Olympic Park. The total cost of the training was £570, of which Train2Gain provided £450 to A&L Paving. Jo Malpas adds that for a small firm the Business Link service "has been of great benefit to us and really paid off" and Leroy Herbert, co-founder of A&L Paving, said that it will continue to bid for other contracts through CompeteFor and "make Business Link our first point of contact in order to achieve our business goals".

**"Being on the CompeteFor site is very helpful, because being pre-registered avoids having to do reams of paperwork once people are keen for you to do the work."**

## 2012 Games Business Summit

The Department for Business Innovation and Skills (BIS) and UK Trade & Investment (UKTI) are continuing to engage businesses across the UK to help them make the most of the London 2012 Games. A series of annual 2012 Games Business Summits are being planned, starting in autumn 2009 and continuing through until 2012.

Each Business Summit will comprise a conference and exhibition and will highlight the significant opportunities the London 2012 Olympic and Paralympic Games are creating for businesses. Delegates will have the opportunity to learn of business opportunities from future sporting events and to network with key procurement managers and decision makers from London 2012 and other international host cities. The event will also highlight ways in which we can capitalise on the increased inward investment and export potential afforded to us as hosts of an Olympic Games.

An overview of keynote speakers and details on how to access their presentations will be available in the next quarterly update.

### Case study

#### host2host – using the Games to develop trade

UK Trade & Investment (UKTI) is the Government's international business development organisation. It supports both UK firms seeking to trade overseas and overseas companies investing or looking to invest in the UK. The host2host programme is designed to capitalise on the increased inward investment and export potential provided by our unique status as Olympic hosts. The programme seeks to develop trade relationships with hosts and bid cities for Olympic and Paralympic Games and other major sporting events.

host2host has already brokered agreements with the Vancouver 2010 Winter Games and the Singapore 2010 Youth Olympic Games. These host2host agreements support the development of lasting trade relationships and a long-term economic legacy from the Games.

This quarter a visit by key government and business delegates to Russia focused on delivering infrastructure for high-profile sporting events. It showcased the UK's expertise at delivering global sporting and infrastructure projects, from financing to master planning, design, construction and power supply. As a result, the hosts of the 2014 Sochi Winter Games have also now become host2host partners, signing the Memorandum of Understanding (pictured).

Additionally, a number of British companies have won contracts working on the Sochi Games. These include a major construction equipment manufacturer, which signed a multi-million pound contract on transport infrastructure.

UKTI is continuing to develop similar agreements with other Olympic and major sporting event host and bid cities.



## Case study

### Think London US Roadshow

Think London is the official foreign direct investment agency for London, which is funded by the LDA. It aims to connect international businesses to London, helping them set up, succeed and grow.

Sustainability was a central theme of Think London's latest initiative to promote London's business interests: the 'Route to 2012' Roadshow in North America.

In partnership with UKTI, Think London is using the Roadshow to secure investments extending far beyond the Games in 2012. Moreover, with London 2012 being touted as the first ever 'green Games', the Olympics are seen as the centrepiece of the capital's green-orientated regeneration project – designed to reduce London's carbon footprint by 60 per cent by 2025.

Delegates at these Roadshows learned about the projects that are helping to make London a sustainable city, including the retrofitting of government and commercial buildings to make them more energy efficient, the introduction of electric vehicles, and investment in recycling of industrial waste.

In Palo Alto, the Roadshow explored the 'Digital Games' theme, highlighting opportunities for innovative Californian companies in the digital sector. Meanwhile, a seminar co-hosted by the British Consul General in Los Angeles brought together executives from a number of Southern Californian businesses operating in a range of sectors – from sustainability and digital through to post-production and film – to discuss business opportunities.

Following this activity, over 30 companies expressed interest in investing in London, with almost half stating that they would hope to do so within the next 12 months.

The Roadshow will culminate with the Winter Games in Vancouver early next year, and will continue to use the Games to encourage international companies to invest in the UK, helping to strengthen our economy.

# 78,000+

Companies are now registered on CompeteFor with over 3,000 contract opportunities advertised so far with 15,000 more to come

# 98%

Of direct ODA suppliers are based in the UK

# £3.5bn

Worth of contracts, to date, have been directly awarded by ODA

# 67%

Of all ODA suppliers are small- or medium-sized businesses (where known)

# 30,000+

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

# £6bn

Worth of work is expected to be allocated by the ODA, LOCOG and their supply chains over the coming years

Even in the face of the downturn, London 2012 is helping to get people into work and giving them the skills they need to stay there.

Up to 30,000 people will be employed on the Olympic site during the lifetime of the build and 2,250 training, apprenticeship and work placement opportunities will be available on the Olympic site.

Our ambition is for residents of the five Host Boroughs to benefit as fully as possible from these employment opportunities. By identifying the skills required for the delivery of the Games, and helping to ensure that residents have access to the education and training that they need to acquire them, we are using the opportunity of London 2012 to make a direct investment in local people.

The reopening of the formerly redundant Thames House training centre in Newham is an outstanding example of this. Thames House is one of three planned construction training centres in East London which could together deliver as many as 20,000 training places over the next five years. Already, 228 of the 469 people graduating from the Plant Training School have gone on to secure employment on the Olympic Park.

Not only are the courses on offer at these centres tailored specifically toward the needs of London 2012, they will continue to benefit the city long after the Games are over – helping the construction industry to deliver major infrastructure projects such as Crossrail, Stratford City, and Kings Cross.

With the Olympic Park site set to create up to 10,000 new jobs in sectors such as retail and business after 2012 – part of an estimated 50,000 jobs in the Park and Lower Lea Valley Area – the Games will leave a powerful legacy of jobs and skills for one of the most economically deprived parts of the country.

## Training funds to community-based arts groups

The London Development Agency's (LDA) 2012 London Cultural Skills Fund is offering £1.2m worth of support for projects aimed at helping Londoners participate in the Cultural Olympiad in the run up to the London 2012 Games. Community-based groups, as well as cultural organisations that offer strong skills training and employment opportunities, are being offered the chance to put on training courses in the arts. The fund is managed by the Arts Council for England and the third bidding round, offering £500,000 worth of grants, is now open.

Four grants have been awarded in the first round of the fund, including an award to the acclaimed Young Vic, which is providing free intensive training courses to help 100 young people develop skills in directing, acting and technical production.

For more information on the fund visit:  
[www.lda.gov.uk/culturalskillsfund](http://www.lda.gov.uk/culturalskillsfund)

## Local Employment and Training Framework (LETF)

The London Development Agency (LDA) has allocated £9.6m up to December 2009 to a job brokerage, training, employment and business support programme called LETF. It aims to assist residents and businesses in the five 2012 Host Boroughs – Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest.

As part of the scheme, LETF ran 4,600 construction training courses between April 2008 and March 2009 to help prepare local people for work on the Olympic Park and other major construction projects. More than 1,600 people have secured jobs in construction both on the Olympic Park and on other construction sites across London as a result.

# 20%

Of Olympic Park workers are residents of the Host Boroughs

# 4,300

Local residents have received employment support through the Five Host Borough Brokerage Network

# 1,256

People have secured work on the Olympic Park and other sites as a result of the Five Host Borough Brokerage Network

# 10%

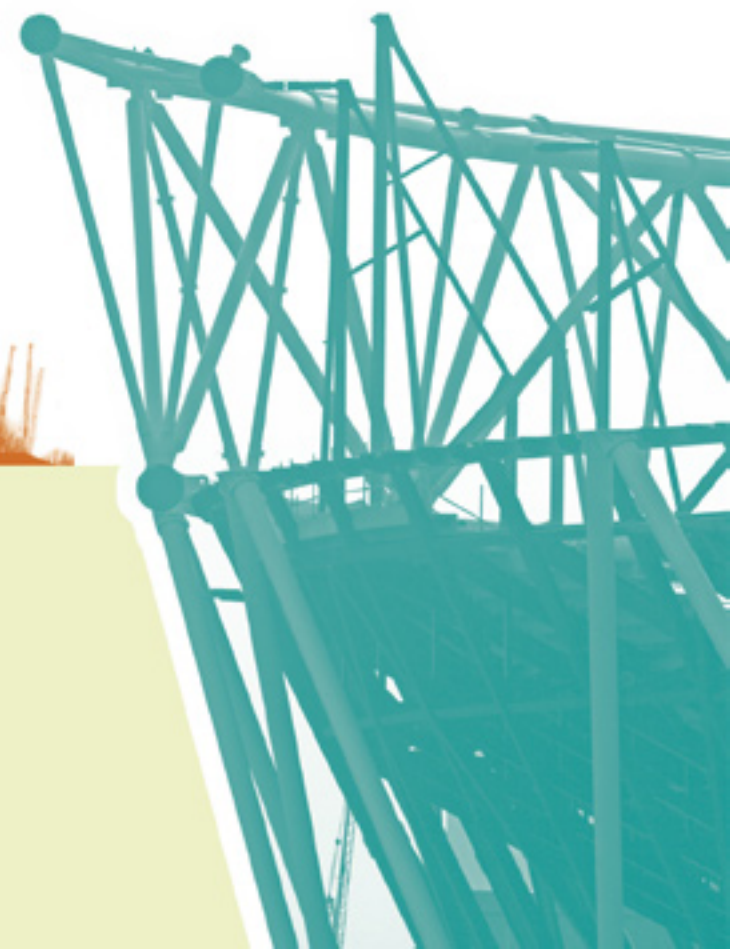
Of workers on the Olympic Park are undertaking a traineeship, apprenticeship or work placement

# 4,400

People are currently working for contractors on the Olympic Park – of whom 10% were previously unemployed

**“The Olympic Stadium has already changed the East London skyline and is a visible symbol of the strong progress that has been made on the Olympic Park over the last year.”**

**John Armitt, ODA Chairman**



## Overview

The Public Sector Funding Package for the Games announced in March 2007 was £9.325bn. 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 overall funding package for the Games remains unchanged. As the project approaches three years to go until the London 2012 Olympic and Paralympic Games commence, the budget remains on track. The Anticipated Final Cost of the ODA budget is the same at the end of June as it was at the end of March 2009 at £7.234bn. The majority (65 per cent) of contingency is unreleased and the ODA continues to make good progress in preparing the venues and infrastructure in the Olympic Park.

The ODA recently announced that it had hit all of its ten milestones in the 12 months to 27 July 2009 as set out in the publication 'Big Build: Foundations' and new milestones for the next 12 months are about to be announced. In the last quarter, Three Mills Lock has opened allowing water-borne movement of construction materials and waste, the Aquatics Centre roof construction has reached the half way point and there has been strong construction progress on the Olympic Stadium and other venues.

Construction is now underway on the majority of the Olympic Village plots which will provide accommodation for athletes in 2012 and new homes for Londoners afterwards. The Government remains confident that the development will be a high-quality asset for the public sector.

There are now over 4,000 workers on site, a significant number of whom are resident in the local area. The programme continues to provide jobs and millions of pounds worth of business opportunities to companies all around the UK at a difficult time.

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

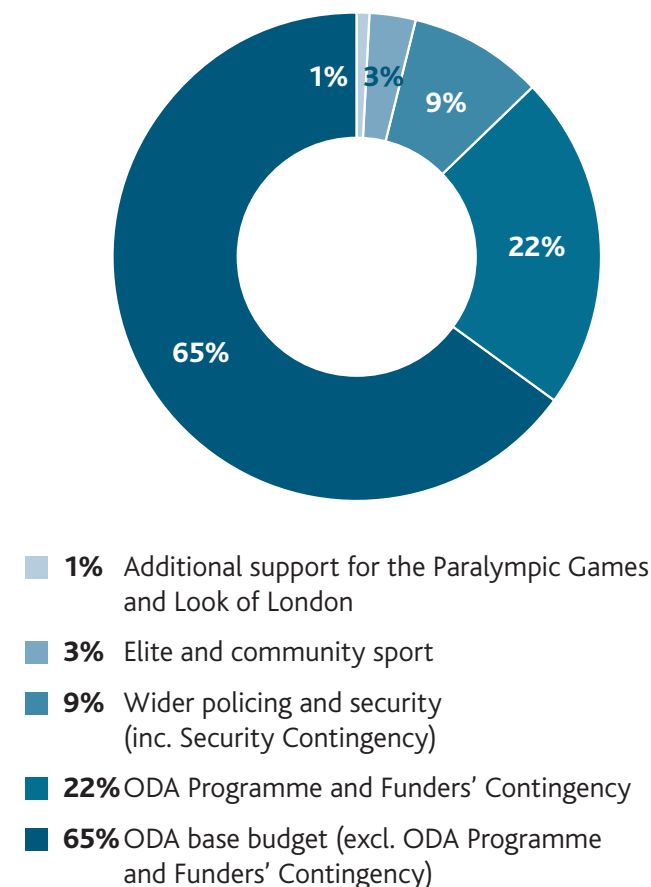
\* The £290m contribution from the Sport Lottery Distributors has been invested in maximising the benefit to British sport of hosting the Games, through support of elite and community sport. The key areas that this contribution has been invested in are:

- 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

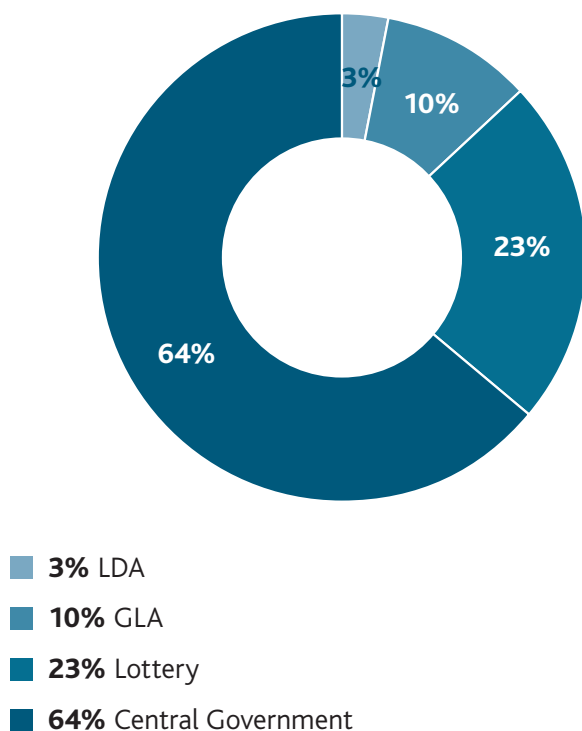
Of the £9.325bn Public Sector Funding Package, almost £6bn will come from Central Government comprising contributions from the Department for Culture, Media and Sport (DCMS), Communities and Local Government (CLG) and the Department for Transport (DfT). Central Government funding for the Games for the 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                  |
| <b>Total</b>         | <b>9.325</b>           |



## Cash flow

The Minister for the Olympics gave an undertaking to Parliament that, as part of the commitment to transparency on Olympics budget matters, information would be published on the spend incurred by the ODA in delivering its programme against the forecast profile of spend.

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

|  | November 2007<br>Forecast Spend<br>to end June 09<br>£m | Actual Spend<br>to end June 09<br>£m |
|--|---------------------------------------------------------|--------------------------------------|
|  | 3,014                                                   | 2,482                                |

The variance between forecast and actual spend reflects savings achieved on infrastructure works (such as in Enabling Works, Thorntons Field and Structures, Bridges and Highways) together with planned changes to the delivery programme and the re-phasing of forecast contingency spend.

## ODA programme progress (as at quarter-ending June 2009)

The ODA continues to make good progress in preparing the Olympic Park. Construction work is well underway with the roof structure of the Aquatics Centre now over 50 per cent complete and the roof support of the Stadium now fully complete.

The ODA recently announced that it had hit all of the ten 'Big Build: Foundations' milestones to 27 July 2009 as set out opposite. It will be publishing its next set of milestones to 27 July 2010, 'Big Build: Structures', very shortly.



## Ten 'Big Build: Foundations' milestones

| Milestone                                                                                                                                                                                                        | Progress                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b> Clear and clean almost all of the Olympic Park, remove overhead pylons and erect the new perimeter security fence.                                                                                      | All pylons are down and erection of new fence began in January. Final areas of the Olympic Park are being cleared and cleaned.                                                                                 |
| <b>2</b> Seven bridges to be completed; ten further bridges and underpasses to be under construction; building of permanent roads to have started; refurbishment of the waterways in the Olympic Park completed. | On track, with work also underway on the Olympic Park Loop Road. The waterways in the Olympic Park have been refurbished.                                                                                      |
| <b>3</b> Primary power substation to be substantially completed and construction of new Energy Centre to be well underway.                                                                                       | The construction of the substation together with new equipment to transmit permanent power to the Olympic Park from the wider national network has been substantially completed.                               |
| <b>4</b> Foundations of the Olympic Stadium to be complete with work on the building's structure well underway.                                                                                                  | The erection of the roof is well underway, with more than two-thirds of the 28 roof sections lifted into place.                                                                                                |
| <b>5</b> Foundations of Aquatics Centre to have been completed with work on the building's structure well underway.                                                                                              | The erection of the signature steel roof structure began in March 2009 and is 50 per cent complete.                                                                                                            |
| <b>6</b> Work to have started on the foundations of the Velodrome and International Broadcast Centre/Main Press Centre (IBC/MPC).                                                                                | The Velodrome foundations were finished by the end of May 2009. Building work on the IBC/MPC foundations is underway.                                                                                          |
| <b>7</b> Designs agreed and work about to start on the Handball Arena, design of Basketball Arena to have been agreed.                                                                                           | Construction of the Handball Arena will start at the end of July 2009. Designs have been agreed and planning permission granted for the Basketball Arena.                                                      |
| <b>8</b> Building work to be underway on the majority of the Olympic Village plots.                                                                                                                              | All planning applications bar one have been approved, with a decision on the final one expected in July 2009.                                                                                                  |
| <b>9</b> Significant progress to have been made on Transport projects with 13 of the 25 nearing completion.                                                                                                      | 20 of the 55 new Docklands Light Railway (DLR) railcars are in service.                                                                                                                                        |
| <b>10</b> Sailing venue at Weymouth and Portland to have been completed and ready for use. Construction work will have also started on the Broxbourne White Water Canoe Centre.                                  | The completed Weymouth and Portland National Sailing Academy is due to be used for the first time at a regatta in Summer 2009. Construction of the new Broxbourne White Water Canoe Centre began in June 2009. |

## Overall budget position

There have been some movements in the ODA's budget since the last Quarterly Economic Report:

- £19m of contingency has been released to enhance security resilience to the permanent venues. These are predominantly hardening modifications to existing structures. The forecast for Security has not increased as this cost was included in the Anticipated Final Cost in the previous report.
- £3m of the original budget for the Basketball Arena has been released back to the contingency as it is not required.
- ODA has established a Soil Hospital within the Enabling Works project to deal with the volume of soil generated from continuing work on venues and infrastructure for re-use on site. This has no impact on the ODA's budget as several projects already had a budget for this which has been reallocated to Enabling Works – hence the reduction in Structures, Bridges and Highways, Utilities and IBC/MPC project budgets.

Therefore the net increase to the ODA's baseline for this quarter is £16m.

**Table 3: Changes to ODA Budget**

|                                          | Original<br>Baseline<br>£m | Allocated<br>Contingency<br>£m | Revised<br>Baseline<br>£m | Contingency<br>Available<br>£m | Maximum<br>available<br>ODA budget<br>£m |
|------------------------------------------|----------------------------|--------------------------------|---------------------------|--------------------------------|------------------------------------------|
| <b>November 2007</b>                     | 6,127                      | 0                              | 6,127                     | 1,972                          | 8,099                                    |
| Village interim funding                  |                            | 95                             | 95                        | (95)                           |                                          |
| Contingency releases published Jan 09    |                            | 35                             | 35                        | (35)                           |                                          |
| <b>September 2008</b>                    | 6,127                      | 130                            | 6,257                     | 1,842                          | 8,099                                    |
| Village additional funding               |                            | 231                            | 231                       | (231)                          |                                          |
| IBC/MPC                                  |                            | 135                            | 135                       | (135)                          |                                          |
| <b>January 2009</b>                      | 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)                      |                                |                                          |
| <b>March 2009 – pre Village funding</b>  | 6,127                      | 423                            | 6,550                     | 1,549                          | 8,099                                    |
| Village investment*                      |                            | 261                            | 261                       | (261)                          |                                          |
| <b>March 2009 – post Village funding</b> | 6,127                      | 684                            | 6,811                     | 1,288                          | 8,099                                    |
| Basketball                               |                            | (3)                            | (3)                       | 3                              |                                          |
| Security resilience                      |                            | 19                             | 19                        | (19)                           |                                          |
| <b>June 2009</b>                         | 6,127                      | 700                            | 6,827                     | 1,272                          | 8,099                                    |
| Village future receipts**                |                            | (324)                          | (324)                     |                                |                                          |
| <b>June 2009 before programme risks</b>  | 6,127                      | 376                            | 6,503                     |                                |                                          |
| Net future cost pressures                |                            |                                | 46                        |                                |                                          |
| <b>Total</b>                             |                            |                                | 6,549                     |                                |                                          |
| Assessed programme risks                 |                            |                                | 685                       |                                |                                          |
| <b>Total Anticipated Final Cost</b>      |                            |                                | 7,234                     |                                |                                          |

\* In May 2009 the Funders' Group agreed to invest an additional £324m to fund the Village construction through to the Games. £261m of contingency will be made available with the balance being funded from savings achieved across the programme.

\*\* 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 Village investment.

## Contingency

As of the end of June 2009, £1,272m, around 65 per cent, is available in unreleased contingency. Going forward, risks on the programme are expected to continue to reduce due to efficient delivery. The ODA now estimates the value of Programme risks to be £685m, a reduction in the quarter of £18m. The gross allocation of contingency to date on the programme is £700m. The net allocation is £376m, assuming the £324m additional funding made available in May to the Olympic Village from is repaid from the future sale of Olympic Village homes.

## Olympic Village

The last Quarterly Economic Report reported increased levels of public sector investment in the Olympic Village project. Since then, the agreement with Triathlon Homes for the purchase of 1,379 affordable homes in the development has been finalised.

The ODA expects to incur gross construction costs of £1,095m comprising development to Games (£948m), and post-Games fit out costs and holding cost guarantees (£147m). Offsetting these costs is £268m from the sale of affordable housing to Triathlon Homes and £326m of contingency funding as provided by the Funders' Group in January 2009.

The balance is expected to be covered by Private Sector sales income, of which £324m will initially be met by contingency in the pre-Games period, but is ultimately expected to be repaid.

## Anticipated Final Cost

There have been some changes to the Anticipated Final Cost in project groupings as shown in table 4. Taking into account the net increase to the ODA's budget of £16m, as described before, there are also potential cost pressures in:

- **Transport** – including forecast increases in the design and structural costs at Stratford Regional Station and revised forecasts for operational costs associated with Competition venues.
- **Other Parkwide Projects** – emerging pressures have been identified following a review of vehicle screening, accreditation areas and transport malls. These pressures may be partly offset by potential cost savings in security for Park construction.

However, potential cost increases will be met in full or in part by the use of retained savings – achieved from efficient delivery of the site platform – so there is likely to be minimal impact on the Anticipated Final Cost. This, together with the reduction in the value of Programme risks means that the overall Anticipated Final Cost remains unchanged.

## Conclusion

At the end of June 2009, the ODA remains in a sound financial position with the Anticipated Final Cost (AFC) identical to what it was in May when the last Quarterly Report was published – £7,234m.

**Table 4: Anticipated Final Cost (£ms)**

Total available budget £8,099m

|                                                |                                                  | May 09<br>Quarterly<br>Economic<br>Report<br>£m | July 09<br>Quarterly<br>Economic<br>Report<br>£m | Variance<br>May 09-<br>July 09<br>£m |
|------------------------------------------------|--------------------------------------------------|-------------------------------------------------|--------------------------------------------------|--------------------------------------|
| <b>Site preparation<br/>and infrastructure</b> | Powerlines                                       | 288                                             | 288                                              | 0                                    |
|                                                | Utilities                                        | 210                                             | 202                                              | (8)                                  |
|                                                | Enabling works                                   | 325                                             | 335                                              | 10                                   |
|                                                | F10 Bridge                                       | 62                                              | 64                                               | 2                                    |
|                                                | Other structures, bridges and highways           | 629                                             | 624                                              | (5)                                  |
|                                                | Prescott Lock                                    | 5                                               | 5                                                | 0                                    |
|                                                | Other infrastructure (Greenway, landscaping)     | 244                                             | 247                                              | 3                                    |
|                                                | <b>Total site preparation and infrastructure</b> | <b>1,763</b>                                    | <b>1,765</b>                                     | <b>2</b>                             |
| <b>Venues</b>                                  | Stadium                                          | 538                                             | 538                                              | 0                                    |
|                                                | Aquatics                                         | 244                                             | 244                                              | 0                                    |
|                                                | Velopark                                         | 94                                              | 94                                               | 0                                    |
|                                                | Other Olympic Park venues                        | 337                                             | 340                                              | 3                                    |
|                                                | Non-Olympic Park venues                          | 121                                             | 121                                              | 0                                    |
|                                                | <b>Total venues</b>                              | <b>1,334</b>                                    | <b>1,337</b>                                     | <b>3</b>                             |
| <b>Transport</b>                               | Stratford Regional Station                       | 119                                             | 126                                              | 7                                    |
|                                                | DLR                                              | 84                                              | 85                                               | 1                                    |
|                                                | Thorntons Field                                  | 23                                              | 23                                               | 0                                    |
|                                                | North London Line                                | 107                                             | 107                                              | 0                                    |
|                                                | Other transport capital projects                 | 158                                             | 161                                              | 3                                    |
|                                                | Other transport operating expenditure            | 335                                             | 342                                              | 7                                    |
|                                                | <b>Total transport projects</b>                  | <b>826</b>                                      | <b>844</b>                                       | <b>18</b>                            |
| <b>Parkwide<br/>projects</b>                   | Logistics for site construction                  | 317                                             | 313                                              | (4)                                  |
|                                                | Security for park construction                   | 351                                             | 339                                              | (12)                                 |
|                                                | Section 106 and masterplanning                   | 126                                             | 126                                              | 0                                    |
|                                                | Insurance                                        | 50                                              | 50                                               | 0                                    |
|                                                | Other Parkwide projects*                         | 33                                              | 52                                               | 19                                   |
|                                                | <b>Total other parkwide projects</b>             | <b>877</b>                                      | <b>880</b>                                       | <b>3</b>                             |
| <b>Media Centre and<br/>Olympic Village</b>    | Stratford City land and infrastructure           | 553                                             | 553                                              | 0                                    |
|                                                | Stratford City receipt                           | (250)                                           | (250)                                            | 0                                    |
|                                                | Village construction – public sector funding**   | 650                                             | 650                                              | 0                                    |
|                                                | Village receipt***                               | (324)                                           | (324)                                            | 0                                    |
|                                                | IBC/MPC                                          | 355                                             | 348                                              | (7)                                  |
|                                                | <b>Total Media Centre and Olympic Village</b>    | <b>984</b>                                      | <b>977</b>                                       | <b>(7)</b>                           |
|                                                | Programme delivery                               | 678                                             | 677                                              | (1)                                  |
|                                                | Taxation and interest                            | 69                                              | 69                                               | 0                                    |
|                                                | <b>Total budget before contingency</b>           | <b>6,531</b>                                    | <b>6,549</b>                                     | <b>18</b>                            |
|                                                | ODA programme contingency                        | 730                                             | 726                                              | (4)                                  |
|                                                | Retained savings                                 | 16                                              | 0                                                | (16)                                 |
|                                                | <b>Total after ODA programme contingency</b>     | <b>7,277</b>                                    | <b>7,275</b>                                     | <b>(2)</b>                           |
|                                                | Available programme contingency****              | (27)                                            | (41)                                             | (14)                                 |
|                                                | Retained savings*****                            | (16)                                            | 0                                                | 16                                   |
|                                                | <b>Total Anticipated Final Cost (AFC)</b>        | <b>7,234</b>                                    | <b>7,234</b>                                     | <b>0</b>                             |

\* Includes systems integration, facilities management.

\*\* The £650m represents the total contingency funding approved by the Funders' Group in January and May 2009 required to meet expenditure, net of receipts, through to Games.

\*\*\* The £324m is the assumed level of receipts required to repay the additional contingency agreed by the Funders' Group in May 2009.

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

\*\*\*\*\* Retained savings represents savings 'in hand' to be used to meet future cost increases.

## 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.



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We can also provide documents  
to meet the specific requirements  
of people with disabilities.  
Please call 020 7211 6200 or  
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