



department for
culture, media
and sport

London 2012 Olympic and Paralympic Games Quarterly Report July 2011



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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One year from now we will be days away from the opening ceremony of the Olympic Games. In five years we have transformed contaminated industrial wasteland into a modern metropolis with iconic venues, green spaces and new transport infrastructure.

The scale of this achievement should not be underestimated, particularly as it has all been delivered within budget, a claim rarely associated with many large scale construction projects.

Once again this quarter we have seen the Anticipated Final Cost of the construction phase fall, decreasing by £16m to £7.250bn while the overall funding package for the Games remains at £9.298bn.

The Basketball Arena and International Broadcast Centre have joined the list of completed stadia with the Aquatics Centre due to complete shortly, bringing in the majority of the big five venues a year ahead of the Games. At the same time, the majority of the transport big build is complete and operational bringing considerable benefits to residents and commuters alike.

These are remarkable successes and tribute should be paid to all the Olympic Delivery Authority (ODA) staff and site workers including builders, bus drivers, catering staff, cleaners and truck drivers who have consistently met the challenges set by an immovable deadline and strict budget. They have all played vital roles in the success of the build project that will be held-up as an example of British construction and engineering excellence for decades to come.

The project is also an excellent advert for the British businesses that have supplied many of the materials for these venues and are now winning contracts to supply the London 2012 Organising Committee. The impact of the Games has reached far and wide and many communities across the UK have benefitted, be that through sport, culture or business.

The Olympic Torch relay will cement this by travelling an estimated 8,000 miles around the UK visiting every nation and region over a 70 day period and giving 95 per cent of the population a chance to experience a little bit of London 2012 on their doorstep.

The London Prepares test event programme which started in May is a vital part of the planning for Games-time. It will put every venue through its paces to make sure that everything is absolutely right for competition. The recent equestrian test event in Greenwich Park looked at every possible detail, even down to the visual displays on the jumps. This not only brought the excitement of London 2012 to life, but reminded me of the extraordinary challenge of staging 26 world championships over a 17 day period.

One year to go is a milestone to be celebrated, but on 28 July we start work on the challenges of the next 12 months. It is an extraordinarily exciting time for sport and the country as a whole.



A handwritten signature in black ink, appearing to read 'H Robertson'.

Hugh Robertson MP
Minister for Sport
and the Olympics

Involving, engaging and inspiring young people to actively improve their lives through sport is at the heart of our legacy for the London 2012 Olympic and Paralympic Games. The International Inspiration programme, a UK global sports legacy programme inspired by the Games, seeks to connect young people to the inspirational power of London 2012 so they are motivated to choose sport.

Hugh Robertson, during his address at the 2nd United Nations and International Olympic Committee's (IOC) Forum on Sport for Development and Peace, set out the programme's objectives. Its approach is:

"To develop the skills of teachers, coaches and young leaders around the world to increase capacity and enable more children to access to high quality PE, Sport and Play. And secondly to help improve national policies and programmes to lock in progress and bring about deep and systemic change in their countries."

So far, over 11 million young people in 17 countries have actively participated in PE, Sport and Play as a direct result of the International Inspiration programme. This grassroots exposure to sport has only been made possible by the programme which has trained nearly 80,000 teachers and coaches to become advocates for sport and physical activity in their communities.

In each country, the programme is delivered in partnership with a host of in-country stakeholders including the Government, the National Olympic Committee and the National Paralympic Committee, and tailored to their needs.

Projects supported by International Inspiration include:

- helping train teachers to deliver swimming lessons for more than 80,000 children in Bangladesh.
- improving opportunities for young people to get involved in sport in Jordan.
- recruiting local leaders to train peers to reach out to disadvantaged children through sport in Zambia.

The lasting legacy of International Inspiration will have benefits for those who have been given the opportunity to do sport and has demonstrated the impact of the partnerships on the value of investing in sport and young people.



Inspiring sport across the world.

The Games for growth

The London 2012 Olympic and Paralympic Games are supporting the Government's plan for growth, by providing Games and international opportunities for a diverse range of businesses across the UK. In this Quarterly Report we have focussed on case studies to illustrate the diversity of businesses that have benefitted.

The International Dimension

The London 2012 Games provide a unique opportunity to showcase the best of British business throughout the world and to build a legacy of globally competitive and innovative organisations. Olympic host nations share a unique relationship and it makes good business sense to extend cooperation and knowledge beyond sport into the economic development arena. UK Trade & Investment (UKTI) is helping businesses make the most of this unique opportunity and to use the Games to grow internationally through their initiative, Host2Host.

By creating links and sharing best practice with previous and future host cities of the Olympic and Paralympic Games and other major sporting events, the Host2Host programme aims to maximise the economic benefits of hosting the London 2012 Olympic and Paralympic Games. The initiative focuses on small, medium and micro enterprises (SMMEs) setting up partnerships and getting a trade foothold into the host countries, among other things.

Under this initiative, UKTI held two seminars in June 2011 during which it launched two comprehensive reports setting out the opportunities and route to market for companies to supply the 2014 World Cup and 2016 Olympic and Paralympic Games in Brazil.

The consecutive hosting of these events represents a very significant business opportunity with £45bn of contracts available and many companies which have supplied the 2012 Games – in particular those providing specialist, high-value, and innovative services – will be well placed to take advantage of these opportunities.



Maximising the power of the Games: Deputy Prime Minister, Nick Clegg, addresses delegates in Brazil as part of Host2Host.

The National Dimension

1 Scotland

Alpha Translating & Interpreting Services, based in Edinburgh, was awarded a contract by the ODA to translate a number of presentations, stadium related documents and construction site safety signs into eight languages.

2 Northern Ireland

The ODA awarded Dungannon-based McAvoy Group, which has its British base in Oxford, a framework contract to build offices, athletes' changing rooms, as well as press and media accommodation.

3 North West

Ainscough Crane Hire, based in Standish, Wigan, has supplied and directed cranes on a number of key Olympic sites.

4 North East

Hart Door Systems, based in Newcastle-upon-Tyne, has supplied roller shutters for the main Olympic Stadium.

5 Yorkshire and Humberside

Sheffield-based company Fullflow Group Ltd, was awarded the contract for the design, manufacture and installation of syphonic drainage systems for the Basketball Arena.

6 East Midlands

Leicester-based Industrial Fire Protection, specialises in the design, supply and installation of passive fire protection. They won a contract to design supply and fit soffit insulation to the undersides of the concrete floors in the main Olympic Stadium.

7 West Midlands

LOCOG appointed Golden Bear as its master toy licensee as part of the exciting London 2012 official merchandise programme.

8 Wales

Welsh-based manufacturer Euroclad, secured an order to manufacture and supply rainscreen cladding on the Olympic Stadium. The size of panels and the type of installation posed considerable technical challenges with the solutions proposed by Euroclad forming part of its successful bid.

9 South West

Torrington-based Dartington Crystal has been awarded a licence to design and make commemorative crystal and glass items including drinking glasses, paperweights, picture frames, vases and bowls.

10 South East

Mitchell Bridges is a supplier of bespoke, ready-made temporary and semi-permanent bridges and has acted as a sub-contractor on the project. It has supplied five temporary pedestrian bridges to be located around the Olympic Village for the build programme and as part of the safe walking route.

11 London

Arc Theatre, based in Barking, is a professional theatre company and social enterprise which was commissioned by the ODA to educate school children about health and safety in and around the Olympic Park in Stratford.

12 East of England

Camfaud Concrete Pumps from Epping was awarded the contract for wetlands concrete pumping, primarily to provide concrete on site for the bridges where access is too difficult for traditional concrete delivery by mixer.



73%

73% of CompeteFor contracts awarded have gone to small and medium sized enterprises (SMEs).

145,500

145,500 businesses are registered on CompeteFor.

8,900+

Over 8,900 business opportunities have been made available to potential suppliers through CompeteFor.

1,500+

Over 1,500 companies have directly supplied the ODA so far.

98%+

More than 98% of the ODA's suppliers are based in the UK.

The ODA continues to provide crucial employment opportunities and will be publishing the last of its quarterly employment and skills reports in mid-July. Meanwhile, the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) continues to recruit its workforce. At Games-time, LOCOG will employ 6,000 FTE staff, in addition to its circa 70,000 volunteers and around 100,000 contractors as part of a total workforce of around 200,000 people.

Established in 2009 and jointly owned by Government and the Mayor of London, the Olympic Park Legacy Company (OPLC) is responsible for the long term development of most of the Olympic Park after the Games.

The OPLC will be inheriting the baton passed on from the ODA and LOCOG and the company is keen to:

- Ensure local people can take advantage of the employment opportunities generated by real estate development, venue operations, estate facilities management, interim-uses and the events programming in and associated with the future Queen Elizabeth Olympic Park.
- Use existing infrastructure within the Host Boroughs, including the local labour schemes and training facilities.
- Maximise opportunities to sustain employment for residents of the Host Boroughs employed during Games-time.

Furthermore, the OPLC recognises that the main barriers to work and progression are skills shortages, low aspirations and lack of appropriate careers advice and guidance information. They have developed a number of early projects to respond to this, some of which appear as case studies in this report.



Employees on the Olympic Park.

Case study The Olympic Park Legacy Company

With the help of a bespoke labour market forecasting model developed by Experian, the OPLC can estimate the type and volume of jobs required by contractors, tenants and employers who will be needed to work on the Olympic Park over the lifetime of the development. The model can be expanded to include neighbouring developments to give a comprehensive picture of skills' demand in the wider area. This information will be shared with partners who commission and deliver local training, education partners and careers advice services. This will help residents make informed choices and to give them the right skills at the right times for jobs after the Games and build a lasting legacy.

The OPLC is on the Board of The Skills Place – a new 8,000 square foot training facility in the new Westfield shopping centre, Stratford City, and will expand the training being delivered there to cover workforce requirements from venue operators, estate facilities management and events programming.

The OPLC is working with partners in the host boroughs to establish a mechanism for providing contractors, tenants and delivery partners with access to appropriately skilled local labour, by linking into existing local labour schemes and mainstream provision. They are looking at ways in which they can maintain a 'local talent pool' beyond Games-time, which will help to sustain employment while the development is built out. In the longer term, the OPLC will have an on-site job brokerage and apprenticeship facility as part of a wider training network with The Skills Place and Host Borough Colleges.

To assist Park contractors, delivery partners, tenants and operators to deliver local employment and apprenticeship opportunities, the OPLC is developing a 'Welcome Pack'. The pack will signpost Park tenants to a range of partner services including workforce recruitment and development, as well as how businesses can get involved in the community through schemes such as mentoring, work experience and internships.

Case study

Women into Construction

The ODA's Women into Construction project aims to use the London 2012 Games to increase the number of women working in construction. Rudo Manokore was unemployed when she was awarded Stephen Lawrence charitable trust bursary funding to continue studying to become a qualified architect. At the funding award ceremony on the Olympic Park, Rudo met several senior London 2012 employees, which led to an employment opportunity on the Park.

Rudo was brought onto the project as an intern and worked with the design, engineering and statutory consent team on a contract for three months. She then took on a role working in the Olympic Village team, focusing on the handover of all information and documentation, ready for when the project comes to an end. Rudo is currently working towards her diploma and hopes to qualify in the next year.

Speaking about her time on the Olympic Park, Rudo says: "I really enjoyed working with all of the venue teams. It has been nice to be able to develop a relationship with a couple of people from the different teams, including the quality managers, so it is quite diverse and varied.

"I think it is exciting to be working on the Park because it is a once-in-a-lifetime opportunity to work on a project like this in London. It is obviously going to have a huge impact on this area and the lives of the people who are going to possibly live here, or who have lived in this area in the past. I think it is going to transform this area significantly and I feel quite strongly about that because I live in one of the Boroughs – Tower Hamlets.

"I am always energetic and enthusiastic, especially about the legacy of the Games. The Games are a great opportunity to showcase the area to the rest of the world, but what happens afterwards will be really interesting I think."

11,000

Up to 11,000 people are currently working for contractors on the Olympic Park and Olympic Village.

40,341

People in total have experienced work for contractors on the Olympic Park and Olympic Village since April 2008.

457

Apprentices have experienced working on the Olympic project.

1,580

People have been placed into work through the ODA's job brokerage since April 2008.

25%

Of workers on the Park are host borough residents.

270

Women helped to find employment through the London 2012 Women into Construction Project.

“Women are traditionally under-represented in construction, limiting their opportunities to interesting and satisfying career opportunities and diminishing the industry’s access to wider range of talent and skills. Through the Women into Construction Project, we have demonstrated that women can be attracted, trained and recruited into construction careers.”

**ODA Head of Equality, Inclusion, Employment and Skills
Lorraine Martins**



Public Sector Funding Package for the Games

The overall Public Sector Funding Package (PSFP) for the Games remains at £9.298bn. As reported in our Annual Report in February this year, the breakdown of the funding package altered from April 2011 reflecting the changing focus of the programme from construction to the operational delivery of the Games.

In the 2011 Annual Report we published the baseline funding available for each part of the programme following the 2010 Spending Review (SR). This is reproduced in Table 1 below, alongside latest forecasts.

Table 1: PSFP Programme forecasts against 2010 Spending Review baseline

Public Sector Funding Package	SR Baseline (£m)	June 30 2011 forecast (£m)	Variance (£m)
ODA	7,321	7,250	(71)
LOCOG Park Operations	67	67	0
Policing and wider security	475	475	0
Venue security	282	282	0
Paralympic Games	95	95	0
Funding available to LOCOG	63	64.2	1.2
City operations	22.5	22.5	0
Other operational provisions	63.5	63.5	0
Look of London and wider UK	32	32.8	0.8
Elite and community sports	290	290	0
GLA Olympic and Paralympic programmes	0	12.5	12.5
Contingency and other savings remaining	587	643.5	56.5
Total	9,298	9,298	0

The ODA's current forecast cost to completion is £7.250bn. This represents a projected £71m saving since the Spending Review (including a £16m reduction since 31 March 2011). The change in the ODA's forecast is discussed in more detail on page 23.

Within City operations, in the past quarter £1.5m was released to Weymouth and Portland Borough Council to support Games-time operations for the Olympic and Paralympic Sailing venue. The funding is for crowd management and public safety, and to meet the burden of increased council services as a result of the Games that could not be borne solely by local council-tax payers. Host London Boroughs have already received a total of £21m from the PSFP to support their increased services as a result of the Games. £1.5m was earmarked for Weymouth within the £22.5m SR baseline for City operations. As a result, this release of funding does not result in an increase in the forecast cost of the programme.

An additional £0.8m was released in the last quarter for the Look programme across the UK. This will contribute towards the cost of:

- Dressing the final two venue areas outside London: Surrey (Olympic road cycling), and Kent (Paralympic road cycling);
- And the installation of the Olympic Rings and Paralympic Agitos on iconic buildings across the UK.

As a result, the forecast cost for this programme has increased to £32.8m.

Finally, £3.1m was released in the last quarter to help ensure the success of the London 2012 Festival – the finale of the Cultural Olympiad taking place from 21 June to 9 September 2012. The funding is for a small number of additional events that will be managed by LOCOG. The details of the events are being finalised, and will be announced this autumn. Of the £3.1m released, £1.9m will be funded from within the original £63m funding provision available to LOCOG, while the remaining £1.2m is to be met by increasing the level of funding available to £64.2m.

The latest forecasts for the other programmes that are funded in the PSFP remain unchanged since the previous quarter. We continue to hold £63.5m for operational provisions, although funding has yet to be definitively allocated. Work is continuing on a programme to ensure the safe management of spectators and visitors in the 'last mile' between transport hubs and venues. The final business case for this programme is being developed and is expected to be agreed in the autumn.

As shown in the February 2011 Annual Report, £587m of the £9.298bn funding package was held as contingency for the programme. As a result of the changes in forecasts, the forecast balance of contingency and other savings remaining has increased by £56.5m to £643.5m. This contingency is available for additional cross-programme issues that may arise, including any major changes in security circumstances. The contingency will continue to be strictly controlled and will only be released to meet costs that are essential for the delivery of the Games, where they cannot reasonably be met from existing budgets.

Sources of funding

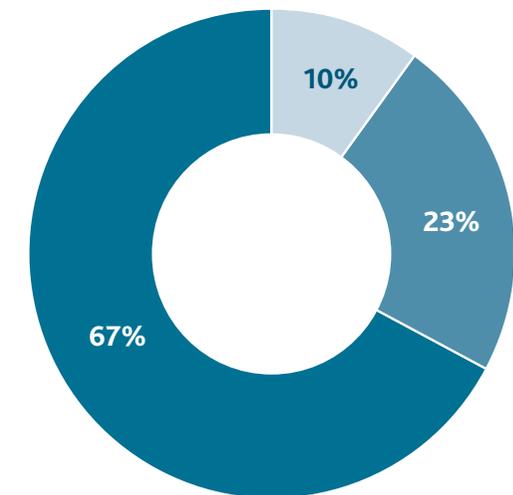
Government funding for the Olympic and Paralympic programme, excluding security, is held by DCMS. The Greater London Authority (GLA) and the Olympic Lottery Distributor (OLD) continue to contribute, as per the 2007 Spending Review agreement. Security funding continues to be provided primarily by the Home Office.

The overall National Lottery contribution to the 2012 Games remains at 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.

The maximum contributions from the GLA/London Development Agency (LDA) and the Lottery remain unchanged from the previous quarterly report. Under the confirmed arrangements, the interests of the Lottery under the 2007 Memorandum of Understanding between the Government and the Mayor are still protected. The Memorandum is being updated to reflect the latest position as a result of the transfer of land ownership from the LDA to the Olympic Park Legacy Company on 30 September 2010. The Lottery's entitlement to the receipts of the sale of land as set out in the 2007 Memorandum of Understanding will be fully preserved in the revised memorandum.

Table 2: Sources of funding

Funding from:	£bn
Lottery	2.175
London (GLA and LDA)	0.875
Central Government	6.248
Total	9.298



- 10% London (GLA and LDA)
- 23% Lottery
- 67% Central Government

ODA Programme Overview

In total, 88 per cent of the venues and infrastructure for Games-time are now completed and in many case venues on the Olympic Park have been delivered ahead of schedule. Completed venues now include the Velodrome, the main Stadium, the Handball Arena, the Basketball Arena and the International Broadcast Centre (IBC).

The overall public sector funding package for the Games was announced in March 2007 and totalled £9.325bn. As announced in May 2010, as part of the DCMS's contribution to reducing the overall national budget deficit, it was agreed that the ODA's budget would be reduced by £27m. This took the overall funding package for the Games to £9.298bn.

The funding package for the Games remains at £9.298bn and, as previously announced, has been reconfigured to make provisions for operational requirements, reflecting the changing focus of the programme from construction to operational delivery.

This reconfiguration has been made possible by the effective way that the ODA have managed their programme; delivering within budget and making over £870m of savings.

To ensure transparency on the investment being made in the Olympic Park, and more widely for the Games, the Government Olympic Executive (GOE) and ODA have published Quarterly Reports since 2009 updating on forecast costs for the programme. As these reports have shown the project remains on time and within budget.

Five years ago, the ODA set out a challenging delivery timetable which aimed to complete the main venues and infrastructure on the Olympic Park by the summer of 2011 to give LOCOG a year to test and install overlay in the facilities.

Five years later, as we approach a year to go to the Games, the ODA has achieved all of its milestones to date and will complete the main venues and the majority of key infrastructure on the Olympic Park as planned this summer; on time and within budget.

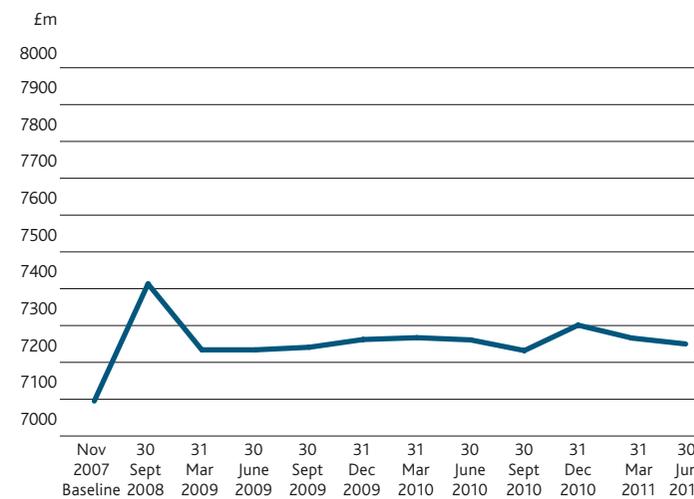
To mark a year to go to the Games on the 27 July, the ODA will complete the Aquatics Centre and unveil the venue for the first time.

The ODA has also achieved additional significant savings in the quarter and, with just over a year to go to the 2012 Games, the Anticipated Final Cost (AFC), which is the current forecast of the final cost of the ODA's programme, including risks, scope changes and inflation is £7.250bn, compared to £7.266bn at the end of March 2011. This is a total decrease of £16m.

Most of the contingency used to date has been for projects affected by the economic downturn – the Village and the International Broadcast Centre/Main Press Centre (IBC/MPC) and for Park-wide Operations. Contingency required for other projects has been more than offset by savings elsewhere.

Graph 1: ODA Anticipated Final Cost over time

Date	ODA AFC (£m)
November 2007 Baseline	7095
30 Sept 2008	7413
31 March 2009	7234
30 June 2009	7234
30 Sept 2009	7241
31 Dec 2009	7262
31 March 2010	7267
30 June 2010	7261
30 Sept 2010	7232
31 Dec 2010	7301
31 March 2011	7266
30 June 2011	7250



Programme Progress

Construction work has been completed on many of the venues and infrastructure required for the Games and in legacy.

There are circa 11,000 workers on the Olympic Park and Olympic Village and the programme continues to provide jobs and millions of pounds of business opportunities to companies all around the UK. Seventy-five pence of every pound the ODA spends is an investment in long-term regeneration so a considerable physical legacy from the Games is already largely delivered.

Landscaping on the Park is also progressing with more than 2,000 trees and thousands of plants planted across the Olympic Park and Village. The wetland bowl in the north of the Olympic Park is now complete and last month over 100 local residents and schoolchildren were invited to the first 'Picnic in the Olympic Park'.

The new utilities infrastructure being installed in the Olympic Park is nearing completion, with the Primary Substation and Sewage Pumping Station in operation, and the Energy Centre is ready to enter service.

In June, the ODA announced the completion of the transport 'Big Build', with the £120 million works to treble capacity and improve accessibility finished at Stratford Station – the main 'Gateway' station for the Games. The new Docklands Light Railway (DLR) extension to Stratford International Station is also ready to open to the public in the summer.

ODA works remaining to complete on the site include the construction of the Olympic Village – which is on track to be completed by the end of 2011, the construction of Eton Manor, the Water Polo Arena, Structures, Bridges and Highways projects and Landscaping works.

Post-Games transformation works

The job of transforming Olympic Park venues and infrastructure for legacy use after the Games has been passed from the ODA to the OPLC.

The transfer of responsibility follows discussions between the ODA, the OPLC and the GOE regarding how best to deliver the post-Games transformation works in a way that ensures value for money and avoids duplication. The OPLC will then build on the huge physical transformation of the Olympic Park site in line with their broader legacy blueprint to make the Olympic Park a global destination for homes, jobs, sport and leisure.

The ODA scope will transfer to OPLC who will receive the appropriate funding to demount temporary venues and structures on the Olympic Park, remove Games-time elements of permanent venues and reconfigure roads, bridges and other infrastructure for legacy use. Once the final details have been agreed, the next Quarterly Report in the autumn will show the transfer of budget out of the ODA AFC.

Savings

A total of over £870m in savings has been achieved by the ODA since the November 2007 baseline was agreed, including £33m in the last quarter.

The majority of these savings have been achieved on Structures, Bridges and Highways, Logistics, Security, Transport, Enabling Works, IBC/MPC and savings from inflation. Most have been used to offset increases across the programme, which has meant that lower levels of contingency have been utilised.

Progress against milestones to July 2011

Milestone 1

By 27 July 2011: Construction of the Olympic Stadium will be complete and the venue ready to be handed over.

Progress: The last piece of turf on the Olympic Stadium's field of play was laid in March 2011, marking the completion of construction on the flagship venue in just under three years – on time, under budget and with an exemplary safety record. The final surface of the running track will be laid by LOCOG later this year, so it is in the best possible condition for the Games.



Milestone 2

By 27 July 2011: Construction of the Aquatics Centre will be complete and the venue ready to be handed over.

Progress: Final works are nearing completion at the Aquatics Centre, which remains on track to be finished by 27 July 2011 – one year from the Opening Ceremony of the London 2012 Olympic Games. All three pools have been completed and filled with water, and the moveable pool floors for legacy have been installed. The 12,000 square metre ceiling has been covered with 30,000 sections of sustainably sourced treated timber, and all 17,500 seats have been installed in the permanent venue and temporary stands.



Milestone 3

By 27 July 2011: Construction of the Velodrome will be complete and the venue ready to be handed over.

Progress: The completed 6,000 seat Velodrome was unveiled in February 2011 – the first Olympic Park sports venue to finish construction, on time and to budget. Work on the neighbouring BMX Circuit is on schedule to be completed by August. 14,000 cubic metres of soil have been cleaned and reused from elsewhere on the Park to form the track-levels up to four-metres high, and the final track surface is now being installed.



Milestone 4

By 27 July 2011: Construction of the IBC/MPC will be complete and ready for occupation by the Olympic Broadcasting Service and LOCOG.

Progress: Construction work has been completed for the IBC and is due to be complete for the MPC by the 27 July with work continuing on the temporary catering facilities required for the media during the Games.



Milestone 5

By 27 July 2011: Construction of the Handball and Basketball Arenas will be complete and the venues ready to be handed over.

Progress: The 'Big Build' of the 6,500 capacity Handball Arena was completed in May 2011, the third venue on the Olympic Park to be completed, on time and within budget. This was followed in June 2011 when the temporary Basketball Arena became the fourth Olympic Park venue completed – the fourth largest venue on the Olympic Park and one of its quickest venues to finish construction.



Milestone 6

By 27 July 2011: Construction of the Lee Valley White Water Centre will be complete and the venue handed over to Lee Valley Regional Park Authority (LVRPA).

Progress: In December 2010, HRH The Princess Royal officially unveiled the Lee Valley White Water Centre – the first brand new London 2012 venue completed. LVRPA opened the venue to the public in April, delivering an early legacy over a year before the Games.



Milestone 7

By 27 July 2011: Construction work on Eton Manor and The Royal Artillery Barracks will be underway and on track to be completed in spring 2012 as planned.

Progress: Eton Manor's main sports centre is now structurally complete and watertight and concrete bases have been laid for the first of the tennis courts, ready for the final acrylic surfaces to be installed. Work is progressing on the three enclosed and three open-air shooting ranges at Royal Artillery Barracks, with the foundations for the fields of play being formed and the first steel structures now coming out of the ground. Both venues are on track to be completed early in 2012.



Milestone 8

By 27 July 2011: The external structure of the Olympic Village will be finished with the internal fit out complete in most of the blocks.

Progress: Work on the first residential plot was completed in March 2011, with the construction of the remaining residential plots firmly on track to be completed by the end of 2011. The Chobham Academy education campus is nearing completion and the state-of-the-art Polyclinic is now structurally finished, with all works due to be completed in the autumn. Work is progressing on the creation of an extensive wetlands park.



Milestone 9

By 27 July 2011: Construction of all permanent bridges will be complete. All utilities will be operational. Landscaping will be well advanced across the Park.

Progress: More than 2,000 trees have now been installed across the Olympic Park and Village – including the 20-year-old oak tree in the centre of the Park's public-designed Great British Garden. All works on the colourful major footbridge in the centre of the Olympic Park and the vast Aquatics Centre land bridge that will be the 'Gateway to the Games' are complete. The entirely new utilities infrastructure being installed in the Olympic Park is nearing completion, with the Primary Substation and Sewage Pumping Station in operation, and the Energy Centre is ready to enter service.



Milestone 10

By 27 July 2011: Construction work at Stratford Station will be complete, with Londoners already benefiting from hundreds of millions of pounds of additional investment across London's transport system.

Progress: In June 2011, the ODA announced that the transport 'Big Build' is complete, with the £120m works to treble capacity and improve accessibility finished at Stratford Station – the main 'Gateway' station for the Games – and the newly completed DLR extension to Stratford International Station ready to open to the public in the summer. The latest edition of the *London 2012 Transport Plan* was also published, giving a comprehensive overview of the Games-time transport arrangements across the UK.



For further detail on these milestones and progress against them, please visit:
<http://www.london2012.com/publications/the-big-build-completion-milestones-to-27-july-2011.php>

Cash flow

The outcome of the spend analysis up to the end of June 2011 is as follows:

November 2007 Forecast Spend to end June 2011	Actual Spend to end June 2011
£6,015.0m	£5,535.8m

The variance between forecast and actual spend reflects savings achieved on infrastructure works (such as Structures, Bridges and Highways), Logistics and Security offset by additional spend on the Olympic Village, now publicly funded together with planned changes to the delivery programme.

Overall budget position and Anticipated Final Cost

There have been some movements in the overall AFC in the last quarter.

Movements on overall AFC

Through a combination of additional savings made in the last quarter and the expectation of reduced risks going forward, the overall AFC to completion for the project has decreased by £16m.

The main changes in the quarter were:

- Savings achieved or expected in delivery and contract close out on the F10 Bridge (£2m) and South Park Site Preparation (£3m).
- A reduced expectation of savings to be achieved in delivery of Landscaping (£3m) and increased cost pressures to bridges and roads (SBH) located in the south of the Olympic Park (£2m).
- An expected cost pressure of £1m for Lee Valley White Water Canoeing Centre due to issues associated with contract close-out.
- Decrease in costs (£3m) on Transport Capital Projects due to reduced potential cost pressures on rail and a switch of funds to Transport Operating Expenditure to match expected works with a potential cost pressure of £9m (increased potential cost of providing transport options to Excel and football stadia outside of London and potential freight related costs).

- An anticipated reduction in costs of £10m and £8m on Logistics and Security for Park Construction respectively due to a slower ramp up in spend than expected and a reduced assessment of risks as most contracts are in place.

- An increase in costs for Park Operations reflecting dredging works to improve Waterways in and around the Olympic Park for Games-time and legacy use and a reallocation of maintenance costs on the Olympic Village project to facilitate better management of these services.

- A new cost pressure within Security Screening and Operational Areas to provide ground works to allow the construction of additional operational facilities on the Park for use during Games-time (£4m).

- Anticipated saving on Village construction of £5m due to transfer of maintenance costs to Park Operations and reduced expectation of contingency use in the future.

- An increase in potential final costs of £4m on IBC/MPC for providing back up cooling systems to support the functionality of the building during Games.

Overall, taking account of expected savings, cost pressures and risks the AFC is now £7.250bn, a decrease of £16m in the quarter.

Table 3: Changes to ODA budget

	Original baseline £m	Allocated contingency £m	Revised baseline £m	Contingency available £m	Maximum available ODA budget £m
November 2007	6,127	0	6,127	1,972	8,099
Village interim funding		95	95	(95)	
Contingency releases published Jan 09		35	35	(35)	
September 2008	6,127	130	6,257	1,842	8,099
Village additional funding		231	231	(231)	
IBC/MPC		135	135	(135)	
September 2008	6,127	496	6,623	1,476	8,099
Inflation savings		(77)	(77)	77	
VAT rate reduction		(24)	(24)	24	
Other movements		28	28	(28)	
March 2009 – pre Village funding	6,127	423	6,550	1,549	8,099
Village investment		261	261	(261)	
March 2009 – post Village funding	6,127	684	6,811	1,288	8,099
Basketball		(3)	(3)	3	
Security Resilience		19	19	(19)	
June 2009	6,127	700	6,827	1,272	8,099
Barking feasibility reports/Eton Manor/Aquatics		2	2	(2)	
September 2009	6,127	702	6,829	1,270	8,099
Aggregate Tax (£0.4m)		0	0	0	
December 2009	6,127	702	6,829	1,270	8,099
Parkwide Operations		13	13	(13)	
Stratford City post-Games development		75	75	(75)	
March 2010	6,127	790	6,917	1,182	8,099
Reduction in ODA budget as part of public sector in-year reductions					
– IBC/MPC		(11)	(11)		(11)
– Security for site construction		(13)	(13)		(13)
– Velodrome/Basketball Arena		(3)	(3)		(3)
June 2010	6,100	790	6,890	1,182	8,072
Information security		3	3	(3)	
Village Operational Service Area		5	5	(5)	
Security measures to allow public access to Stratford City Retail Centre		10	10	(10)	
Security for Park Operations		21	21	(21)	
September 2010 before Village receipts	6,100	829	6,929	1,143	8,072
RAB		11	11	(11)	
GTTV		6	6	(6)	
VAT and other Emergency Budget impacts		47	47	(47)	
Parkwide Operations (Programme)		116	116	(116)	
Parkwide Operations (Funders)		57	57	(57)	
Parkwide Operations (LOCOG Funding)				(67)	(67)
December 2010s – pre Spending Review	6,100	1,066	7,166	839	8,005
Comprehensive Spending Review				(684)	(684)
December 2010 – post Spending Review	6,100	1,066	7,166	155	7,321
Transformation Works		10	10	(10)	
VAT and other Emergency Budget impacts		(13)	(13)	13	
Sponsors hospitality/resilience work		6	6	(6)	
March 2011	6,100	1,069	7,169	152	7,321
Comprehensive Spending Review (alignment of contingency)		50	50	(50)	
June 2011	6,100	1,119	7,219	102	7,321
Village future receipts		(324)	(324)	324	
June 2011 after Village receipts	6,100	795	6,895	426	7,321
Net future cost pressures		55	55		
Total before assessed programme risks	6,100	850	6,950		
Assessed programme risks		300	300		
TOTAL AFC	6,100	1,150	7,250		

Contingency

No programme contingency has been released in this quarter. However, the ODA has returned £50m of excess contingency to the public sector funding package. This follows a reduction in the funding made available to the ODA at the 2010 Spending Review (SR). While the ODA has been working within the SR funding package since October 2010, it is now formally reflected in the ODA's budget, bringing it into line with the funding available.

As of the end of June 2011, the gross allocation of contingency was £1.069bn out of the £1.972bn contingency available. The net allocation is £745m assuming the £324m additional funding made available in May 2009 to the Olympic Village from contingency is repaid from the future sale of Olympic Village homes.

With £684m being removed from the ODA funding package as part of the SR and a further £50m reappropriated plus £67m being used to fund LOCOG Park Operations scope, this leaves a contingency balance of £426m.

The ODA now estimates the value of programme risks going forward to be £300m, a reduction in the financial quarter of £15m.

Table 4: Anticipated Final Cost (AFC)

		Nov 07 ODA Baseline Budget £m	May 11 Quarterly Economic Report £m	July 11 Quarterly Economic Report £m	May 11 – July 11 Variance £m
Site Preparation and Infrastructure	Powerlines	282	285	285	0
	Utilities	256	235	235	0
	Enabling Works	364	393	393	0
	F10 Bridge	89	61	59	(2)
	Other Structures, Bridges and Highways	740	612	614	2
	South Park Site Preparation	116	94	91	(3)
	Prescott Lock	5	5	5	0
	Other Infrastructure (Landscaping)	243	243	246	3
	Total Site Preparation and Infrastructure	2,095	1,928	1,928	0
Venues	Stadium	496	486	486	0
	Aquatics	214	269	269	0
	Velopark	72	93	93	0
	Handball	55	43	43	0
	Basketball	58	43	43	0
	Other Olympic Park Venues	59	112	112	0
	Non-Olympic Park Venues	84	117	118	1
		Total Venues	1,038	1,163	1,164
Venues Operations	Venues Reconfiguration	17	55	55	0
	Total Venues Operations	17	55	55	0
Transport	Stratford Regional Station	119	120	120	0
	DLR	86	80	80	0
	Thorntons Field	47	23	23	0
	North London Line	110	107	107	0
	Other transport capital projects	178	141	138	(3)
	Other transport operating expenditure	357	388	397	9
		Total Transport Projects	897	859	865
Parkwide Projects	Logistics for site construction	337	256	246	(10)
	Security for park construction	354	283	275	(8)
	Section 106 and masterplanning	127	117	117	0
	Insurance	50	50	50	0
	Parkwide Operations	0	213	220	7
	Security screening and operational areas	0	52	56	4
	Other parkwide projects	0	29	29	0
		Total Parkwide Projects	868	1,000	993
Media Centre and Olympic Village	Stratford City Land and Infrastructure	522	614	614	0
	Stratford City Development Plots*	(250)	(100)	(100)	0
	Village Construction – public sector funding	0	711	706	(5)
	Village Receipt	0	(324)	(324)	0
	IBC/MPC	220	301	305	4
	Total Media Centre and Olympic Village	492	1,202	1,201	(1)
Programme Delivery		647	718	718	0
Taxation and Interest – includes Emergency Budget Impact		73	26	26	0
Total Budget Before Contingency		6,127	6,951	6,950	(1)
ODA Programme Contingency		968	421	371	(50)
Total after ODA Programme Contingency		7,095	7,372	7,321	(51)
Available Programme Contingency**		0	(106)	(71)	35
Retained Savings***		0	0	0	0
Total Potential Anticipated Final Cost (AFC)		7,095	7,266	7,250	(16)

* Anticipated receipts from the sale of plots acquired from London and Continental Railways.

** Available Programme Contingency represents the amount of Programme Contingency available in excess of assessed risks

*** Retained Savings represents savings generated which will be used to meet future cost pressures

Olympic and Paralympic security finance update

Management of the Olympic and Paralympic Safety and Security Programme, which covers the policing and wider security for the Games, is the responsibility of the Home Office. The Home Secretary is the lead minister for Olympic and Paralympic safety and security, and is accountable for the delivery of the Safety and Security Strategy, Delivery Plans and the Safety and Security Programme. The Olympic Security Directorate (OSD), within the Home Office, has developed and manages the Strategy and its associated programmes, and ensures their delivery through other agencies, departments and organisations. The Government carried out a full review of the overall security arrangements in late 2010 and is confident the right plans are in place to deliver a safe and secure Games for all. The Government's approach to security is intelligence-led and risk-based, giving the flexibility to respond to any changes between now and Games-time. The planning assumption we have used throughout is that the Games will be delivered in the context of a severe level of terrorist threat. This is kept under regular review.

Much of our work is now focussed on providing assurance that the capabilities and plans we will rely on to deliver the Home Secretary's guarantee to make the 2012 Olympic and Paralympic Games safe and secure will work in practice. This work also seeks to ensure that these capabilities and plans fit effectively with the other elements of the delivery of the Games.

A key element of assurance is testing and exercising. On behalf of the Games-wide community, the Home Office, with support from partners, is putting in place a programme of exercises to test the effectiveness, resilience and decision-making capability of key Games-time structures and processes. Testing and exercising will take place on a number of levels, from table-top testing to command post exercising and full scale live play events. They will be used to test everything from command and control procedures to plans to handle specific incidents.

Funding for Olympic and Paralympic safety and security were prioritised within the 2010 Spending Review to ensure the safety of all those participating, watching and visiting the Games. A £600m funding envelope is available, if required, for additional policing and wider Games security, although the Government is confident it can deliver the full programme for about £475m.

Venue security is a shared responsibility of LOCOG, as event organiser, and the Government, as the guarantor of security to the IOC. Accordingly, a further £282m will be made available to LOCOG to support it in delivering its responsibilities for securing Olympic and Paralympic venues.

LOCOG finance update

The London Organising Committee of the Olympic Games and Paralympic Games Limited (LOCOG) is responsible for staging the 2012 Games. It is a private company limited by guarantee established by a joint venture agreement between its stakeholders, namely: Secretary of State for Culture, Olympics, Media and Sport; the Mayor of London; and the British Olympic Association.

LOCOG is ahead of schedule in generating the £2bn needed to stage the Games in 2012. It has secured 90 per cent of its total revenue, including over £690m from local sponsorship. As at 30 June 2011, it had signed up 41 domestic sponsors including two sponsors for the Paralympic Games only. These are listed in Table 5 opposite. Alongside this LOCOG continues to maximise sole-supplier and branding opportunities and has now signed up 50 licensees, generating £43m in minimum guaranteed revenue, 50 per cent of the net revenue target. On 15 March 2011, LOCOG launched the remaining major element of its revenue-raising programme as the UK application process for tickets for the London 2012 Olympic Games opened.

The first ticket sales window lasted up to 26 April and resulted in three million tickets being sold. The enthusiasm shown by the UK public generated a demand which massively exceeded supply in popular sports and sessions. LOCOG received 22.5 million requests for tickets from 1.9 million people and conducted over 1,500 ballots to determine allocations for over-subscribed sessions.

In total, 700,000 successful applicants were, on average, allocated between four and five tickets, totalling around £275. Acknowledging the disappointment of those unsuccessful in the initial ballot, LOCOG is aiming to get two thirds of the 1.9 million applicants to the Games.

By mid-July, an additional 750,000 Olympic tickets had been sold to nearly 150,000 successful applicants in phase one of the 'second chance' sales round, open to those who were unsuccessful in the first round. From these first two rounds, only football and wrestling (freestyle) tickets remain.

In September, two million Paralympic tickets will go on sale and at the end of the year LOCOG plans to release up to one million Olympic contingency tickets after venue modelling is finalised. Given the level of applications, which demonstrates the high level of public engagement with the Games across the UK, LOCOG is confident that it will raise the half a billion pounds it requires from ticket sales to stage the Games.

Table 5: LOCOG sponsors as at 30 June 2011

Domestic Tier One Partners	Domestic Tier Two Supporters	Domestic Tier Three Suppliers and Providers	Domestic Tier One Paralympic Games Partner
adidas	Adecco	Aggreko	Otto Bock
BMW	ArcelorMittal	Airwave	Sainsbury's
BP	Cadbury	Atkins	
British Airways	Cisco	Boston Consulting Group	
BT	Deloitte	CBS Outdoor	
EDF Energy	Thomas Cook	Crystal CG	
Lloyds TSB	UPS	Eurostar	
		Freshfields Bruckhaus Deringer LLP	
		G4S	
		GlaxoSmithKline	
		Gymnova	
		Heineken UK	
		Holiday Inn	
		John Lewis	
		McCann Worldgroup	
		Mondo	
		Next	
		The Nielsen Company	
		Populous	
		Rapiscan Systems	
		Technogym	
		Thames Water	
		Ticketmaster	
		Trebor	

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 the 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 specific requirements of people with disabilities. Please call 020 7211 6200 or email enquiries@culture.gov.uk

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