



department for
culture, media
and sport

London 2012 Olympic and Paralympic Games Update Report July 2008



host government
department

improving
the quality
of life for all

DCMS aims to improve the quality of life for all through cultural and sporting activities, to support the pursuit of excellence and to champion the tourism, creative and leisure industries.



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In January 2008 we published the first London 2012 Olympic and Paralympic Games Annual Report, which set out our achievements in 2007 and our priorities for 2008. In the Report we made a commitment to produce this mid-year update, which summarises achievements in January to June 2008, and priorities for July to December 2008, across the Olympic and Paralympic programme.

**In the last six months,
visible signs of the benefits
that London 2012 will bring
have begun to show through.**



Forward to 2012

Since January, progress has continued apace. The programme remains on budget, despite some tough issues.

The International Olympic Committee's (IOC) assessment of a near-faultless "9.75 out of 10" given to LOCOG and partners for our work to date (Dennis Oswald, Chairman of the IOC Co-ordination Commission, May 2008), and the National Audit Office's (NAO) finding that "the preparations for the Games have progressed in important ways" (NAO Value for Money Report, June 2008¹), provide reassuring confirmation of our strong position.

This is testament to the progress made, the hard work and dedication of everyone involved, and the commitment of all members of the London 2012 Family. This dedication has enabled us to start the building work on site, including on the Olympic Stadium, over two months ahead of schedule.

In the last six months, visible signs of the benefits that London 2012 will bring have begun to show through. Since the launch of the London 2012 Business Network in January, over 20,000 companies from across the UK have already signed up. On site, 451 of the jobs on the Olympic Park have gone to local people, bringing direct benefits to these communities.

The Government's Legacy Action Plan *Before, During and After: making the most of the London 2012 Games* was published in June – the first time a host nation has been specific and detailed about its legacy four years out from the Games. The Inspire mark – a groundbreaking new badge that will be awarded to non-commercial projects genuinely inspired by 2012 – has now been launched.

The next six months will create a real acceleration in our work. On 24 August the Olympic Flag will be handed over to London at the Handover Ceremony in Beijing. In the autumn we will launch the Cultural Olympiad which will run right up to 2012 and give local communities their chance to mark the London 2012 Games through many art forms including music, theatre, art and dance.

The London 2012 Education Programme will kick off in schools around the UK on 17 September, marking the Handover of the Paralympic Flag to London. The London 2012 Education Plan will grow in the years leading up to the Games so that hundreds of thousands of schoolchildren can be inspired by the Olympic and Paralympic Values. On site, the construction of the Aquatics Centre and much of the infrastructure will begin later this summer.

Taking over the Flag from Beijing this summer is an opportunity to celebrate our successes so far, and to bring the excitement of the Games to everyone in the UK. The UK-wide Handover celebrations on the August bank holiday will be a fantastic demonstration of national pride and commitment to the Games.

We continue to build a great team. I want to thank the DCMS Permanent Secretary Jonathan Stephens, all the staff in the Government Olympic Executive (GOE), the Olympic Delivery Authority (ODA), the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG), and colleagues in other partner organisations for all their continuing work towards delivering the 2012 Games.



Tessa Jowell

Rt Hon Tessa Jowell MP
Minister for the Olympics
and London

¹ National Audit Office Value for Money Report, 'Preparations for the London 2012 Olympic and Paralympic Games: Progress report June 2008' (<http://www.nao.org.uk/pn/07-08/0708490.htm>)





Aerial view of the Olympic Park site, March 2008

Vision and objectives

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

Build

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

Stage

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

Legacy

- Make the UK a world-leading sporting nation through Elite Athlete success, mass participation in sport and school sport
- Continue transforming the heart of East London through regenerating one of London’s most deprived areas into a world-class district for living, leisure, business and sport
- Demonstrate the UK is a creative, inclusive and welcoming place to live in, visit and for business
- Inspire a new generation of young people to take part in local volunteering, cultural and physical activity
- Make the Olympic Park a blueprint for sustainable living

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

Each phase is led by specific organisations within the 2012 Olympic Family, working closely in conjunction with GOE: Build is led by the ODA, Stage is led by LOCOG and Legacy is led by the Government, the Greater London Authority (GLA) and the London Development Agency (LDA).

Programme oversight

GOE is responsible for providing assurance to Government, and the Olympic Board, that activities are being well managed against clear programmes of work, and for providing effective risk and financial management for the Games Programme as a whole.



De-construction of electricity pylons on the Olympic Park site

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



Progress in first half of 2008

Build²

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

In December 2007, the ODA published 10 milestones to Beijing which set out their key deliverables in the first half of 2008; below are updates against them:

- **April 2008** – Piling commenced for platform 3a at Stratford Regional Station, Central Line, as part of the project to widen the station platform. Platform decluttering commenced, with work also well advanced on subways. Intensive works are also ongoing on accessibility facilities such as lifts. The station remains fully operational throughout the works (milestone 6)
- **May 2008** – Enhancement works to Weymouth and Portland National Sailing Academy remain ahead of schedule, with agreement in place with the contractor to move the project completion date forward to mid-November 2008 at no additional cost (milestone 9). This means that Weymouth and Portland remains on track to be the first venue ready for the 2012 Games
- The completion of carriage sidings at Thornton's Field/Orient Way (milestone 6) five weeks earlier than scheduled, and below budget, has allowed logistical works on the main Olympic Park to start earlier than expected, facilitating construction of the Olympic Stadium and Aquatics Centre
- Construction work started on the Olympic Stadium over two months ahead of schedule, with over half the concrete columns required for the foundations already in place. Concrete and steel works have also commenced, with the evolving structure to become visible in the coming months (milestone 7)
- **June 2008** – Cable installation work has been completed in both tunnels, with highly specialised cable jointing work now in progress (milestone 2) and expected to complete in advance of the Beijing target in preparation for dismantling of the overhead pylons
- Contracts have been secured for the majority of the utilities networks projects including gas, electricity and water (milestone 4) with contracts in place for the provision of 1.8 km of deep sewer, 6 km of water main, 6.5 km of gas main, 18 km of electrical ducts and 22 km of telecommunications ducts. These works will be starting on site throughout the summer of 2008
- Work commenced on the foundations of the Primary Substation, with concessions/contracts awarded for the Energy Centre and Primary Sewer (milestone 4)
- The bulk of piling/concrete works to the Prescott Lock structure have been completed, and lock gates are now being installed (milestone 5). The completion of Prescott's Lock will allow access to the waterways through the park for leisure craft and freight
- Piling works are underway on site to reinforce the ground where the first blocks of the Olympic Village will sit. The piling works will form the permanent foundations for the first blocks of the Olympic Village, allowing works on the concrete substructure to start later in the summer (milestone 8)
- Contracts have been agreed for the Olympic Stadium, Aquatics Centre and the VeloPark. Contractual negotiations are in the final stages for both the Village and the International Broadcasting Centre/Main Press Centre (IBC/MPC). All designs are at an advanced stage (milestone 9)

²The milestones given correspond to specific progress made towards the ODA's 10 milestones to Beijing, as set out in the ODA's *Demolish, Dig and Design* report <http://www.london2012.com/documents/oda-publications/demolish-dig-design-update.pdf>

Health and safety

We are committed to ensuring that the construction and operation of venues for the Games will be in full accord with the 2012 Construction Commitments. Over the last six months, January to July 2008:

- The accident frequency rate has been pushed down almost every month, now at a rolling annual average of 0.1 (that is approximately 1/12th of the estimated UK construction average, representing one reportable accident for every million hours worked)
- There have been two periods of 1,000,000 hours without a reportable accident, and one period of 2,000,000 hours
- A world-class Occupational Health service has been established on the Olympic Park – available free at the point of use for all contractors and site workers
- A leadership programme has been established – led by the ODA's Chief Executive and Director for Construction – with a body representing the Tier 1 Contractors SHELTER (Safety, Health and Environment Leadership Team for Excellence)
- A new Climate Survey developed for the construction industry by the Health and Safety Executive, in partnership with the ODA, will be launched this summer
- Olympic Park site emergency plans have been established and tested, in liaison with the emergency services
- The ODA Board has established a Safety, Health and Environment (SHE) Committee to ensure proper governance and scrutiny of the health and safety arrangements
- An Olympic Park Introduction has been established, so that every incoming worker gets a general health and safety briefing before being inducted into their own work area



Construction workers in hi-visibility personal protective equipment



View of the culvert used to move the waterway within the VeloPark underground

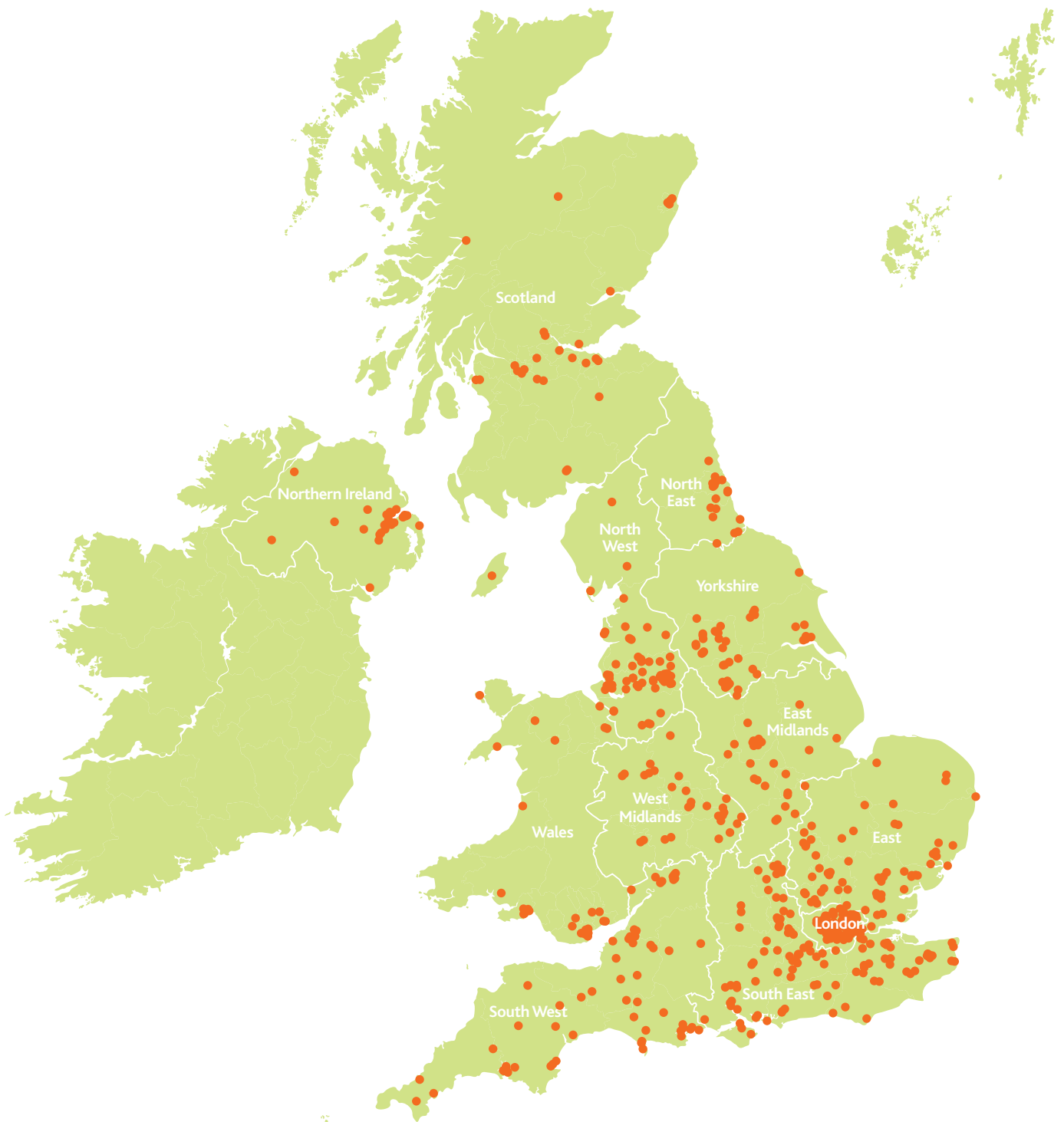
Stage

Olympic and Paralympic Games

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

During the first half of 2008 significant progress has been made by LOCOG and others:

- **January 2008** – London 2012 Business Network launched
- **January to April 2008** – The Get Set London Roadshow 2008 travelled throughout the capital from 9 January to 6 April. There were over 30 events around the capital, explaining the opportunities of the Games to more than 31,000 visitors. It was a chance for Londoners to find out how the 2012 Games will benefit jobs and skills, culture, sports, business and regeneration in the capital
- **January to June 2008** – LOCOG announced three further Tier 1 sponsors: British Airways (Airline), BP (Oil and Gas) and BT (Communications), bringing the total number of domestic partners to six, an unprecedented number of commercial partners prior to an Organising Committee's preceding Games
- **February 2008** – LOCOG launched "Welcoming the World" Education Project to pupils in the Olympic Park Boroughs
- The British Olympic Association (BOA) announced that Aldershot will be the location for the Team GB Preparation Camp prior to the Games
- **March 2008** – LOCOG received approval from the IOC for the use of the Inspire mark for non-commercial programmes and projects that are inspired by London 2012
- **March to May 2008** – LOCOG announced the 639 qualifying Olympic-standard facilities and 170 qualifying Paralympic-standard facilities to be included in the Pre-Games Training Camp Guide, to be published at the Olympic Games and Paralympic Games in Beijing
- **May 2008** – IOC Co-ordination Committee delivered a positive endorsement – "9.75 out of 10" – for the work being carried out by LOCOG and its partners, commenting that "the level of detail in the plans four years before the Games is unprecedented, giving us full confidence we will have excellent Games in London in 2012" (Dennis Oswald, Chairman of the IOC Co-ordination Commission, May 2008)
- Launch of London 2012's Accessible Transport Strategy, including plans for accessible transport for the Games and beyond for national rail, taxis, waterborne transport, community transport and Stratford Regional Station
- London 2012 partner Lloyds TSB launched "Local Heroes" programme, providing over £1m to young sportspeople on the journey to London 2012
- **June 2008** – Plans announced for UK celebration of Olympic Handover and Paralympic Handover. The Handover celebrations include a UK-wide broadcast of the eight-minute show live from Beijing; a free concert for 40,000 people in The Mall – the 'Visa London 2012 Party' featuring top bands, acts, Olympians and special guest stars; the creation of a network of big screens at Live Sites across the UK; and the creation of a specially designed flag for local authorities to fly across the country to mark the occasion
- IOC approved four design changes to the Olympic Park to enhance usage after 2012. This included changes to venues for Fencing, Basketball, BMX and Handball
- GOE set up a Government Operations Group to bring together central Government Departments and public sector organisations that are contributing to, and responsible for, the guarantees given to the IOC for the staging of the Games



Pre-Games Training Camps: potential venues

Legacy

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

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

On 6 June 2008, the Government published *Before, During and After: Making the most of the London 2012 Games* – the Legacy Action Plan for the Olympic and Paralympic Games. This document sets out the Government's aim to realise the widest possible benefits from winning the games for the UK and its strategy to achieve it. It is the Government's first detailed statement on legacy, and it is the first time that a host city has published such a document before their Olympiad has even begun.

The Legacy Action Plan builds on the five promises laid out in *Our Promise for 2012* (published July 2007), and develops each of these promises into a series of indicators for delivery, with a suite of programmes attached to each indicator. The first half of 2008 saw significant progress made on each of these promises.

Promise 1: Make the UK a world-leading sporting nation

Indicators

- 1.1 Inspiring young people through sport**
Offer all 5 to 16 year-olds in England five hours of high-quality sport a week and all 16 to 19 year-olds three hours a week by 2012
- 1.2 Getting more people more active**
Help at least two million more people in England be more active by 2012
- 1.3 Elite achievement**
Aim for fourth in the Olympic medal table and at least second in the Paralympic medal table in 2012

Key achievements to date

- **June 2008** – New £140m fund announced to encourage local authorities (LAs) to open up nearly 1,600 publicly owned swimming pools free to over 60s in England; and a 'challenge fund' to encourage LAs to offer free swimming to under 16s and to rejuvenate and maintain pools, as part of a drive to get two million people more active by the London 2012 Olympics
- Sport England's new Sports Strategy launched – overhauling the way the organisation invests in sport through new, more effective relationships with national Governing Bodies and through county sports partnerships to get one million people more active by 2012
- £1m committed to a pilot 'Fit for the Future' incentive scheme for 16 to 22 year-olds to address the drop-off in sport and physical activity in school leavers. This will offer subsidised gym and fitness club membership based upon frequency of use (to commence in 2009)
- £7m programme of walking campaigns launched, including a Schools Walking Challenge to encourage more children to walk to and outside school
- £75m invested in a targeted social marketing programme to support parents in changing children's diet and increasing levels of physical activity (to commence in 2009)

Promise 2: Transform the heart of East London

Indicators

2.1 Transforming place

Create a well-planned and well-managed environment in and around the Olympic Park which will attract business investment and promote recreational and cultural use for years to come

2.2 Transforming communities

Build over 9,000 new homes (a large proportion of which are to be affordable), and provide new sport, leisure, education and health facilities that meet the needs of residents, business and elite sport

2.3 Transforming prospects

Help 20,000 workless Londoners from the five Host Boroughs into permanent employment by 2012, and create 12,000 job opportunities in the area of the Park post-Games

Key achievements to date

- **February 2008** – Olympic Park Legacy Masterplanning process formally launched, to develop plans for the transformation of the Park site after the Games, and its relationship with surrounding areas
 - *Shaping the Olympic Park Legacy* published
- **May 2008** – Construction work on venues and infrastructure (which will remain in legacy) is on schedule, with all five big venue sites cleared
 - Stadium site construction began over two months ahead of schedule



Olympic Park in legacy

Promise 3: Inspire a generation of young people

Indicators

3.1 Giving time and expanding horizons

Tens of thousands more young people giving time to their local communities as a result of the 2012 Games

3.2 New cultural activities

Tens of thousands of young people participating in cultural activities as a result of the 2012 Games

3.3 Engaging and learning

Thousands of schools, colleges, universities and other learning providers inspiring young people through the Olympic and Paralympic Values

3.4 Going global

Three million young people overseas accessing quality physical education and sport, and at least one million participating in these regularly by 2010

Key achievements to date

- **September 2007 to January 2008** – Eight 'Creative Programmers' appointed in the English regions to take forward plans for the Cultural Olympiad. London and the Devolved Administrations have put in place similar arrangements
- **January 2008** – Prime Minister launched Phase 1 of the International Inspiration Programme in India (Phase 1 will also cover Azerbaijan, Brazil, Palau and Zambia)
- **May 2008** – Cities identified to host Live Sites – giant screens and associated performance spaces
- **June 2008** – Educational online resource supporting Paralympic Handover celebrations at schools went live
- **July 2008** – First applications for the Inspire mark received from cultural projects across the UK

Promise 4: Make the Olympic Park a blueprint for sustainable living

Indicators

4.1 A model of sustainable development

A 50% reduction in carbon emissions from the built environment of the Olympic Park by 2013 as part of delivering the ODA Sustainability Strategy

4.2 Inspiring sustainable living

People encouraged to live more sustainably as a result of the 2012 Games, such as reducing their carbon footprint, being energy efficient or recycling on a greater scale

Key achievements to date

- **Up to June 2008** – The ODA is exceeding its target to reclaim 90% of demolition materials for re-use or recycling
- ODA and British Waterways making good progress on installing new Prescott Lock to create a gateway for barges entering the Olympic Park, allowing up to 1.75m tonnes of construction material to be brought in by barge, and taking up to 170,000 lorry journeys off local roads

Promise 5: Demonstrate the UK is a creative, inclusive and welcoming place to live in, visit and for business

Indicators

5.1 Improving business

Contribute to increasing and sustaining growth in UK business, including small and medium-sized enterprises (SMEs)

5.2 More jobs, improved skills

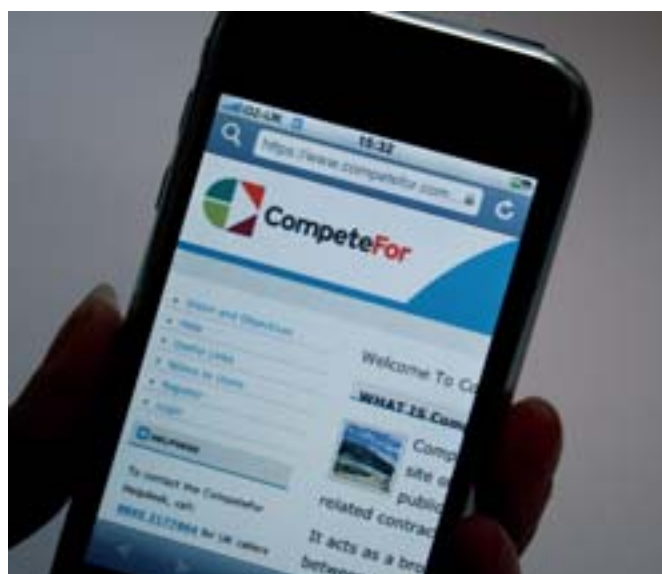
Help more people across the UK get and stay in work and build their skills long term.

5.3 Making the UK more welcoming

Create a warm welcome for all our visitors and ensure they receive world-class service while in the UK

Key achievements to date

- **January 2008** – Launch of London 2012 Business Network, giving business across the country access to contracts in the London 2012 supply chains
- **February 2008** – Announced development of a range of programmes to capitalise on the increased inward investment and export potential of the Games, including the Host2Host Programme which aims to create links with other host and bid nations. Through this programme, UKTI has recently signed an agreement with Vancouver, host of the 2010 Winter Games
- Launch of ODA's Employment and Skills Strategy, helping local people into employment and training on the Olympic Site
- **By end of April 2008** – Over 650 contracts (worth £2.7bn) awarded by London 2012 through the Business Network, and over 16,000 registrations for CompeteFor, the electronic brokerage system for buyers and suppliers
- ODA has signed a national agreement with JobCentre Plus for vacancy filling, and has a contractor workforce of 2,786 of whom 451 are from Host Boroughs and 10% were previously unemployed (exceeding the target of 7%)
- **June 2008** – Announcement of a Train to Gain Compact for 2012 – every business that wins a 2012 contract and their supply chain will be contacted by a Train to Gain skills broker



Top: Tens of thousands of young people will participate in cultural activities as a result of the 2012 Games

Bottom: CompeteFor will allow a wide range of diverse businesses to benefit from London 2012 investment

Links with Public Service Agreement

The key indicators published within the Legacy Action Plan are closely linked to the indicators contained within Public Service Agreement (PSA) 22: "Deliver a successful Olympic and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and Sport". In April 2008 the baselines for these PSA indicators were agreed.

Programme oversight

The responsibility for oversight and assurance of the entire programme transferred to GOE at the beginning of 2008. Since then GOE has:

- Developed a draft overarching plan of key milestones to 2014
- Agreed an Olympics wide risk management strategy
- Identified strategic and cross-programme risks
- Agreed an overarching performance measurement strategy
- Developed a cross-programme performance dashboard, monitoring each sub-programme and critical project against time, budget and requirements



National School Sport Week aims to engage over three million school children

Inspiring a new generation
of young people



Thousands of young people are being inspired
by the Olympic and Paralympic Values

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



Remaining priorities for 2008

Build³

Olympic and Paralympic Games

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

- Maintain construction schedule on the Stadium, Aquatics Centre, main bridges and other sites (milestone 1)
- Switch National Grid power supplies from overhead to underground cables and get dismantling of pylons well underway (milestone 2)
- Get all temporary bridges in place (milestone 3)
- Start on-site work for majority of Utilities Networks projects (milestone 4)
- Secure tidal exclusion secured at Prescott Lock (milestone 5)
- Complete platform 10a (Stratford Regional Station) and Angel Lane freight loop (milestone 6)
- Get Lea Valley Line bi-directional signalling in place (milestone 6)
- Define Olympic Route Network (milestone 6)
- Start main construction work on Aquatics Centre bridge (milestone 7)
- Sign contracts with Lend Lease for the Olympic Village and start main construction work (milestone 8)
- Start construction work on Aquatics Centre following approval of Planning application (milestone 9)
- Continue work to deliver the Legacy Masterplanning Framework process that was launched in February (milestone 10)



Steel hoists for lifting temporary bridge across the River Lee into place

³The milestones given correspond to specific progress made towards the ODA's 10 milestones to Beijing, as set out in the ODA's *Demolish, Dig and Design* report <http://www.london2012.com/documents/oda-publications/demolish-dig-design-update.pdf>

Stage

Olympic and Paralympic Games

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

- Continue to focus on raising revenue and securing partners
- Seconded programme to Beijing Organising Committee to maximise learning from the Games; and Observer programme to Beijing for in-depth understanding of Games-time operations, services and systems
- London 2012 Handover ceremonies within Beijing Olympic Games and Paralympic Games closing ceremonies
- Provide detailed debriefing to London 2012 team and stakeholders on learnings for London 2012 from attendance and involvement in Beijing 2008 Games
- Pre-Games Training Camp Guide unveiled and promoted to National Olympic Committees and National Paralympic Committees during Beijing Games
- Launch of London 2012 Domestic Education Programme for young people across the UK, with a series of activities to celebrate the Paralympic Games Handover
- Launch the Cultural Olympiad in September and continued development and delivery of this programme from now until 2012
- First use of the non-commercial Inspire mark after Beijing and working up the mechanisms for regional delivery of the mark
- First licensed merchandise to go on sale, including Beijing merchandise
- Complete London 2012 Carbon Management Strategy
- Publish Sustainable Sourcing Code for all procurement and licensee activity
- Continued detailed planning on Games operations, technology, systems, security and transport plans



Olympic Flame

Legacy

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

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

Having published the Legacy Action Plan in the first half of 2008, and in so doing set out our detailed ambitions for legacy and the programmes which will help to achieve those ambitions, in the second half of 2008 we can focus on the delivery phase of the Olympic legacy. Again, this will be taking place at an earlier stage than for any other Olympic Games.

GOE will be supporting and challenging the development of robust delivery plans for each of the PSA and LAP indicators developed by other Government Departments and delivery bodies. These will be submitted to Prime Minister's Delivery Unit as part of the PSA reporting process later this year.

In addition, there are significant objectives in the latter half of 2008 for each of the five legacy promises:

Promise 1: Make the UK a world-leading sporting nation

- UK Sport to review Beijing performance
- Sport England to complete the development of 'Whole Sports Plans' with individual Governing Bodies
- Announcement of detailed plans for the free swimming initiative, to start in April 2009
- Launch of Department of Health's £75m social marketing programme: Healthy Weight, Healthy Lives: A Cross-Government Strategy for England

Promise 2: Transform the heart of East London

- GOE to continue to work with partners to progress the Legacy Masterplan Framework (LMF) for the Olympic Park site, with the active involvement of local communities and the private sector
- Work to develop a Strategic Regeneration Framework to sit alongside the LMF and identify and address the social and economic needs of local communities.
- Plans for the long-term ownership and governance arrangements for the Park to be developed

Promise 3: Inspire a generation of young people

- London 2012 Education Programme to be launched
- Cultural Olympiad to be launched (26–28 September)
- Further development on the International Inspiration programme

Promise 4: Make the Olympic Park a blueprint for sustainable living

- Best Foot Forward to have developed a brand new carbon footprinting mechanism for the Games, on behalf of LOCOG
- Update of the London 2012 Sustainability Plan *Towards a One Planet 2012* to be published

Promise 5: Demonstrate the UK is a creative, inclusive and welcoming place to live in, visit and for business

- Further take-up of the London 2012 Business Network, and businesses across the UK winning contracts
- Personal Best programme to be rolled out across London, with similar models offered across the UK
- All 2012 Games vacancies submitted to Jobcentre Plus to have been flagged up as such
- Development of sectoral plans taking forward *Winning: A Tourism Strategy for 2012 and beyond*⁴ (published September 2007) to improve:
 - The welcome to Britain
 - Customer service
 - Tourist information
 - The quality of accommodation
 - Providing more accessible facilities



Athletes competing in the 2007 British Open Athletics Championships, organised by Disability Sport Events

Governance and reporting

Progress on each of these indicators will be overseen by the London 2012 Programme Board, chaired by the Director General of GOE, and will be reported on within the GOE annual reporting cycle.

Programme oversight

The key priorities for the next six months are to:

- Finalise and publish an overarching programme plan, including establishing the critical paths and key interdependencies
- Establish the arrangements for maintaining the plan
- Fully embed the risk management arrangements across the Olympics Programme

⁴ http://www.culture.gov.uk/images/publications/tourismstrategyfor2012_fullreport.pdf

75 pence in every pound spent by the ODA will leave a long-term regeneration benefit.



Financial Report

ODA programme progress

In the January 2008 Annual Report we published the background to the budget for the 2012 Olympic and Paralympic Games and associated infrastructure. We showed how the public funding package had been developed from the time of the bid through to the Minister for the Olympics' announcement of the revised funding package in March 2007, and the breakdown of the ODA's budget announced in December 2007. A detailed breakdown of the ODA budget, and a summary of the £9.325bn funding package, were included in the January 2008 Annual Report.

Also in January 2008 the ODA published a summary of their Baseline Report, setting out the scope of what they will deliver.

Since the December 2007 announcement, arrangements for management of the budget have been put in place. These include:

- Managing the flow of funds from multiple funders financing the ODA's budget
- Reporting to funders on progress, on both a quarterly and monthly basis
- Controls over contingency, defining the steps to be followed if programme-wide contingency is required to ensure that it is necessary and appropriate use of the available funding

This year's first quarterly report for funders covered the period from 1 January to 31 March 2008. As described earlier in this report, significant progress has been made in delivering the programme, through strong performance in delivering the works on site and letting principal contracts (e.g. the Olympic Stadium, Aquatics Centre and most of the Structures, Bridges and Highways projects).

The quarterly review to March 2008 confirmed that the overall baseline budget for the ODA remained at £6.090bn, as announced in March and December 2007. To date, no programme-wide contingency has been sought by ODA or agreed for release.

Nonetheless, within the £6.090bn total, as is to be expected in a programme of this scale and complexity when site works and contracts are being put into effect, a number of movements in potential final cost have been identified – both cost pressures and opportunities for savings.

The breakdown of the ODA budget, published in the January 2008 Annual Report, showed remaining programme wide contingency as £2bn. This includes provision for:

- **Programme contingency** for risks managed by the ODA. These risks principally relate to the risks inherent in delivering a programme of projects on this scale, on a tightly constrained site against an immovable deadline – as opposed to the risks that affect individual projects delivered in isolation (which are covered through project contingency). In accordance with good industry practice, programme contingency was assessed at the 80% confidence level and in November 2007 the contingency identified was £968m.

The £968m programme contingency will be managed by GOE. Under these arrangements any application by the ODA for access to the programme contingency will be subject to scrutiny by the Olympic Projects Review Group, of which each of the funders is a member, and approval by the Minister for the Olympics. Release of the lottery-funded element of programme contingency is subject to approval by the Olympic Lottery Distributor (OLD).

- **Funders' Group contingency**, to cover other risks beyond the Project and Programme level – principally relating to risks outside the control of the ODA, such as changes in scope, and to take the confidence level up to the 95% level. The Funders' Group contingency is, in effect, the balance of the funding available after taking into account the ODA baseline budget including project contingency and the programme contingency, so at the time of the Baseline Report just over £1bn was available. The assessment of risks to be borne by the Funders' Group confirmed that the funding available exceeded the assessed value of the risks.

The Funders' Group contingency of just over £1bn is subject to approval by the Ministerial Funders' Group following scrutiny by GOE and the Olympic Projects Review Group. Grant for any lottery-funded element of Funders' Group contingency is subject to approval by the OLD.

As part of the March 2008 quarterly review, the Quantified Risk Assessment of Programme Contingency has been reassessed and, along with the effects of the emerging cost pressures and savings opportunities, is reflected in Table 1 opposite.

Key points arising from the March 2008 update are that:

- The overall ODA budget remains at £6.090bn, unchanged from November 2007
- No programme or Funders' contingency has been requested or released
- The cost pressures emerging exceed identified savings opportunities by some £51m, and, taking into account the consequent reassessment of programme risks, result in a movement in the potential final cost of £16m on the £7.1bn total (comprising the £6.090bn baseline budget plus programme contingency) available to the ODA
- The cost pressures are mainly emerging in relation to venue projects. Specific factors lie behind each of the pressures and no increases, or release of contingency, have been agreed as efforts continue to keep projects to budget and to identify savings that will ensure that budgets are not exceeded:
 - On the **Olympic Stadium**, the budget remains at £496m. The March 2008 forecast of the potential future cost, was £525m, due to:
 - The outcome of the contract price negotiations – reflecting the development of the design, and the lack of competitive tension in the procurement; and
 - Cost pressures resulting from additional scope requirements. For example, arising from structural amendments to the roof of the Olympic Stadium to meet loading requirements for the Opening and Closing ceremonies. As work to keep total cost within budget continues, no increase in budget has been agreed.
 - On the **Aquatics Centre**, the March 2008 forecast of the potential cost was £247m, £33m more than the November 2007 baseline of £214m. Most of the increase can be accounted for by the transfer of £28m of costs for the F10 Bridge, which since November 2007 now forms part of the Aquatics Centre roof. Thus the November 2007 baseline budget for the Aquatics Centre and the F10 Bridge, combined, was £303m, compared with the March 2008 forecast potential cost of £308m. The latest forecasts also include potential scope changes, such as additional athlete facilities. But again, as work to keep total cost within budget continues, no increase in budget has been agreed.
- Opportunities for savings in the cost of site preparation, infrastructure and transport projects have been identified:
 - **On site preparation**, the March 2008 forecast was £334m for 'enabling works', which covers the forecast costs to the ODA of site remediation and earthworks necessary to provide a stable platform for construction. The forecast is £30m less than the November 2007 baseline of £364m due to lower than expected levels of contamination and improved contractor performance.
 - **On the structures, bridges and highways** project, the March 2008 forecast of £688m was £17m less than the November 2007 baseline of £705m. The four contract packages let so far (representing around 70% by value of the total structures, bridges and highways budget) were for values less than the pre tender estimates. Despite cost pressures elsewhere on the project these savings have reduced forecast cost.

The cost pressures and opportunities identified in the March 2008 quarterly update, and the assessment of the programme risk, would together result in a £16m increase in the potential final cost of £7.1bn identified in November 2007. However, we will continue to push down on costs to stay within budget.

Table 1: Detailed breakdown of the ODA budget as at March 2008

		Total November 2007 Budget £m	March 2008 potential cost taking into account cost pressures and opportunities £m	Potential change £m
Site preparation and infrastructure	Powerlines	282	289	7
	Utilities	255	256	1
	Enabling works	364	334	-30
	F10 Bridges	89	61	-28
	Other structures, bridges, highways [†]	741	723	-18
	Prescott Lock	5	5	0
	Other infrastructure (greenway, landscaping)	206	227	21
	Total site preparation and infrastructure	1,942	1,895	-47
Venues	Stadium	496	525	29
	Aquatics	214	247	33
	Other Olympic Park venues ^{††}	360	400	40
	Non-Olympic Park venues	101	105	4
	Total venues	1,171	1,277	106
Transport	Stratford Regional Station	119	119	0
	DLR	86	86	0
	Thorntons Field	47	35	-12
	North London Line	110	107	-3
	Other transport capital projects	178	165	-13
	Other transport operating expenditure	357	357	0
	Total transport projects	897	869	-28
Other Parkwide projects	Logistics for site construction	337	337	0
	Section 106 and masterplanning	127	127	0
	Insurance	50	50	0
	Security for park construction	354	354	0
	Total other Parkwide projects	868	868	0
Media Centre and Olympic Village		492	510	18
Programme delivery		647	660	13
Taxation and interest		73	62	-11
Total baseline budget before programme contingency		6,090	6,141	51
ODA programme contingency		968	933	-35
Total after ODA contingency		7,058	7,074	16
Additional landscaping costs, subject to an application for release of Funders' Group contingency		37	37	0
Total		7,095	7,111	16
Remaining contingency		1,004	988	-16
Maximum available funding for ODA		8,099	8,099	0

[†]This figure excludes the F10 Bridge which has now been disaggregated into a separate category provided in the above line.

^{††}This figure excludes Aquatics costs, which have now been disaggregated into a separate category.



Olympic Park in legacy

Cash flow

The Minister for the Olympics gave an undertaking to Parliament that, as part of the commitment to transparency on Olympic budget matters, information would be published on the spend incurred by the ODA in delivering its programme against the forecast profile of spend. Also as part of this commitment, Opposition spokesmen and the Culture, Media and Sport Select Committee are being briefed on a regular basis on the latest spend information.

The outcome of the spend analysis for the period up to 31 March 2008 is as follows:

	November 2007 Budget for spend to March 2008 £m	Actual spend to March 2008 £m
Spend since ODA programme commenced	966	858

The total variance of £108m reflects a number of planned changes in schedule to allow for identification of cost savings through value engineering and changes in timetable for the conclusion of contractual negotiation for the Olympic Village, combined with cost savings realised on initial site clearance works.

Olympic Village

The Olympic Village is an essential part of the Olympic Park, providing Games-time accommodation for 17,000 athletes, and up to 3,500 homes in legacy. The cost of constructing the Village, including the necessary site infrastructure, is over £1bn, with a three-year delivery programme.

Throughout the development of the ODA's programme including the baseline budget agreed in November 2007, the Village has been planned as a development deal with investment from the private sector covering the vertical build and investment from the ODA covering infrastructure. The November budget included an ODA budget of £551m, predominantly to cover infrastructure costs, for both the Village project and the Stratford City Retail Centre. The finance to be raised by the preferred developer Lend Lease for building the new residential blocks was in anticipation of future proceeds from sale of the residential units for occupation after the Games. The public purse would benefit from a share in the profits from future sales through an agreement, the value of which was offset against the £551m expenditure in the baseline budget.

The financial deliverability of this scheme has been significantly affected by the downturn in the financial and property markets since the turn of the year so the ODA and Lend Lease are having to restructure the proposed arrangement. Negotiations to establish a restructured deal have been progressing, as has consideration of fall-back plans if a restructured deal proves not to be deliverable. The Ministerial Funders' Group will be considering any additional public sector contribution that may be required, including the potential to recover the contribution through an increased share of future sale proceeds.

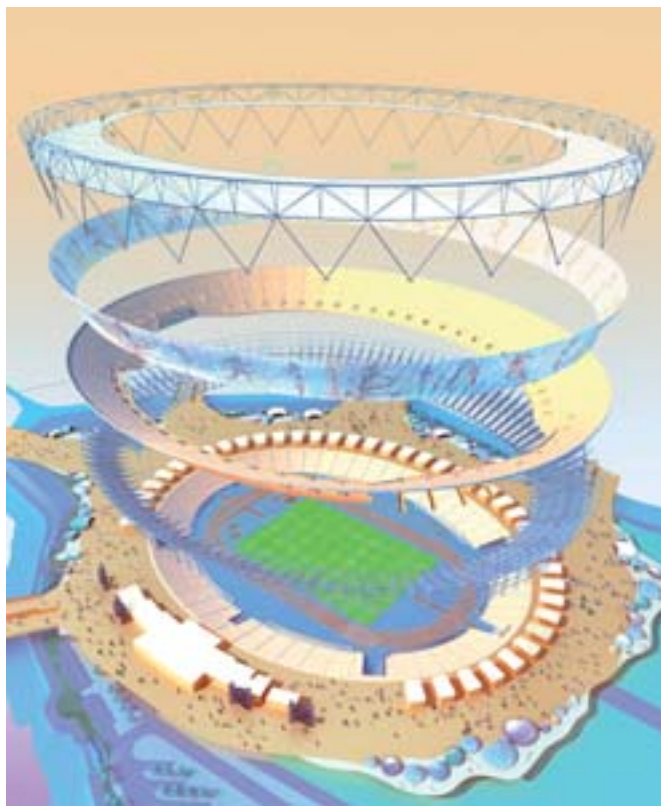
The works on the site for the Village are progressing on time and there is currently no threat to the readiness of the Village for the Games.

Long-term benefits of ODA spend

The promise of a long-term legacy benefit was a large part of London's successful bid to be awarded the 2012 Games, and a key part of this is the long-term regeneration benefit to East London resulting from the Olympic investment. The Legacy Action Plan published in June 2008 shows how the regeneration brought about by the Games will have a lasting impact in terms of housing, jobs, transport and infrastructure in East London.

The ODA baseline budget of £6.090bn referred to above has been analysed to assess the extent to which the Olympic investment leaves a long-term regeneration benefit. The conclusion reached is that around 75% – i.e. 75 pence in every pound spent by the ODA – will leave a long-term regeneration benefit, made up of:

- All, other than the Games-time landscaping costs, of the Site Platform and infrastructure costs. These works involve, for example, decontaminating, cleaning and landscaping the land, installing essential utilities, providing roads, bridges, canal walls etc, all of which would be necessary for regeneration of the area even if there were no Olympic Games
- The parts of the spend on venues, on the Olympic Park only, that will leave a long-term legacy asset
- The capital investment in improved transport links (though not the costs of operating the transport systems)
- The larger part of the ODA's contributions to the IBC/MPC, and to the Olympic Village
- A proportion of the costs of planning, managing, coordinating and protecting the works – through projects such as Master Planning, logistics, security and insurance – appropriate to the proportion of spend with regeneration benefit to the total spend



Artist's impression of different sections of the Olympic Stadium



The Games will promote a legacy
of world-class sports facilities

**The Olympic Village
will be the biggest single
legacy from the Games,
providing up to 3,500
residential units.**



Annex A: Progress on development of venues as at March 2008

Olympic Stadium

100% of the Stadium site is now cleared, with all buildings demolished and the excavation of the bowl complete. The contract was signed with 'Team Stadium' (Sir Robert McAlpine, HOK Sport and Buro Happold) in March 2008 and construction started on site in May, over two months ahead of schedule with completion due in early 2011.

Work on the legacy of the Stadium is now being led by the LDA and discussions are currently centred on the concept of a 'living stadium' at the heart of the community with more than one tenant that might include a football club, rugby club and athletics uses.

VeloPark

The construction contractor, ISG InteriorExterior, was appointed in May with construction due to start early in 2009 and complete in the spring of 2011.

After the Games the VeloPark will be enhanced to create a world-class centre for all cycling disciplines in London, to include the Velodrome, BMX circuit, road cycle circuit and mountain biking provision.

Aquatics Centre

100% of demolition has been completed on the site of the Aquatics Centre, with construction due to start in the summer. The contract with UK firm Balfour Beatty for the construction of the venue has now been signed and planning permission was received in May 2008 for the Games-time and legacy plans for the centre. Moveable floors and booms have been incorporated into the design to ensure the best legacy use can be made from the desperately needed facility by community and elite swimmers.

International Broadcasting Centre/ Main Press Centre (IBC/MPC)

The preferred developer for the IBC/MPC has been selected and negotiations continue with a view to signing contracts shortly. The legacy vision for this site is centred on modern and creative industries, offering a vast amount of state-of-the-art office space.



Top: Aerial view of the Olympic Stadium and Aquatics Centre

Middle: Aquatics Centre during Games

Bottom: Aerial view of the VeloPark site

Olympic Village

The Olympic Village will provide over 17,000 beds to athletes during the Games and 8,700 during the Paralympic Games – 100% wheelchair accessible.

The Village will be the biggest single legacy from the Games, providing up to 3,500 residential units of which at least 30% will be affordable housing.

Community facilities to be provided will include public spaces, an education campus and healthcare facilities, together with much improved transport links.

Construction work is scheduled to start this summer, before the Beijing Games.

Handball Arena

The Handball Arena is a permanent venue in the Olympic Park for handball and goalball that will become a multi-sport arena in legacy. Following the appointment of designers in November last year, the procurement has begun for the construction contractor.

Broxbourne Canoe Slalom

Following discovery of ground contamination at the original site, work is now progressing on the Showground site – six miles south of the original, yet still in the borough of Broxbourne. The IOC has approved the change of venue and the designs from the original site have largely been transferred.

The change of site has not significantly affected the programme and the venue is still on course to be completed well in advance of 2012. In legacy the venue will have an intermediate course as well as the Olympic one, and will become a major sporting and leisure attraction for kayaking and white water rafting.

Eton Manor

Stanton Williams were appointed as designers of the Eton Manor facilities in April following submission of proposals for Olympic, Paralympic and legacy modes. The Eton Manor site is on that of a former sports centre which has been disused since 2001 and will provide a much needed lasting mixed-use sporting legacy within the Lee Valley Park.

Weymouth and Portland Sailing

The contract for the works at Weymouth and Portland was awarded to Hampshire-based firm Dean and Dyball in January. Works have now started on site, following the departure of nesting seabirds which prevented construction commencing until recently. Breakwater, reclamation and sheet piling operations are proceeding on or ahead of programme.

Games asset relocation/ temporary venues

A great deal of work is underway between DCMS, Sport England, the ODA and LOCOG on the relocation of as many assets as possible post-Games.

Assets available for relocation are likely to include sports surfaces, seating stands, ancillary plant and equipment, and specialist lighting.

Responses to a market testing exercise carried out in 2007 were very positive, with Sport England having received over 100 formal expressions of interest in a range of assets.



Plans for the Eton Dorney rowing, canoe and kayak flatwater site

Annex B: Glossary of terms and references

Glossary

BOA	British Olympic Association	ODA	Olympic Delivery Authority
DCMS	Department for Culture, Media and Sport	OLD	Olympic Lottery Distributor
GLA	Greater London Authority	PAC	Public Accounts Committee
GOE	Government Olympic Executive	PSA	Public Service Agreement
HS&E	Health, Safety and Environmental	SHE	Safety, Health and Environment
IBC/MPC	International Broadcast Centre/Main Press Centre	SHELTER	Safety, Health and Environment Leadership Team for Excellence
IOC	International Olympic Committee	UKTI	UK Trade & Investment
IPC	International Paralympic Committee		
LAs	Local authorities		
LDA	London Development Agency		
LMF	Legacy Masterplan Framework		
LOCOG	London Organising Committee of the Olympic Games and Paralympic Games Limited		
NAO	National Audit Office		

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