House of Commons
Culture, Media and Sport Committee

London 2012 Olympic Games and Paralympic Games: funding and legacy

Second Report of Session 2006–07

Volume II

Oral and written evidence

Ordered by The House of Commons
to be printed 17 January 2007
The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Culture, Media and Sport and its associated public bodies.

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http://www.parliament.uk/parliamentary_committees/culture__media_and_sport.cfm

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The current staff of the Committee are Kenneth Fox (Clerk), Sally Broadbridge (Inquiry Manager), Daniel Dyball (Committee Specialist), Anita Fuki (Committee Assistant), Rowena Macdonald (Secretary), Jim Hudson (Senior Office Clerk) and Laura Humble (Media Officer).

Contacts

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## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Witnesses</td>
<td>3</td>
</tr>
<tr>
<td>List of written evidence</td>
<td>4</td>
</tr>
<tr>
<td>List of unprinted written evidence</td>
<td>5</td>
</tr>
</tbody>
</table>
Witnesses

Tuesday 24 October 2006

Paul Deighton, Chief Executive, LOCOG, David Higgins, Chief Executive, ODA
Janet Paraskeva, Chairman, and Mike O’Connor CBE, Interim Chief Executive, Olympic Lottery Distributor
Brigid Simmonds OBE, Chief Executive, Business In Sport and Leisure and Chair, Central Council for Physical Recreation and Tim Lamb, Chief Executive and Director, Central Council for Physical Recreation

Tuesday 21 November 2006

Julia Bracewell, Scotland representative, Stephen Castle, East of England representative and Juliet Williams, South West representative, Nations and Regions Group Members
Rt Hon Tessa Jowell MP, Secretary of State, and Jeff Jacobs, Chief Executive, Government Olympic Executive, DCMS
<table>
<thead>
<tr>
<th>No.</th>
<th>Organisation</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Olympic Delivery Authority</td>
<td>Ev 1</td>
</tr>
<tr>
<td>2</td>
<td>London 2012 Organising Committee of the Olympic Games (LOCOG)</td>
<td>Ev 6</td>
</tr>
<tr>
<td>3</td>
<td>Olympic Lottery Distributor</td>
<td>Ev 23</td>
</tr>
<tr>
<td>4</td>
<td>Business In Sport and Leisure</td>
<td>Ev 34</td>
</tr>
<tr>
<td>5</td>
<td>Central Council for Physical Recreation (CCPR)</td>
<td>Ev 37</td>
</tr>
<tr>
<td>6</td>
<td>DCMS</td>
<td>Ev 55, 72</td>
</tr>
<tr>
<td>7</td>
<td>Arts Council England</td>
<td>Ev 75</td>
</tr>
<tr>
<td>8</td>
<td>Camelot Group Plc</td>
<td>Ev 77</td>
</tr>
<tr>
<td>9</td>
<td>The Five Host Boroughs</td>
<td>Ev 81</td>
</tr>
<tr>
<td>10</td>
<td>Greater London Authority and London Development Agency</td>
<td>Ev 83</td>
</tr>
<tr>
<td>11</td>
<td>Greenwich Council</td>
<td>Ev 86</td>
</tr>
<tr>
<td>12</td>
<td>Heritage Link</td>
<td>Ev 87</td>
</tr>
<tr>
<td>13</td>
<td>Institute of Professional Sport</td>
<td>Ev 89</td>
</tr>
<tr>
<td>14</td>
<td>London Borough of Newham</td>
<td>Ev 92</td>
</tr>
<tr>
<td>15</td>
<td>Lottery Forum</td>
<td>Ev 96</td>
</tr>
<tr>
<td>16</td>
<td>Millennium Commission</td>
<td>Ev 99</td>
</tr>
<tr>
<td>17</td>
<td>Museums, Libraries and Archives Council</td>
<td>Ev 101</td>
</tr>
<tr>
<td>18</td>
<td>SkillsActive</td>
<td>Ev 107</td>
</tr>
<tr>
<td>19</td>
<td>Sport England</td>
<td>Ev 110</td>
</tr>
<tr>
<td>20</td>
<td>Sports Coach UK</td>
<td>Ev 115</td>
</tr>
<tr>
<td>21</td>
<td>Tourism Alliance</td>
<td>Ev 117</td>
</tr>
<tr>
<td>22</td>
<td>Tourism Management Institute</td>
<td>Ev 122</td>
</tr>
<tr>
<td>23</td>
<td>Tourism South East</td>
<td>Ev 125</td>
</tr>
<tr>
<td>24</td>
<td>Tower Hamlets Borough Council</td>
<td>Ev 126</td>
</tr>
<tr>
<td>25</td>
<td>UK Sport</td>
<td>Ev 130</td>
</tr>
<tr>
<td>26</td>
<td>VisitBritain</td>
<td>Ev 133</td>
</tr>
</tbody>
</table>
List of unprinted written evidence

Additional papers have been received from the following and have been reported to the House but to save printing costs they have not been printed and copies have been placed in the House of Commons Library where they may be inspected by Members. Other copies are in the Parliamentary Archives, House of Lords and are available to the public for inspection. Requests for inspection should be addressed to the Parliamentary Archives, House of Lords, London SW1. (Tel 020 7219 3074). Hours of inspection are from 9:30am to 5:00pm on Mondays to Fridays.

Michael White
Swim2000
Heritage Consultancy Services
London Development Centre
Keith Atkins
Greenwich Foundation
ASA East Region
Voluntary Arts Network
British Athletics
Liverpool Culture Company
Tourism South East
Institution of Civil Engineers
Which?
Millennium Commission
World Heritage Site Steering Group Greenwich
Big Lottery Fund
Royal Parks Agency
National Playing Fields Association
Equal Opportunities Commission
LOCOG
Derek Wyatt MP
Martin Blaiklock
Nigel Gansell
City of London
Sea and Water
Oral evidence

Taken before the Culture, Media and Sport Committee

on Tuesday 24 October 2006

Members present:
Mr John Whittingdale, in the Chair

Janet Anderson  Mr Mike Hall
Philip Davies  Alan Keen
Mr Nigel Evans  Mr Adrian Sanders

Memorandum submitted by the Olympic Delivery Authority

The Olympic Delivery Authority (ODA) is the public body charged with building the venues and infrastructure for the London 2012 Olympic Games and Paralympic Games. It is a non-departmental public body that became operational on 1 April 2006, and shares offices with the London 2012 Organising Committee.

The ODA is currently focused on finalising the Olympic Park and transport plans, to enable effective delivery in the years to come. A year after the award of the Games to London, and six years before the 2012 Games, we have made significant progress:

— Appointing key staff, a Park Wide Design Team and a Delivery Partner;
— Finalising the spatial masterplan for the Olympic Park site, based on delivering an excellent legacy as well as excellent Games;
— Establishing a Planning Committee, covering the Olympic Park site;
— Preparing the construction programme for the delivery of Games facilities, based on two years of preparation, four years of work on site and one year for commissioning and test events;
— Working with the London Development Agency to enable land assembly, to appoint site preparation contractors and to continue work on the powerlines project;
— Working with Transport for London to ensure the delivery of important transport upgrades, like the extension of Jubilee Line tube trains;
— Agreeing a deal with Stratford City and London and Continental Railways for integrating master plans and securing delivery of the Olympic Village; and
— Launching procurement of an integrated design and construction team for the Olympic Stadium.

Securing a viable and lasting legacy is central to the ODA’s role:

— Design development over the past months has focused on ensuring that the plans are fit for purpose for legacy as well as fit for purpose for 2012, to help create a regenerated Lower Lea Valley with well-used sports facilities at its heart. This is the first time that Games and legacy planning has worked hand in hand.
— The ODA is in continuing discussions with Government to finalise a full-lifetime budget for the creation of a platform for regeneration in East London, as well as the delivery of venues and infrastructure for the 2012 Games.
— To ensure economic and social benefits in one of the most deprived areas of London, the ODA is working with the London Development Agency and other key partners, so that employment and business opportunities are accessible, and that people and businesses—locally and across the UK—are capable of accessing these.

Expectations on the London 2012 Games are high, but we believe that the planning work that partners are undertaking now creates a firm foundation for the realisation of the full potential of the project.

THE OLYMPIC DELIVERY AUTHORITY

Constitution

The Olympic Delivery Authority (ODA) was established by the London Olympic Games and Paralympic Games Act 2006 (the “Act”) and became operational on 1 April 2006. The ODA is a statutory corporation and an executive non-departmental public body (NDPB) accountable to the Secretary of State for Culture, Media and Sport (who must consult with the Mayor of London on a number of key issues). For National Accounts purposes, the ODA is classified to the central government sector.
Section 4 of the Act sets out the functions of the ODA, which are to do anything necessary for “the purpose of:

— preparing for the London Olympics;
— making arrangements in preparation for or in connection with the use or management before, during or after the Games of premises and facilities acquired, constructed or adapted in preparation for the Games; or
— ensuring that adequate arrangements are made for the provision, management and control of facilities for transport in connection with the London Olympics.”

In exercising its functions, the ODA must have regard to:

— the “desirability, wherever relevant, of maximising the benefits that may be derived after the Games from its preparation, whilst contributing to sustainable development”;
— safety of individuals participating in or attending the Games;
— security of property.

The ODA is led by the ODA Chair (Jack Lemley) and 13-strong Board with members selected by the Secretary of State for their wide-ranging expertise. The Chair is responsible to the Secretary of State for ensuring the ODA fulfils its objectives, discharges its statutory duties, operates within the limits of its authority and observes high standards of corporate governance and financial control.

Management and organisation

Day-to-day management is provided by the Chief Executive (David Higgins), supported by a team of directors, who together undertake the strategic planning of the ODA’s delivery programme comprising land, venues and infrastructure and transport. Details of the Board and senior management structure are attached as an Annex to this memorandum.

Since April, the ODA has quickly built up its organisational capacity. We have recruited more than 50 permanent members of staff and have approximately 100 consultants and secondees, undertaking transitional and interim roles. We re-appointed the Edaw consortium, together with Arup and Atkins, as Parkwide Designers in January to continue their award-winning work on the Olympic Park and Legacy designs. We announced the appointment of the CLM Consortium—a team of some of the top construction management firms, comprising CH2M Hill, Laing O’Rourke and Mace—as our Delivery Partner at the end of August. They will work closely with us to programme and project manage the whole procurement and construction cycle, from design to post-2012 transformation.

We have also established a special committee of ODA board members, local councillors and other experts, to exercise the ODA’s planning powers, which came into force at the beginning of September, and have set up a support team through sharing resources with the four local planning authorities in the area.

Partnership working arrangements

The ODA is based in offices at 1 Churchill Place, Canary Wharf, together with the London 2012 Organising Committee. The two organisations have complementary but distinct roles: the ODA is a publicly funded body charged with building the venues and infrastructure for the 2012 Games; the Organising Committee stages the events of the 2012 Games, and is almost entirely funded by privately raised revenues and sponsorship. This is sometimes put more simply: the ODA builds the theatre; the Organising Committee puts on the show.

Our co-location with the Organising Committee enables us to work in close partnership with them, under the “London 2012” brand. Close joint working is part of the DNA of the project.

The Olympic Board co-ordinates the work of the two London 2012 organisations with a wider programme of work to ensure that London hosts great Games in 2012, with a sustainable legacy for London and the UK thereafter. The Board is jointly chaired by the Secretary of State for Culture Media and Sport and the Mayor of London, as political sponsors of the project. The Board also includes the chairs of the British Olympic Association and London 2012 Organising Committee, and is attended by the Chair of the ODA.

The ODA works closely with a number of other key stakeholders. These include:

— the London Development Agency, who are acquiring the land in East London’s Olympic Park;
— Transport for London and other transport providers, who are providing the transport improvements on which our work will depend; and
— the local authorities in the areas where we will operate, and in particular five boroughs around the Olympic Park, who provide links into the local communities, and are working with us to ensure that the Games can deliver a sustainable legacy for some of the UK’s most deprived communities.
THE CHALLENGE AND THE OPPORTUNITY

Anyone who has visited the Olympic Park site in East London will be aware of the scale of the challenge that faces us. The site consists of engineered land, some of it contaminated, criss-crossed by major infrastructure—railways, sewers, powerlines, roads. Developing this site in a way that provides not only for a great Olympic Games and Paralympic Games in 2012, but also for the regeneration of a key growth area in London Thames Gateway, is challenging but achievable.

The Olympic Park site is also located in one of the most deprived areas of the UK: three of the five boroughs surrounding the Olympic Park are among the most deprived local authorities in England on a variety of indicators, unemployment rates are significantly higher than the London and national averages, and health inequalities are marked. For many of these indicators, inequalities are particularly pronounced in local black and minority ethnic communities. In addition to the improvements we will create in the local environment, we need to ensure that we can deliver benefits to local communities.

The Lea Valley also forms the core of Thames Gateway, a national and regional priority area for regeneration. Change is already coming to this area, but the London 2012 project enables us to deliver higher quality infrastructure, in a systematic way, and faster than we could otherwise hope to. Beyond the tangible benefits that will be brought to people living in the area—the largest new urban park for 150 years, excellent new sporting facilities, and thousands of new homes and job opportunities—the Games offers us the chance to change perceptions of East London and Thames Gateway, and to realise the area’s potential as a destination of choice for people to work, live and enjoy their leisure. This is an opportunity to redress the east-west imbalance of London’s growth.

THE ODA’S APPROACH TO DELIVERY

Put simply, our programme can be split into three parts:

— two years to make preparations for delivery, through master-planning, seeking planning permission, developing our programme and undertaking early enabling works (while the LDA’s programme of land assembly proceeds);
— four years to prepare the land, build new venues and infrastructure; and
— one year for commissioning and the test events that will ensure the 2012 Games realise our shared aspirations.

We are now just over half-way through that first two year period. We have hit all our major milestones so far. We have been helped in this by the actions of the Mayor of London and Government, who put in place arrangements that enabled an interim team to start operating around a year ago, based within the London Development Agency and Transport for London.

We have also been developing our plans and programmes, so that when we gain access to the whole site (subject to the outcome of the London Development Agency’s Compulsory Purchase Order, this should be July 2007), we can quickly start work in a systematic and efficient manner, to minimise risk, and ensure delivery on time and to the agreed budget. The lesson from recent construction programmes is that time spent in careful project planning is never wasted: by being clear about the specification for our projects before we commence construction, we will enable their successful delivery.

Refining the spatial masterplans

One of the first priorities for ODA’s management and the Parkwide Design Team was to review the spatial master plans for the Games and Legacy, which were granted planning permission in 2004. We have revised these to ensure that they are fit for purpose for the Games, and fit for purpose for the legacy. Working closely with the London 2012 Organising Committee, we have improved the visitor and athlete experience for the Games, have integrated the plans fully with the neighbouring Stratford City development, have relocated the media and broadcast centre to enhance its legacy in providing work space for Hackney residents, and have significantly reduced the amount of earth we will need to move off site and the consequent disruption to local communities.

Now these plans have been reviewed and agreed in principle, we are completing environmental and transport assessments and will be making new planning applications in January, to enable us to start work on site in July next year. In advance of this, we will be commencing a programme of community engagement with local people: this will set out how the plans have changed, and consult people on these, as well as beginning a long-term programme of engagement, on the opportunities and impacts of the Games, and on local priorities for the legacy.
**Delivery programme**

The revised masterplans will enable us to work in an efficient and concerted way on site from summer 2007. Late 2007 and early 2008 will be dominated by site preparation and infrastructure work. Then, with agreed designs for each of the venues, we will begin construction from summer 2008, allowing phased completion in 2011. The details of this programme will be reviewed by our Delivery Partner over coming months to ensure that they are realistic, affordable and minimise risk.

**Policy framework**

We have also developed a number of important policy documents. Our Health and Safety Standard sets out how we will ensure health and safety for all workers involved in constructing the London 2012 venues and infrastructure. We also published our draft Procurement Policy in July, setting out how the ODA will procure the goods and services it will need, to ensure a collaborative approach to delivering on time and on budget, to foster and promote innovation, to ensure best value for money, and to realise our commitment to truly sustainable Games in 2012. We are currently working with consultants to develop an equalities and diversity strategy, and are also undertaking joint work with a number of partners to deliver our sustainable development strategy.

**Other delivery milestones**

While these preparations have been taking place, we have also been making progress on delivery:

- The London Development Agency project to put the power lines that criss-cross the valley in underground tunnels is continuing on schedule, as is their programme of land assembly;
- We have worked with the LDA to appoint contractors to clean up the Olympic Park, and this team is set to start work shortly on river wall works on the Aquatics Centre site;
- We are procuring an integrated design and construct team for the Olympic Stadium; and
- We are at an advanced stage of negotiations with Stratford City Developments Limited and London and Continental Railways on the delivery of the Olympic Village, and have recently short listed two development partners for this project.

**Issues on which evidence has been sought**

**Funding**

During the process of review of the Olympic Plans that is set out above, we have worked hard to ensure that we have identified the financial implications of building a platform for long-term regeneration, as well as the delivery of venues and infrastructure for the 2012 Games. This has meant a tough review of individual venues to ensure that we will only be building permanent venues if we are confident that they’ll have a legacy use, as well as a review of the level of ground remodelling and remediation that needs to be undertaken.

We have prepared a long-term budget which we are now discussing with DCMS and Treasury to agree its appropriateness and how it will be funded. We believe that the agreement of a realistic and robust budget will be an important step forward for the project. We expect to have an outline budget for 2007–08 ready later this year, and to be able to deliver a first draft of the Corporate Plan incorporating the lifetime budget during February 2007. It is anticipated that this will be approved during the first quarter of the 2007–08 financial year.

It is not for us to comment on funding mechanisms, but it is worth adding that our draft procurement policy sets out how we will maintain control on costs throughout this project. The unique nature of the project means that deadlines cannot shift. We will build on recent good practice, in working with our contractors to agree prices, and then agreeing a contract form that creates incentives for delivery on time, within budget and to the required quality, and shares the risk of cost overruns.

**Maximising the value of the Olympic legacy**

Delivering a sustainable legacy is central to the Olympic Delivery Authority’s work. As set out above, we have reviewed our master plans to ensure that the Olympic Park delivers a great legacy, as well as great Games in 2012. We now have plans that are better integrated with Stratford City and fit in better with local regeneration plans. For each of our venues, we are developing the legacy plans in significant detail, so that before we start building we have an affordable business plan for their after-use. For example:

- We have confirmed proposals for a new tennis and hockey centre in the north of the site. Combined with the velopark legacy south of the A12, this will create a sporting anchor, complementing the upgraded provision of sporting facilities on Hackney Marshes.
— We are developing our concept of a “Living Stadium” for the Olympic Stadium, to ensure that this venue—which will be reduced in capacity after the Games—forms a centrepiece for the local community, with a programme of events and a mix of uses (based round a core athletics programme) that make sure that it is used throughout the year.

— We have updated our plans for the Aquatics Centre to create an inspiring building that is fully integrated into the legacy plans for the park, with significantly reduced running costs.

— We are exploring options for legacy use of the International Broadcast Centre/Main Press Centre, to maximise its integration into local regeneration strategies in Hackney Wick.

This approach will deliver a Park which will be a destination for local people and visitors alike, with a mix of events and uses that will make it a lively new heart for East London. We are also working with Government and the Mayor of London to develop a funding and management regime for the parkland and venues.

At the edges of the parkland, in the area taken up by temporary and back-of-house facilities during the Games, we will have the opportunity to develop new neighbourhoods with thousands of new homes. We will be working with the LDA, London Thames Gateway Development Corporation, the Housing Corporation and local boroughs on plans for these neighbourhoods—how they connect with other regeneration schemes and surrounding local communities, and how they can significantly boost London’s supply of housing, including affordable housing.

While our main focus is on the Olympic Park, work is also advancing at key venues outside London. At Weymouth and Portland, the upgrades to the National Sailing Academy will ensure that this new facility has a viable legacy, mixing sport and leisure uses. Meanwhile the Canoe Slalom Course at Broxbourne will complement the facilities in the Olympic Park and create a high quality new sports facility at the north end of the Lea Valley.

Wider legacy impacts

While it is natural for the ODA to focus primarily on the legacy of the buildings and infrastructure that we will deliver, we know that this is only a part of a much wider legacy proposition. In particular, we are committed to ensuring that our work can showcase the best of the British construction industry, and can bring jobs and contract opportunities to people living and businesses operating around the Olympic Park.

There are three geographies where economic benefits will operate. Locally, we are working closely with the five local boroughs and the LDA to implement their Local Employment and Training Framework, which includes proposals for a job brokerage service based in Stratford with satellites in other local centres. Regionally, the Mayor of London will shortly launch the London Employment and Skills Taskforce for 2012, which provides for dedicated training and support across the capital. Nationally, we are working with the London 2012 Organising Committee and the Nations and Regions Group to develop a proposal for a business club that will enable all UK businesses to access information and support relating to Olympic contracting opportunities.

Within the ODA, our priority is to ensure that our information, procurement and contract management systems can create opportunities for local people and UK businesses, and provide as good information as we can throughout the process. Working together with the Organising Committee, we have put in place a sign up service, whereby interested businesses can receive regular updates on procurement and related news of interest to businesses.

We are also working with our Delivery Partner to ensure that we can provide detailed information on forthcoming contracting activity and labour needs, which we can pass to local, regional and national bodies, so that they can tailor existing training and business support activity. Finally, while the contracts we let will generally be substantial, we will push our contractors to make subcontracting opportunities available to the widest possible range of businesses, particularly in the area around the Olympic Park.

Expectations of what the 2012 Games will deliver are high. While the project is still in its early days, we are convinced that partnership working will enable us to deliver a project that is remembered for its sustainable legacy as much as for the fantastic experience of the Games themselves.

6 October 2006
ODA BOARD AND SENIOR MANAGEMENT TEAM

BOARD:
Jack Lemley (Chair)
Sir Roy McNulty (Deputy Chair)
Lorraine Baldry
Tony Ball
Sir Howard Bernstein
Barry Camfield
Neale Coleman
Stephen Duckworth
Christopher Garnett
Sir Peter Mason
Baroness Morgan of Huyton
Kumar Muthalagappan
Sir Nicholas Serota
David Taylor

SENIOR MANAGEMENT TEAM:
David Higgins Chief Executive
Dennis Hone Director of Finance and Corporate Services
Ralph Luck Director of Property
Alison Nimmo Director of Design and Regeneration
Howard Shiplee Director of Construction
Godric Smith Director of Communication
Hugh Sumner Director of Transport
Simon Wright Director of Utilities and Infrastructure

Memorandum submitted by The London 2012 Organising Committee of the Olympic Games and Paralympic Games [LOCOG]

1. ORGANISATION

The London 2012 Organising Committee of the Olympic Games and Paralympic Games (LOCOG) was established shortly after the bid was won and is responsible for organising, publicising and staging the 2012 Games.

Among its responsibilities are venue and competition management, sponsorship, ticket sales, the Opening and Closing Ceremonies, the Volunteer programme and monitoring and reporting project progress to the International Olympic Committee. LOCOG is also responsible for preparing and delivering all venues in Games mode, including infrastructure at temporary Games venues and, in the lead up to the Games, will host “test” events to ensure that venues are ready for use.

The London 2012 Organising Committee of the Olympic Games and Paralympic Games was established as a new organisation shortly after the bid win.

The organisation is chaired by Lord Sebastian Coe with Paul Deighton as Chief Executive. Its board members comprise the UK Government, the Mayor of London’s office, British Olympic Association (BOA), British Paralympic Association (BPA), British members of the International Olympic Committee (IOC), a former Olympic athlete as well as other members with special expertise.

The vision which drives the Games—“to host an inspirational, safe and inclusive Olympic and Paralympic Games and leave a sustainable legacy for London and the UK”—is underpinned by four strategic objectives which have been agreed by the Olympic Board. As the Organising Committee, LOCOG’s objective is “to stage an inspirational Olympic Games and Paralympic Games for athletes, the Olympic Family and the viewing public”. Specific responsibilities are outlined in point 3.
2. **Project Structure**

The London 2012 Organising Committee works closely with a key group of stakeholders from national and city government and from sport to deliver its vision of an inspirational Games. This group of stakeholders include:

The International Olympic Committee which owns the rights to the Olympic Games and is responsible for supervising the organisation of the London 2012 Games. It does this through a Coordination Commission which works closely with the Organising Committee on the planning, development and operation of the Games. In April 2006, the IOC Coordination Commission undertook its first formal inspection of the London Organising Committee reviewing all elements of the project. Following their visit Denis Oswald, Chairman of the IOC Coordination Commission for the 2012 Olympic Games said, “London 2012 has an ambitious and visionary project and has been able to keep up the momentum of its work since winning the bid last year”. LOCOG reports directly to the IOC on the fulfilment of London 2012’s obligations as set out in the Host City Contract and the International Paralympic Committee (IPC) on the fulfilment of the Paralympic Games. The IPC has a representative on the Coordination Commission to follow developments from a Paralympic perspective. The IOC is represented on LOCOG’s Board by the UK IOC Members.

British Olympic Association which is responsible for British participation in the summer and winter Olympic Games, providing support and services to all those competing as members of Team GB and promoting the Olympic movement and safeguarding Olympic values throughout the UK. The British Olympic Association and the British Paralympic Association have a seat on LOCOG’s Board.

The Government which, through the Department of Culture, Media and Sport (DCMS), is responsible for co-ordinating cross-Government support and delivering Government-led objectives. The Department reports directly to the Secretary of State who co-chairs the Olympic Board with the Mayor of London. The Government is represented on LOCOG’s Board by the Minister for Sport.

Greater London Authority which is responsible for maximising the economic, social, health and environmental benefits of the Games in London. The Mayor of London, together with the BOA and LOCOG, is jointly responsible for delivering the Olympic and Paralympic Games under the terms of the Host City Contract. The Mayor of London co-chairs the Olympic Board with the Secretary of State and has a representative on LOCOG’s Board.

The Olympic Delivery Authority which is the public body charged with building the venues and infrastructure for the Games. The ODA and LOCOG are co-located in Canary Wharf and work very closely together on the delivery of the venues and infrastructure to ensure Games time use and legacy use are considered in tandem.

International Paralympic Committee and British Paralympic Association are represented on LOCOG’s Board to oversee development and progress on the Paralympic Games.

Below is a diagram showing the operational structure of how the key stakeholders work together to deliver the Olympic and Paralympic Games.
3. OUR RESPONSIBILITIES

To deliver the Games the stakeholders, through the Olympic Board, have laid out the four strategic objectives attached at Annex A (not printed here).

The London Organising Committee takes specific responsibility for Olympic Games and Paralympic Games programme objective 1—to stage inspirational Games for everyone, from the athletes to the viewing public.

This includes the delivery of the following sub-objectives:

1. Deliver an inspirational environment and experience for athletes and provide a first-class experience for the Olympic Family and spectators.
2. Meet IOC and IPC needs and specifications, including venue overlays.
3. Ensure effective and efficient planning and operation of the Olympic and Paralympic Games (including security, transport, technology, health, volunteering and accessibility).
4. Maximise audience size at venues.
5. Secure support and engagement across all sections of the UK public.
6. Deliver effective media presentation and maximise global audience size.
7. Communicate Olympic values across the world, particularly amongst young people.
8. Stage inspiring ceremonies and cultural events.
9. Deliver an operating surplus from the Olympic Games and Paralympic Games.
10. Operate sustainable and environmentally responsible Olympic Games and Paralympic Games.

Work has progressed across all these objectives and planning for delivering the objectives over the next six years is underway. The next section outlines our progress to date.

4. PROGRESS TO DATE

Over the last 15 months the Organising Committee’s key priorities have been to:

— Establish a world class organisation capable of planning and staging inspirational Games.
— Begin detailed planning, in partnership with key stakeholders, to deliver the Games.
— Conduct discussions with prospective sponsor companies.

Going through these priorities in detail:

4.1 Establishing a world class organisation to stage inspirational Games

LOCOG’s first priority has been to put in place a strong leadership team which can build a world-class organisation with the range of skills necessary to organise and stage a great Olympic Games and Paralympic Games.

Paul Deighton, formerly Chief Operating Officer of Goldman Sachs European Business was appointed as Chief Executive in December 2005.

Since then he has put in place a senior management team combining experienced Bid team members and new functional area specialists.

The core team is in place and an organisation chart of LOCOG’s structure is attached. This has been achieved without interrupting the momentum established since July 2005.

The Organising Committee will be a relatively small organisation for the first 18 months of its life. LOCOG currently has approximately 95 members of staff. By the time of the Opening Ceremony the total workforce will be around 100,000 people. This will comprise 2,500 members of staff and 70,000 volunteers, with the remainder made up of contractors.

4.2 Detailed planning to deliver the Games

Planning and staging the London 2012 Olympic Games and Paralympic Games is the biggest peacetime logistical operation that the UK will have undertaken.

The Organising Committee recognise that the key to efficiently delivering the Games on time and to budget is to get the detailed planning right from the outset. In the last 15 months LOCOG and its partners have made significant progress on this.

It is important to remember that with 60% of venues and all major transport infrastructure in place or planned London has a significant advantage over other previous host cities.

This will also be the first Games to enshrine Games time usage of venues together with legacy needs of the community into the overall planning.
London 2012’s operating budget covers Games workforce, venue overlays, marketing, planning and operational aspects of the Olympic Games and Paralympic Games, it includes:

- Venues—costs of overlays (i.e., non-permanent structures necessary to provide field of play and back of house facilities) and cost of operating venues.
- Costs of the Games workforce, including the volunteering programme.
- IT and technology costs, including scoring and results systems.
- Ceremonies and Cultural Olympiad.
- Operational and organisation costs of the events.
- Operational costs of the athletes village.
- Transport and logistics.
- Marketing and communicating the Games across domestically and internationally.

The Organising Committee is working to a series of detailed project management milestones set by the IOC across a number of functional areas. The Organising Committee will report annually to the IOC on progress in each area until Beijing, thereafter it will report twice a year until the staging of the Games.

Some examples of progress on planning and delivery include:

**Sport**

LOCOG’s Sports Team has been working closely with the Venue and Infrastructure team, the International Sports Federations (IF) and the IDA to progress the development of the Olympic Park and individual venues. It is important that the IF technical requirements are fully embraced in all venue planning for the Games.

**Culture, Ceremonies and Education**

Detailed work has begun to take place on the handover to London in Beijing’s closing ceremony. In September this year the Organising Committee, together with its stakeholders launched an on-line education resource as the first phase in the education programme. The team is currently meeting cultural representatives across the country as part of their planning for a UK-wide cultural programme.

**Environment and Sustainability**

The Olympic Board launched its London 2012 Sustainability Policy in July 2006. This Policy is informing the development of a framework for integrating sustainability objectives, targets and performance standards at Games time.

**Human Resources**

A key focus of the HR department has been to look at the structure of the organisation. Work has also begun on developing the volunteering strategy with advice and support from a number of national agencies.

**Transport**

A significant amount of work has been done in partnership with the ODA on modelling venue transport plans and spectator transport infrastructure. This has culminated in the drafting of the Olympic Transport Plan which is going out to consultation at the end of this month.

**Venues and Infrastructure**

The venues and infrastructure team has worked closely with the ODA on finalising the Olympic Park masterplan and is working with existing venues on planning for Olympic and Paralympic overlay.

**Communications**

In July, initiatives to communicate opportunities and benefits of the Games across the UK include a UK-wide Roadshow which took place in July, the establishment of the Nations & Regions Group to ensure benefits would be UK wide and the development of community engagement plans across London.

**Commercial and Marketing**

A significant amount of work has been carried out on developing the brand for the Games and on the protection of the brand. The aim is to launch this in the first quarter of 2007. In addition, work has been conducted in the area of sponsorship with the recent announcement of the first six sponsorship categories.

4.3 Financing the Games through private revenue

The London Organising Committee’s operating budget of £2 billion is derived almost entirely from the private sector. This is raised from:

- A share of funds from the IOC’s sponsor programme.
- A share of funds raised from the sale of television rights carried out by the IOC.
— Domestic sponsorship and official suppliers.
— Ticket revenues.
— Licensing and merchandise.

The Organising Committee’s initial focus in raising revenue has been on domestic sponsorship. The London 2012 Olympic Games and Paralympic Games bring together two of the world’s most iconic and powerful brands—one of the world’s most vibrant, diverse and creative cities and the Olympic Games and Paralympic Games, the world’s biggest and most inspirational event.

It is a very powerful combination and corporate interest is strong, but to attract sponsors LOCOG will provide an exclusive opportunity, otherwise they will not invest the money required to stage the Games.

Protecting the London 2012 brand is critical to the Organising Committee’s ability to raise the funds required. Mechanisms to protect the brand were established in the Olympic Games & Paralympic Games Act 2006. LOCOG has also recently produced a range of literature aimed at commercial and non-commercial organisations to explain how they can work with LOCOG whilst protecting the brand.

— In March LOCOG announced Wolff Olins as the designers of the new brand for the London Olympic Games and Paralympic Games. Their job will be to develop a visually attractive, strong and inspirational logo and identity that will be an effective tool in branding and marketing the Games.
— In September LOCOG announced the timetable and process for businesses to become domestic partners of London 2012. Companies from six categories will this year be offered the opportunity to become official partners for the 2012 Games. These categories are banking, insurance, oil and gas, utility services (electricity and natural gas), automotive and telecommunications.

Companies in the banking and insurance categories will be the first to have the opportunity to tender for partner status in October this year.

5. CREATING A LASTING LEGACY ACROSS THE UK

LOCOG’s vision, as set out in Singapore and which won London the right to host the 2012 Olympic Games and Paralympic Games, is to use the Games as a catalyst to inspire young people and to change lives. This is the driving force behind all of the Organising Committee’s work towards building, staging and hosting the Games.

The London Organising Committee is clear that its role is to stage an inspirational Games which motivate the entire country, and to support other stakeholders in maximising the impact to achieve a legacy in sport, health, education, tourism and business.

LOCOG will work in close partnership with all our stakeholders to deliver direct legacy through specific programmes they will establish, but also through working with the ODA to enable the planning and delivery of an Olympic Park with real community legacy.

LOCOG’s partners will use the stimulus of the Games to deliver the wider legacy across London and the country. Although not a direct delivery partner in every area LOCOG recognises that the Games are a catalyst for many legacy initiatives and will work with partners to ensure the legacy potential is fully realised. Its role is to provide the momentum for others to harness; to shine a spotlight on sport, health and young people putting these at the forefront of the political agenda and national awareness.

LOCOG is working on the following areas in direct relation to legacy:

5.1 Sporting venues and infrastructure

LOCOG is working with the ODA to deliver a number of state of the art sporting facilities for the disabled and able-bodied that will have elite community legacy use.

Work by LOCOG and the ODA on refining the Olympic Park Masterplan has delivered Games time optimisation alongside further legacy benefits. The decision to relocate the International Broadcast Centre and Main Press Centre within the Park will now leave a lasting legacy of light industrial space identified as a priority by the Hackney authorities.

These and other examples are part of the physical legacy that will be left as part of the creation of the largest new park in Europe in the last 150 years.
5.2 Nations and Regions

Since its relaunch last year the Nations and Regions Group (NRG) has been converting to a structure which supports nationwide involvement in the Games and delivering its legacy. The NRG meets quarterly and is chaired by Charles Allen. The 12 members represent Scotland, Wales, Northern Ireland and each of the nine English regions. Each representative is supported by a co-ordinator who works closely with the Nations and Regions Secretariat at London 2012. In addition this membership is supplemented by representatives from the DCMS, ODA, Local Government Association, BOA and Visit Britain.

The Nations and Regions Group members, supported by local working groups in their area, are currently developing overarching strategies designed to ensure the impact of the Games is spread across the country.

On 6 July London 2012 launched the 2012 road show “Be Part of 2012” with our partners to promote the Games across the whole of the UK. Starting in Trafalgar Square the road show travelled over 3,300 miles making 65 stops in three weeks.

5.3 Sport

LOCOG is committed to the promise made in Singapore to inspire young people, in part through leaving exceptional sporting facilities. The Organising Committee is working with sports bodies across the UK to identify a structure to deliver on the promise to inspire the children of the UK and the world to choose sport.

5.4 Cultural Programme

The Culture, Ceremonies and Education team has been exploring and developing the content of the Cultural Olympiad and are currently engaged in a series of targeted conversations with key stakeholders from the cultural, educational, local and regional government sectors across the nations and regions to enable further development.

In the same way that young athletes will benefit from training now to prepare them for 2012 and beyond—thousands of young performers will benefit from long-term training in order to be ready for the major ceremonies, including the Opening and Closing Ceremonies.

5.5 Volunteer Programme

Up to 70,000 volunteers from across the UK will be needed to help across a wide range of areas and functions including spectator services, transport, medical services, technology, security, accreditation, press operations, and assisting at venues.

The Games Volunteer Programme strategy is currently being developed by LOCOG working closely with organisations from the voluntary sector. Detailed focus groups have been conducted as part of the development of this strategy. The volunteering strategy will assist local authorities across the country to develop Pre-Volunteer Programmes to encourage more people to develop skills through volunteering.

5.6 Education Programme

In September 2006 the first stage of the Education Programme was launched. “On Your Marks!” is a new on-line education resource for seven to 14 year olds aiming to help children develop their knowledge and enthusiasm for the Games. The resource was launched by 2012 Education Ambassador, Daley Thompson, and was developed in partnership with the Department for Education and Skills.

The 2012 Education Programme will develop into a comprehensive resource of projects and initiatives to engage children across the UK and around the world.

5.7 Promoting Business Opportunities

Ensuring businesses across the UK maximise the opportunities afforded by the Games remains vitally important. Whilst the ODA will be commencing procurement from early 2007, LOCOG’s main procurement opportunities are back ended so come into effect from 2009. This will include the procurement of catering and food services, sports equipment, merchandise, temporary structures and a wide range of goods and services.

LOCOG and ODA are working closely with key stakeholders and the Nations and Regions Group to develop the right package of business support services. The intention is to create a national framework of support services that will allow companies to identify opportunities for tendering, access to support to improve their competitiveness and create strategic partnerships to bid for work. This work will evolve over the course of 2007.
Already this year, the Olympic stakeholders, led by the DCMSLOCOG and DCMS have held two 2012 Business Summits in London and Leeds. LOCOG has also launched a new facility on the London 2012 website to allow businesses to register to receive e-mail updates about important business announcements and procurement opportunities.

5.8 Sustainability

Sustainable development lies at the heart of the commitment from all stakeholders to leave a legacy of sustainable community benefits from the Games. In July 2006 the Olympic Board launched the “London 2012 Olympic Games and Paralympic Games Sustainability Policy” as the first step in ensuring it delivers on this commitment.

5.9 Pre-Games Training Facilities

In July LOCOG issued guidelines for UK sporting facilities to help them in their bid to offer Pre-Games Training facilities to host international teams in 2012. Following the on-line application process, due to end in January 2007, those facilities meeting the criteria will be included in a guide for all National Olympic Committees (NOCs) and National Paralympic Committees (NPCs) which will be issued in 2008. Pre-Games Training Camps will help to engage the whole country and spread the benefits of the Games throughout the UK.

6. Milestones Ahead

LOCOG is pleased that to date it has progressed according to, and in some areas ahead of plan, and that this progress was recognised by the IOC Coordination Commission during their first visit in April. LOCOG will continue to work closely with ODA, the DCMS, the GLA, the BOA, the BPA and other stakeholders to meet the deadlines which make up our rigorous timetable. In the course of the next six months this includes:

— announcing the first major domestic sponsors;
— launching the brand identity and new logos for the Olympic Games and Paralympic Games;
— launching the London 2012 Sustainability framework;
— finalising detailed sport and venue specifications across new and existing venues with International Sporting Federations;
— finalising detailed plans for our involvement in the Closing Ceremony of the Beijing 2008 Games;
— implementing the first phase of community engagement in East London around the new site Masterplan;
— finalising the London 2012 Volunteer Strategy;
— developing new and inspiring education resources;
— further development of business support services for UK business;
— refining Games-time transport plans;
— seeking advice and ideas from across the UK to inform the cultural programme;
— preparing for the second visit of the IOC Coordination Commission in Spring 2007; and
— completing the initial audit and shortlisting of suitable facilities for Pre-Games training camp venues.

Whilst much has been achieved over the last 15 months, there is no complacency within the Organising Committee or any other part of the project. For these Games to be inspirational in the UK and around the world the whole country must come together to celebrate Olympic and Paralympic ideals.

The Organising Committee will continue to work with all its partners across the length and breadth of the UK to promote the opportunities and benefits the Games with bring to everyone.
Witnesses: Mr Paul Deighton, Chief Executive, London 2012 Organising Committee of the Olympic Games and Paralympic Games (LOCOG), and Mr David Higgins, Chief Executive, Olympic Delivery Authority (ODA), gave evidence.

Q1 Chairman: Good morning, everybody. This session is one of a regular series which the Committee is holding to look at preparations for the 2012 Olympic and Paralympic Games. May I welcome, I suppose, the two people with the greatest responsibility for ensuring that we have a successful Games, that is Paul Deighton, the Chief Executive of LOCOG, and David Higgins, the Chief Executive of the Olympic Delivery Authority. Could I start by asking about the structure of governance and oversight. The Olympic Board, Paul Deighton, LOCOG is represented on, but the ODA is not on the Olympic Board. Has that caused any problems, and is the ODA confident that it will manage to have a strong enough voice without actually being a member of the Board?

Mr Higgins: We are not a member of it, but of course our Department is, which sponsors us, and I have attended every Olympic Board to date that has occurred, certainly this year. I find the ODA has plenty of opportunities to contribute to it and raise any issues. If we wanted to raise an issue, from a shareholder point of view, clearly we would do that through the Department, so no, I do not think there is any disadvantage whatsoever that the ODA is not a formal member of the Board?

Mr Deighton: We are not a member of it, but of course our Department is, which sponsors us, and I have attended every Olympic Board to date that has occurred, certainly this year. I find the ODA has plenty of opportunities to contribute to it and raise any issues. If we wanted to raise an issue, from a shareholder point of view, clearly we would do that through the Department, so no, I do not think there is any disadvantage whatsoever that the ODA is not a formal member of the Board.

Q2 Chairman: Particularly could I ask David Higgins, the ODA has recently had the resignation of its chairman for personal reasons. Could you tell us whether that is going to cause any problems, and how quickly do you think you can find a new chairman and get him or her in place?

Mr Higgins: We have close co-operation with the Department. Importantly, what we have done on major projects and major commissions, such as the appointment of the delivery partner or the appointment of the firm for the stadium, is to set up steering committees well in advance of any decision that needs to be taken. The Department is represented on those committees and then they have an approval process which not only includes the Department but other arms of government and also other funding partners.

Mr Deighton: I would endorse that. From our point of view, we have the right degree of autonomy to get on with the job but given the broader public policy objectives, which are part of the delivery obligations of the Games, then having a close relationship with our government stakeholders is absolutely important to get this job done right.

Q3 Chairman: You said that you are sponsored by DCMS, as is LOCOG. One of the concerns which we looked at last time was the possibility that DCMS might try and micro-manage or interfere. Are you happy that you have sufficient autonomy to be able to run this without having to get permission from Whitehall?

Mr Higgins: We have close co-operation with the Department. Importantly, what we have done on major projects and major commissions, such as the appointment of the delivery partner or the appointment of the firm for the stadium, is to set up steering committees well in advance of any decision that needs to be taken. The Department is represented on those committees and then they have an approval process which not only includes the Department but other arms of government and also other funding partners.

Mr Deighton: First, Jack was a non-exec chairman, he was Chairman of the Board, so for the day-to-day operating of the ODA, it should not have any direct impact on the Board. Importantly, what Jack Lemley did was oversee the establishment of the
Board, the recruitment of myself to the Board and also signing off on major strategies, so the overall programme for the Olympics—"2:4:1", as we term it—was two years to get established, and a great focus on planning was something that he was instrumental in and ensuring was put in place. Sir Peter Mason, who has a long background in construction and engineering of course, joined the Board and is ex-Chief Executive of AMEC, he started on 1 October. Sir Roy McNulty is Deputy Chair and Acting Chair and the Department will go through a selection process over the coming months.

Q4 Chairman: In the submission from LOCOG, you have at the back a list of programme objectives with responsibilities assigned for each one. That is quite a detailed list of objectives. Could I ask, how are you going to measure achievement against those objectives and how can you ensure that you are on track to deliver them?

Mr Deighton: In terms of our specific objectives, LOCOG’s principal responsibility is to deliver an outstanding Olympic Games and Paralympic Games. Frankly, the best yardstick for performance measurement which we have for that is our work with the International Olympic Committee because, of course, they have put on every Olympic Games and Paralympic Games held to date. We have regular update meetings and discussions with them and we are held very closely to account against their master schedules that deal specifically in terms of delivering the Games. Our relationship with the IOC is probably the most critical because by far they have the best understanding of what it takes to be successful and we found them incredibly helpful in telling us the kinds of things that we will have to confront six, five and four years out because, as you can imagine, this kind of project is understanding what is important when, and focusing on those things at the right time in the right way are what really count. The IOC’s experience in that has been absolutely invaluable to make sure we have got our priorities right.

Q5 Chairman: And you’re confident that you can also keep track of progress towards your specific objectives and that you have sufficient monitors in place to do that?

Mr Higgins: Absolutely, and we also participated in this recent review of the IOC. Of course we are audited by the National Audit Office and we use OGC extensively in terms of our Gateway reviews of all the major projects.

Q6 Mr Evans: Paul, we are all looking forward to the Olympics in 2012 being on time and on budget. Is that still the plan?

Mr Deighton: From our point of view, 27 July 2012 is the day we are very much focused on which is in five years, nine months and a few days. It is a calibration I keep a very close check on. In terms of getting things done on time, I do not think there has been an Olympic Games in history which has been late and we have absolutely no intention of breaking the record on that front. The question for us really is being prepared early enough and working with David to make sure the new venues are ready early enough, so that we have long enough, as we come up to 2012, in the last year particularly, to test and rehearse so when we come to the real thing it is second nature by that stage. The thing to watch, as we go through this process of preparation, is to make sure that the period which we have set aside at the end, that one year for testing, is protected and is not eaten into by delays on the building project. That is where David and I work very, very closely. In terms of being on budget—as I am sure the Committee appreciates and David will talk about the ODA’s budget—our budget is for staging the Games. It remains at the level of £2 billion, which was our original estimate, which is the out-turn equivalent of the £1.5 billion constant price number that we submitted as part of the bid proposal where the IOC demands that all proposals are put in on a constant price basis for the purpose of comparison, so ours has stayed at the same number of £2 billion. That is the target we expect to meet and at the moment we are working extremely hard on reviewing our plans, constantly going through each component of the budget to keep it within that framework and at the moment I can report that is absolutely our expectation to be able to contain it. Of course, in our case, that £2 billion will be funded privately, so my first recourse, if I have any difficulty with the costs, will be looking to whether I can raise additional financing privately to support it. If I cannot, then it is a matter of choosing priorities amongst the things that we are trying to do on the staging side to keep within the overall £2 billion constraint.

Q7 Mr Evans: If we look at the on-time bit first, we have not got a very good track record on things like Wembley Stadium which is an ongoing farce, quite frankly. Have you learnt any lessons from what has gone wrong there as to how you should do it differently?

Mr Deighton: I think that is probably David’s lot because that is a construction question.

Mr Higgins: The lesson we have learnt from that and other projects is the absolute importance of planning, I cannot reinforce this enough. We said when we first arrived, “We are not going to build anything, we are not going to rush out and start construction”. Until we have determined the proper brief, particularly wide consultation with our many stakeholders to work out the Olympic requirements—and there are detailed performance requirements to satisfy the IOC and the international sporting bodies—and then match that with legacy, which is a major change on these Games from any other Games, and until we get it all right with the designers very clearly and get the planning approval in place we should not start anything, because that is when things go wrong. If you start construction and then people start changing the scope and briefs, then costs escalate and things get out of control, so we are not doing that at all. We did start one thing, of course, the power lines, because we decided at a very early stage the power lines needed to be put underground for the Olympics but
more importantly for the level of housing that is going to come into the Valley. We are right on track in terms of our schedule. We said at the beginning of the year June 2007 is when we get control or access to the vast majority of the land and in a big part through the compulsory purchase work that is being carried out by the London Development Authority. That is on track. The design is on track, so we have done a lot of work on re-modelling the entire Park, so to have a fixed layout for an Olympic Park now, six years before the start of the Games, and a layout that has been tested for the operation of crowd control, access, back of house right through to food courts, to have that all fully resolved so that we can now make a major planning application at the end of January 2007 is a massive step forward and certainly it is well ahead of any other city that has prepared for the Olympics.

Q8 Mr Evans: Could I look at one specific aspect of the planning and the budget that clearly is worrying and I assume has been revised greatly from when the initial candidature report went in, which deals with security. I understand that originally somewhere in the region of £23 million was put aside, 1%, for that particular aspect of the Games. That was put in before we had the Tube bombings and bus bombing in London. We have also had reports now that Europe, and specifically Britain, is a target for al-Qaeda, and I could not think of anything bigger for them to target than the Olympic Games quite frankly; surely it is a target for them. Have you revised the budget and are you going to be doing things differently because of the threat that we are now facing?

Mr Deighton: The overall responsibility for security at the Games is with the Home Office and the police and, as you correctly outline, due to the change in circumstances one day after we won the bid on 6 July, they are obviously looking extremely closely at ensuring that this is a safe and secure Games. Planning from the beginning, as you would expect, has been to ensure that, whether it is how we secure the site through the construction, which is very much David’s responsibility, or how we work with the police to ensure security and safety through Games’ time, which is the Organising Committee’s responsibility, those have always been paramount in any case, but the police are the ones who are looking at the implications of that through time for the budget.

Q9 Mr Evans: That comes out of the £2 billion?

Mr Deighton: No. The way we look at the security budget in terms of slicing it up in different responsibilities is consistent with protocol in the UK for major events. We take responsibility within the LOCOG budget for in-venue security, inside our venues which is exactly, for example, how you deal with things like major football matches, but the police and the Home Office take responsibility for the budget and the broader security outside the venues.

Q10 Mr Evans: Right, so that is not part of the £23 million then?

Mr Deighton: No.

Q11 Mr Evans: Any increase in that will be falling on, I guess, the London taxpayers as opposed to coming directly out of your budget?

Mr Deighton: It will not be out of my budget. How the Government chooses to fund it probably will not be a question that I will get involved in.

Q12 Chairman: KPMG are doing an ongoing review of costs. As far as you are aware, are they still confident that the cost figures you are working on are robust?

Mr Higgins: From a funding point of view, at the time of the bid the concept design and what was the funding package were put in place, £2.375 billion—this is separate, of course, from Paul’s budget—and then a further £1.44 billion was set aside for infrastructure relating to the Games, that was the funding package put in place at the time of the bid 2004–05. KPMG were engaged by our sponsor Department at the end of 2005 to review the overall concept and cost of the Games. We have worked closely with both KPMG and the Department and importantly—because when you bid for the Games it is very much a concept, a plan, there is not a huge amount of detailed work done then and it is very much a concept for the Olympic Games—what we have done over the last nine months now is to go back and integrate the Olympic Games into Stratford, this is a massive development. At the time of the bid there were two entirely separate developments that resulted in the Village becoming a greater part of Stratford. We looked at the utilities and the whole issue of regeneration of the Lea Valley again and that was not planned at the time of the bid for the Games. The overall area framework for the Lea Valley will be launched by the Mayor. It is expected in January and that will envisage something like 40,000 new homes in the Lower Lea Valley and I think up between 50,000 to 60,000 new jobs. Stratford and the Olympic site are the catalyst for what will be the largest regeneration project in the UK, the largest plan ever undertaken in terms of that size and scale and a major initiative to cope with the demand for housing in London. It seems crazy to carry out and complete the Games successfully and then come back in 2013 and retrofit the entire site to cope with the largest expansion of housing that London is going to experience in a concentrated area, so what we have done in the last nine months is to go back and say, “How do we integrate and use the Games as a catalyst not only for the major redevelopment of Stratford but for this long-term regeneration of the Games?” It is important we get that right, because from a wide range of statistics or studies, these boroughs in which the Games are being hosted are the most deprived or—according to a recent survey that is coming out on television I think tomorrow—some of the most difficult in terms of perception of where people want to live, so it is certainly the most deprived in terms of health, education, security and jobs. The figures are really
Chairman: Valley as well as delivering the Games because they do work with the Department and the Treasury that budget you should consider putting in place”, and to we accept the original line of funding but we are entity. So what we are doing with the Department is area into a place capable of housing in a regenerated community to a decade of further work to turn this you would have to come back and subject that temporary tents up to carry out the Games, but then required, for example major decontamination. Yes, very di

in the Lea Valley to deliver the Games but also it is we have done is reviewed the work that is necessary package put in place for the bid for the Games. What the £2.375 billion was a funding estimate of how much it is going to cost?

Mr Higgins: The £2.375 billion was a funding package put in place for the bid for the Games. What we have done is reviewed the work that is necessary in the Lea Valley to deliver the Games but also it is very difficult to separate out the regeneration that is required, for example major decontamination. Yes, you could scrape the surface of the ground and put temporary tents up to carry out the Games, but then you would have to come back and subject that community to a decade of further work to turn this area into a place capable of housing in a regenerated entity. So what we are doing with the Department is we accept the original line of funding but we are going back to the Department saying, “Here is the budget you should consider putting in place”, and to do work with the Department and the Treasury that will ensure the necessary regeneration of the Lea Valley as well as delivering the Games because they are inextricably linked.

Chairman: That was the original £2.375 and then there was £1.44 billion that was set aside to cover things such as the power lines undergrounding and some of the work. What we have done now is integrated Stratford with the Lea Valley and we have integrated the Mayor’s plan for the 40,000 homes that was not around at the time of the Games, which in 2004 was not on the agenda and now in the last two years that has been developed, there has been an enormous amount of consultation with the Government’s development corporation, it is run on the Thames Gateway and London Development Agency in terms of their plans for the Valley. We are tying those together to come up with a new budget which will work with the Department and the Treasury which is the one that we should get reviewed and hopefully approved early in the new year.

Chairman: You do have access to the £1.14 billion which is in place and you have the £2.375 billion which is the funding package. Given those things are you confident you do not have to go back and ask for additional funding?

Mr Higgins: We have gone with the Department to discuss the UK budget that covers additional work which is required to deliver the Games and the integration of Stratford. Those discussions have been in place now over a number of months with the Department and the Treasury and we are looking for a decision on that hopefully within the new year.

Chairman: There is no present intention to ask for more money?

Mr Higgins: Obviously if we are going back to the Department, I think it is to look at the chance to invest additional money in this Valley, it is very logical to do it. We could take a lot of shortcuts, we could do a very superficial regeneration of the Valley and take enormous shortcuts. I do not think that is a responsible thing to do. I think the responsible thing to do from a public value point of view is to look at all those other government departments which intended to spend money in the Thames Gateway in the next five to 10 years and say, “You need to co-ordinate your expenditure at the same time as the Games because it will be much more cost-effective and better value for public money” so if that means additional money, which it will of course, we should consider that now. Not to consider that when we are planning it but to decide sometime over the next six years that we tie in programmes from other government departments and inject that money into the Valley at the same time would result in a very inefficient use of public money.

Philip Davies: I know Nigel urged you to learn the lessons from Wembley so that it is built on time. I hope you will also learn lessons from Ascot, which of course was built on time but nobody can see anything. I hope when you build it you will have the ordinary punter in mind as well and not just the corporate hospitality crowd. Paul, could I press you a bit further on this £2 billion income. You said if you do not raise this £2 billion, and everybody seems to say it is rather challenging, you will try and scratch around for some more private sector investment, but if you cannot find this investment ultimately you have probably got two choices, you can either spend less on the Games and perhaps have one of the worst Olympic Games in mind or you could ask the taxpayer to bail you out, as I think happened in Australia. If you got to that stage, which of those two options have you been either encouraged to go down or would you prefer to go down?

Mr Deighton: I do not plan to go down either of those routes. It might help to talk a little bit about the £2 billion from a revenue perspective to give people a sense of what is involved in each of those areas. The £2 billion potentially comes from a range of sources on the revenue side. First, we can sell sponsorship and TV rights. At the first level we get a share of what the International Olympic Committee
derives from its worldwide sponsors and from its sale of TV rights which it does on our behalf, so our first out of income potentially comes from the IOC. Remember they have exactly the same interest as we do in delivering a highly successful Games, so I would expect to have some degree of flexibility in our relationship with them to ensure the outcome is successful. To give you a sense of where we are on that at the moment, the IOC is in the process of negotiating the TV rights around the world and then over the next year or two we will negotiate with them our share of those TV rights. Similarly, for their worldwide sponsors—there are two types of sponsors for the Games, the worldwide sponsors and the domestic sponsors—the IOC brings in the worldwide sponsors, many of whom have been on the board for many years, for example Coca-Cola has been on the board since the 1920s. They have provided the long-term funding which has underpinned the financial security of the Olympic Games and the worldwide sponsors sign up typically for four-year periods encompassing both a winter games and a summer games, so in our case they will get both Vancouver in 2010 and London in 2012. Already, half of the 12 who are in place for the previous quadrennial, which included Turin and Beijing, have signed up, which is a record early signing-up and it is in anticipation of the fact that they believe London is a superb venue for the Games, as indeed Vancouver is for the winter games. It is not until all of those are signed up that we will be able to work out exactly what our share of that revenue will be, so those two things are continuing with the IOC and then we have a subsequent responsibility to negotiate our share. Also, of course, we get to sell tickets, about nine and a half million, and we will be working on a balance between maximising revenue, because some of these tickets are clearly very attractive properties, and also making them sufficiently affordable so there is a sense of real participation around the country. Also, we have a range of merchandising activities, putting the Olympic marks on what I sometime refer to as "baseball caps and T-shirts", and there is business there which will derive a lot of income for us. Finally, and this is the part of our revenue-raising upon which we are most focused now, we have the opportunity to raise income from domestic sponsors. The way Olympic corporate sponsorship works is there is one sponsor for each industrial category so to the extent the category has not been taken up by the worldwide partners it is available for sale domestically and currently we have embarked on negotiations with companies in six sectors in the United Kingdom to bring them in as corporate partners. We expect to announce our initial partner around about March next year, and I think having a great company will give our programme the commercial momentum it needs. I lay all that out to show that there are a range of different sources of revenue. I think sometimes there is confusion in believing we have to raise all of the £2 billion from sponsorship, but that is not true, it is only a portion of that £2 billion, and we have flexibility to move between the different sources of income. If one falls a little short, we will push another one a little harder, so there is some comfort in the diversification that our sources of revenue offer us.

Q18 Philip Davies: Do you know of any proposed legislation to ban any kind of unhealthy products being advertised on TV? I do not know whether Coca-Cola falls into this kind of category, but whether or not that is going to have any impact on sponsorship levels if, by the time the Olympics come around, we have got this ban being mooted to ban these unhealthy products, may that make a dent in your sponsorship income?

Mr Deighton: Our initial discussions with large companies in the UK demonstrate an enormous enthusiasm to be associated with the Games. They see it, first, as a one-off opportunity, it really is a unique opportunity. This is the only time in our lifetimes we will have the Olympic Games in the United Kingdom, so for a corporate to be able to be associated with that is truly unique. "Unique" is the most overworked word in the corporate lexicon, but here it really is, there is nothing like it and that has got people’s attention. It gives them an opportunity to demonstrate a degree of patriotism, as an identification with the population here which nothing else does. It is a way of motivating their customers to switch their buying behaviour to support those who are part of the Games. It is a wonderful way to motivate their own workforces. If you look at the patterns of past Games, companies that have been involved in the Games have used it as a great workforce motivation tool. It is also a great way for them to pursue their own corporate social responsibility goals and, indeed, to align some of their spend on activation of their Olympic sponsorship with some of the things we are trying to accomplish more broadly in terms of our wider social and economic benefits. You put that package together and as a sponsorship opportunity it is quite unrivalled, so I am extremely confident that our interest will stay strong through the next six years.

Q19 Philip Davies: Do you know if this ban on unhealthy products is going to impact on some of those Olympic sponsors or not?

Mr Deighton: No. Specifically that question, the food, restaurant and drinks sponsors are already committed through the worldwide programme, so for my domestic programme I will not be looking to bring in sponsors in those areas. My first six sponsorship areas, the key ones, are banking, insurance, telecoms, automotive, utilities, and oil and gas and that is where the lion’s share of our initial funding will come from.

Q20 Philip Davies: Given that rosy picture, can you give us a cast-iron guarantee at this stage that you will not be coming back at any point asking the taxpayer and the Government to bail you out from any shortfall in funding? It looks like such a marvellous picture that, surely, you can give us a guarantee at this stage that you will not need any taxpayer’s money at any point to bail you out?
Mr Deighton: We are certainly confident at this stage the sources of revenue available to us are sufficient to leave us in the Organising Committee with revenues that will match our expenditures, yes.

Q21 Philip Davies: Finally on this, Chairman, do you accept that this focus on what a marvellous opportunity it is to sponsor the Olympic Games, as you just told us, could have a detrimental effect on sponsorship of other sporting events that are not associated with the Olympics? Is this something that is of any interest or concern or are you taking a parochial view of “Well, as long as we are all right, we are not really bothered what happens to other sporting events that year in Britain”?  
Mr Deighton: No, we have a broader point of view. As you can see, part of the legacy of the Games is a broader sporting legacy in the United Kingdom. It would be short-sighted of us to want to starve everything else in order to feed the Games. However, my practical experience of negotiating with these companies individually is they treat an Olympic sponsorship as a rather separate event because of its breadth. It is not just a sporting event, it is a cultural event, educational event, nationwide event and, as a result, when they are looking specifically at how to fund it themselves, they are taking the money from their broader marketing budget. It does not come out of a sport sponsorship budget, it comes out of the broad marketing budget and that works because, as I explained, it is about how do we get consumers to buy more of our products, how do we motivate our workforce, that comes out of the training programme in the training budget, how do we prosecute our corporate social responsibility goals more effectively, that comes out of the CSR budget. That is the beauty of the partnership opportunity with the Games. It is far broader-reaching and that is reflected in terms of the corporate budgets from which the funding is drawn.

Q22 Philip Davies: Do you think it is much more likely to affect the commercial broadcasters, perhaps, or might we see their advertising revenues go down rather than other sporting events?  
Mr Deighton: It is not a zero-sum game. What we have talked about with a lot of companies is if you are spending, whatever it is, £100 million, on broadcasting, let us bring that broadcasting expenditure alive by giving it an Olympic association. It is not zero-sum game in that respect.

Q23 Mr Hall: Mr Higgins, when was the Olympic Delivery Authority brought into being? When did you start work?  
Mr Higgins: The first week in April. From the Bill we acted as an interim agency from the first week in January, but we formally took up our role on 1 April.

Q24 Mr Hall: Why has it taken until the first quarter of the next financial year to bring forward your life budget?  
Mr Higgins: We have submitted our drafts to the Department and now we are in detailed discussion. The first thing we did was review all of the plans, we did a lot of detailed cost-planning exercises, working out the scope of that and the most important thing was we appointed a delivery partner who was put in place in September. Particularly, we want this delivery partner, which is our agent, to do the tendering and the monitoring on expenditure and time to check all of our figures as well and that should be finished by the end of this year. We have put our forecast figures into the Department and we have worked very closely with KPMG.

Q25 Mr Hall: So the lack of the full lifetime budget caused some difficulty with the Olympic Lottery Distributor?  
Mr Higgins: It has not to date, no.

Q26 Mr Hall: Have they made you an interim offer of a grant, £77 million?  
Mr Higgins: We have an agreement in place with the Olympic Lottery Distributor to cover this year, we will be putting our budget in for the year 2007–08 to the GLA in November and then to the Olympic department in the next month.

Q27 Mr Hall: Is it £77 million for this year?  
Mr Higgins: That is right, yes.

Q28 Mr Hall: Was that contingent on you providing them with a business plan by next month?  
Mr Higgins: Yes, we are putting in a draft business plan. The actual numbers in the business plan are the subject of Department and Treasury discussions.

Q29 Mr Hall: Are you quite clear on the relationship you have got with the Olympic Lottery Distributor then?  
Mr Higgins: Yes, they have been very supportive and there is close co-operation.

Q30 Mr Hall: There is no tension?  
Mr Higgins: No.

Q31 Mr Hall: Good. In terms of the projected annual Lottery ticket sales, are you happy with the projected income from the Lottery ticket sales that is being put forward?  
Mr Higgins: I do not get directly involved in the ticket sales themselves.

Q32 Mr Hall: There is a prediction of what that is going to generate, which is fundamental to your organisation.  
Mr Higgins: Correct. Every bit of advice, as I understand, is that is on track, but I know you will be talking to the Olympic Lottery Distributor after our session here. You can ask them in more detail then.
Q33 Mr Hall: Did Camelot consult with you?
Mr Higgins: No, not at all.

Q34 Mr Hall: Did you find that unusual?
Mr Higgins: No, not really. Our relationship is with the Olympic Lottery Distributor not with Camelot.

Q35 Janet Anderson: Mr Higgins, when we took evidence from the London Development Agency in November last year there was a lot of complaints from small businesses which were located on the Olympic site. I understand you told the London Assembly in June of this year that 92% of the site was under public control and you expected the CPO procedure to be concluded in July next year. I wondered if you could tell us a bit about the acquisition process, whether or not you are still confident that is on track and you will have control by July next year.

Mr Higgins: Absolutely. The CPO, or the Compulsory Purchase Order, which is being carried out by the London Development Agency on our behalf, is on track. The report went through a public inquiry and that was completed in the summer. The report has been submitted to Government Office of London for review and for the Minister's determination, that comes under the review of the DTI, the Department of Trade and Industry. Subject to a clean report, we expect that report to be out by the end of this year or early January and then there is a three-month judicial review period. All things going well, and there is no indication that they should not be, we would expect to be able to be in control of the land by July next year. Clearly, relocation of businesses and residents is vitally important. What we did in January of this year was to reduce the land take that was required for the Olympics in consultation with the LDA and that saved nearly 1,000 jobs and just short of 100 businesses from compulsory purchase in that process. A lot of work has been going on and we work very closely with the LDA to relocate businesses and so the figure is great, 92% of the land is within public control, not directly in ownership today but is in the process of being transferred presently and agreements are being put in place to ensure it will be under public control by next year.

Q36 Janet Anderson: Are there still some businesses on the site which are not happy with this?
Mr Higgins: The vast majority of the businesses have now been relocated and what the LDA has done on Beckton and Upper Temple Mills is built over a million square feet of inspected industrial development site which has now been, in most cases, fully occupied by relocated businesses. Some of the more high-profile and vocal businesses, which I am sure you are aware of, have now relocated in and around the area. It is not an unusual process in trying to relocate these businesses that as you get closer and closer to the end of the public process, businesses reach commercial agreement and in the vast majority of the cases that has occurred.

Q37 Janet Anderson: You have begun the search, and in fact I think you have almost completed the search, for an integrated design and construction team for the stadium. I notice from this press release, which is dated 13 October, you started negotiations with Team McAlpine and it says here “because their submission was the only one that met all the ODA’s pre-qualification criteria”. I wonder if you could say a bit about that and perhaps tell the Committee if negotiations with Team McAlpine are not concluded satisfactorily, what contingency plans you have to back you up.

Mr Higgins: Absolutely. The stadium is on the critical path. In terms of the overall programme, the securing of the land, the decontamination of land and the building of the stadium over three years, it is in fact one of the most important single venues that Paul’s team needs to get occupation of early because 25% of all medals happen within the stadium itself. What we did was ensure that when we had a design, the design was buildable. Lessons learned from previous experiences, there is no point having a fantastic design and then when we go out to the market, the contractors and suppliers say that it cannot be built. In our original brief that went out to the market we said, “We are very interested in innovative design”. A big part of this is temporary because a large part of the stadium will be temporary but we have to know that what we are going to design is also buildable and, therefore, one requirement would be that any winning consortium has a contractor which has at least a turnover of £500 million a year. That was the minimum threshold to your point. We had 11 consortia in total that bid, five got down to the shortlist but finally one satisfied all the requirements. How do we protect the public purse to ensure that if we cannot reach viable commercial agreement with this consortia the public is not exposed? We do that by controlling all of the design and intellectual capital that they produce so we pay them for the work they do, the design development work. We also ensure transparency of all the bidding and tendering of sub-contractors and suppliers that team will carry out on our behalf. If at any time over the next 12 months we are dissatisfied with that, we have the option of controlling that design and then going out and re-tendering it. I have to say I believe that we have chosen a really world class team. This is a team that not only delivered Emirates to Arsenal on time and on budget but the same team is delivering 02 at the Dome which is ahead of schedule and is going very well. In fact, after this session, at 12:30, I am going to our first session with the whole team together so I am delighted that such a high calibre UK team is available to do the Games.

Q38 Janet Anderson: Out of all the submissions, they were the only ones who met the criteria. If it does not work out, how confident can you be that there is anyone else who can deliver for you?

Mr Higgins: The project will go through various stages. Over the next six months we will do an enormous amount of design and development work with the designers, the structural engineers, the
sports architect, as well as their specialist designers. In six months’ time, if we were unable to reach an agreement with them, we could go out to tender but there would be much greater clarity on the scope of what we want. At the moment we know that we want an 80,000 seater stadium in Olympic mode and a 25,000 seater stadium in legacy but how we get there and what it looks like is subject to a lot of design development option analysis. In six or nine months’ time a lot of that will be resolved and therefore there will be more people potentially, if we were unable to reach agreement with them, who would be interested in bidding at that stage.

Q39 Janet Anderson: You are confident it is not going to be another Wembley?
Mr Higgins: We are going to work to ensure that the public gets value out of this facility.

Q40 Janet Anderson: Finally, could I mention the remediation costs. You were optimistic a year ago that the cost of site remediation could be met from existing resources. Are you still confident and do you think that more should have been done to assess remediation costs before submitting the bid?
Mr Higgins: No, I do not. The remediation can be met out of existing resources. The remediation will be paid for by the LDA because they are the long-term land owner. We have agreed a budget with the LDA and hopefully this Thursday our board will agree to the novation of those contracts and the budget across to the ODA because it is logical that we manage the process, therefore that is in existing budgets approved by the LDA. Could more have been done? More than 50% of the entire site has had detailed site analysis and investigation already carried out on it. That analysis has been carried out on the areas of the site which are most contaminated. The first and most important check of any area on remediation is to look at the previous and existing land use of the site to work out how contaminated it was. My previous experience, and the team that we have worked with involved Greenwich Peninsula and that is obviously a site where there were gas works and heavy contaminants and chemical works on it. That is not the case in the case of the Lea Valley. We have used the same team of subcontractors, contractors, engineers and supervisors to carry out the work we are doing on this project.

Q41 Alan Keen: What is the target date for completion of the main stadium? Is it 12 months before?
Mr Higgins: Yes.

Q42 Alan Keen: Has it been agreed that the legacy has to leave an athletics stadium? Has that been agreed by the Department for Culture, Media and Sport?

Mr Higgins: Yes.

Q43 Alan Keen: What plans are there to make sure that we get a legacy that is sustainable? The football club seems to be very much up in the air. Is there some real determination to try to get a football club in there or are you waiting to see what happens?
Mr Higgins: If we go back to how we, as the ODA, get our guidance on what we design to and what our brief is. The Olympic Board is the key governance body that gives us direction. Many months ago we went to the Board with a variety of options. The Olympic Board approved that in Olympic mode the seating is 80,000 seats and in legacy mode it is 25,000 seats. The athletics legacy was an important part of that but also that it should involve community and leisure use, so it should be open and available to the surrounding communities because this is an area where public facilities and playing fields are in short supply. Also, we have all seen white elephants, as they are called, large stadium buildings which carry huge legacies of operating costs and are not usable. It is really, really important that we get the use right, that we do match a lead sport, community use and leisure with revenue to support it. What we are doing at the moment is we are out in the community with an expert consultant on our behalf consulting with community groups and sporting associations to see what use and demand there will be for this facility in legacy, and that includes football. As you suggested, the one thing which is important is this will be a public asset. It is going to be built from public money and it will remain multiple use and available to the public. If we can get football clubs in there to help mitigate the operating costs, we will certainly be very open to that.

Q44 Alan Keen: It has got to have a permanent athletics track?
Mr Higgins: That is certainly the direction which we have got from them.

Q45 Alan Keen: There is no digging it out?
Mr Deighton: No, the reason the Olympic Board has given us that direction is because that is part of our undertaking to the IOC when we were awarded the Games that there would be this athletics legacy.

Q46 Alan Keen: Are UK athletics happy? Will this be the headquarters for athletics in this country rather than Crystal Palace, which is the main venue at the moment? I know Crystal Palace is not your worry but if we are looking at legacy obviously we need to plan more than just focusing on the one stadium. Have you any indication as to what money is going to be required to sustain the athletics stadium for other major events?
Mr Higgins: I do not think that decision has been made, UK Sport would take that final decision. Certainly, there are a number of venues there which could be either regional—London based—or national sporting facilities from hockey to swimming through to athletics.
Q47 Alan Keen: You could take West Ham over with the petty cash that you have got in your budget and you could make them move there and make it sustainable.

Mr Higgins: I am not sure we would be allowed to do that.

Q48 Mr Sanders: One of the things that I think exercises the mind beyond the M25 is what has it got to do with us. We can spend a lot of time here looking at the financial situation and planning and we are right to do both. For the people at the end of the day who pay the bill either through choice, through Lottery tickets, or through the added costs of the goods they buy from the companies that sponsor the Games or from some taxes that have to be paid, what is really in it for them other than a three week Games? Where is the legacy for them?

Mr Deighton: Our role at LOCOG is to stage an inspirational Games and I think it is helpful to dwell on that for a moment because it is too easy to take that for granted and not to appreciate just the impact which it has. This is the largest and arguably the most complex logistical event that any nation can undertake and executing that well enough to make an inspiring event is an extraordinarily challenging undertaking. First and foremost, when it comes to my organisation’s focus, it is really very, very focused on bringing that about. We are, of course, working very closely with our stakeholders to make sure that the benefits are spread both throughout the country but also through time so you have got both the regional and the legacy components. The thing we can do which will help leverage all those efforts most effectively is that the Olympic Games and the Paralympics Games themselves are so spectacular that it really gives them the ammunition to make a difference in these other things. When we talk about how we want people to remember 2012, we want it to be the summer of 2012 that sticks out in people’s memories, really for the rest of their lives. I will get onto the other stuff but I do not want to diminish first how difficult it is to pull that off and how focused we need to be on that but, secondly, how important that is in galvanising communities and people working on other aspects of the legacy, just the actual inspiration of the Games. If you go around the country as we did in July on our road show for three weeks, and you go into schools, you go into town centres and you talk with kids about it, you can see the power of the Games. Of course, the transport connections into London enable you to stay quite a considerable way outside London with friends and family and commute in. I think there is enough flexibility around making a visit to London for the Games for that to work just fine. The other thing I would draw your attention to is the volunteer programme. In fact, last week we had our 100,000th volunteer signing up on our website which again is a reflection of the enthusiasm around the country. As we pull our strategy together and implement a volunteer programme we will be making sure that reflects a broader regional participation as well.

Q49 Mr Sanders: There is no doubt that if you are going to be in London in the years running up to the Games, everybody is going to be acutely aware. For a start, anybody who is a council taxpayer in London is going to know that something is happening and hopefully they are going to be happy because of what they are going to see being created on the Olympic site and they are going to be in touch with what is going on. For many people in this country all they are going to know about the Olympic Games is what they see on the television. For them, it might as well be in Sydney or in America. Where is the link to actually people really feeling a part of this because so much of it is concentrated within the M25?

Mr Deighton: First, yes, you are implying there are some events which are outside the M25, the football event, for example, is spread right around the country which is the typical approach for the Olympic football tournament. Weymouth is the home to sailing. There are examples of sport which is distributed. There is, of course, nothing to stop anybody coming from the rest of the UK to visit the events in London.

Q50 Mr Sanders: Can I ask a question on that because here is another fear: if people want to come up to London for a couple of days, what are you going to do to stop accommodation providers putting their rates up for the duration of the Games, given the number of foreign supporters from different countries who are going to come here?

Mr Deighton: The beauty of London is that it is a huge city with many different levels of accommodation opportunities so it has got the supply to be able to accommodate the Olympic Games. Of course, the transport connections into London enable you to stay quite a considerable way outside London with friends and family and commute in. I think there is enough flexibility around making a visit to London for the Games for that to work just fine. The other thing I would draw your attention to is the volunteer programme. In fact, last week we had our 100,000th volunteer signing up on our website which again is a reflection of the enthusiasm around the country. As we pull our strategy together and implement a volunteer programme we will be making sure that reflects a broader regional participation as well.
I am sure you noticed the other week another programme going to start the pre-volunteer training for people who have registered to be volunteers. When are you going to work very closely with the pre-volunteer Employment Skills Training Programme which is going to give an opportunity surely for the regions outside London to participate in sports events and demonstrating its compactness is a very important criterion to succeed. We did not consciously make a mistake of not distributing it, that was the only way that we were going to win the Games. Having won the Games on the only basis that prohibitive from a cost point of view, is to put the whole idea, just so people understand, is that volunteering is not just about having a wonderful volunteer force at the time of the Games, which is very important given that they are the face of the Games to most of the visitors but it is also about what we can do leading up to the Games to equip people through that programme with skills which will be useful not just in volunteering but also to get those who are out of the workforce potentially back into the workforce. Then, of course, there is the legacy which comes post-Games, once we have learnt these volunteering skills and got it more broadly developed in the country which can then be taken to apply to a whole range of other events and activities. Volunteering is a wonderful example of how we can do things pre-Games, at the Games and post-Games and tie it altogether into the bargain to achieve other social and economic objectives. We are already working on that programme with the GLA.

Mr Deighton: I agree with you that this is a challenge we all have to address and it is not a simple one. To win the games the IOC looks at it very much as a city event and demonstrating its compactness is a very important criterion to succeed. We did not consciously make a mistake of not distributing it, that was the only way that we were going to win the Games. Having won the Games on the only basis which was possible I think we are now working as constructively as we can to be realistic about which benefits of the Games are distributable regionally and how the inspiration of the Games can frankly work around the country. I did not see any difference when I went to a school in Darlington on the road show to look at the kids and talk about the Games from when I visited one in Newham. The kids feel exactly the same regardless of the proximity, the fact that the Games are in the United Kingdom is what is important. I think you are right, you stressed the communication side of it and that is where we have a very important role to play in telling people what we are doing, telling people what the Games means, giving kids around the country a chance to participate in sports effectively, that will enable us to develop a sustainable legacy. I agree that is a challenge and that together with our stakeholders we have to do our very best to make this a nationwide event. The good news is that everybody involved in this project accepts the two challenges, first that we have to deliver the benefits of this nationwide and secondly that this is more than just a Games-time event, that there is a real legacy to focus on. This is the first time in an Olympic Games that those two dimensions have been so focused on so early on in the planning to try and really get the best.

Mr Deighton: Many people 200 miles plus away from London, and I will come back to the point, might not be able to afford to stay in London because they could not come up in a day to watch an event and would have to stay and there will be a premium. For them to feel a part of these Games there ought to be, it is too late now, more events out in the community, in the nations and regions of the country and if that cannot happen, how are you going to drive forward a connection between what is seen as a London event with the rest of the country so they feel fully part of it? I am picking up cynicism now in my own patch that “nothing is coming here, nothing is happening, everything is London-focused”. I think that is going to repeat itself more and more unless you build in a strategy to really engage and to show people what it has to do with them in a real tangible way.

Mr Deighton: I agree with you that this is a challenge we all have to address and it is not a simple one. To win the games the IOC looks at it very much as a city event and demonstrating its compactness is a very important criterion to succeed. We did not consciously make a mistake of not distributing it, that was the only way that we were going to win the Games. Having won the Games on the only basis that prohibitive from a cost point of view, is to put the whole idea, just so people understand, is that volunteering is not just about having a wonderful volunteer force at the time of the Games, which is very important given that they are the face of the Games to most of the visitors but it is also about what we can do leading up to the Games to equip people through that programme with skills which will be useful not just in volunteering but also to get those who are out of the workforce potentially back into the workforce. Then, of course, there is the legacy which comes post-Games, once we have learnt these volunteering skills and got it more broadly developed in the country which can then be taken to apply to a whole range of other events and activities. Volunteering is a wonderful example of how we can do things pre-Games, at the Games and post-Games and tie it altogether into the bargain to achieve other social and economic objectives. We are already working on that programme with the GLA.

Mr Deighton: I agree with you that this is a challenge we all have to address and it is not a simple one. To win the games the IOC looks at it very much as a city event and demonstrating its compactness is a very important criterion to succeed. We did not consciously make a mistake of not distributing it, that was the only way that we were going to win the Games. Having won the Games on the only basis that prohibitive from a cost point of view, is to put the whole idea, just so people understand, is that volunteering is not just about having a wonderful volunteer force at the time of the Games, which is very important given that they are the face of the Games to most of the visitors but it is also about what we can do leading up to the Games to equip people through that programme with skills which will be useful not just in volunteering but also to get those who are out of the workforce potentially back into the workforce. Then, of course, there is the legacy which comes post-Games, once we have learnt these volunteering skills and got it more broadly developed in the country which can then be taken to apply to a whole range of other events and activities. Volunteering is a wonderful example of how we can do things pre-Games, at the Games and post-Games and tie it altogether into the bargain to achieve other social and economic objectives. We are already working on that programme with the GLA.

Mr Deighton: That is one of the things we have to look at. What we would hope is to bring volunteers who do not live in London into London, we would like to have a hosting concept which effectively makes it zero costs for everybody. We will have to look very closely at what it will take to ensure broader regional participation is effectively implemented.

Mr Evans: To finish on a jollier note, piggy-backing on Adrian’s question about the regions because everybody throughout the whole of the UK would like to be a part of the Olympics, everybody is proud that London has got the Olympics, although it is city-based, it is still seen as the Olympics coming to the UK, the pre-Games training is going to give an opportunity surely for the regions and cities the length and the breadth of the UK to get involved in that. Do you want to say something about the announcement which you made yesterday?

Mr Deighton: Thank you for reminding me about all the good things we have done. Many of the teams like to come to the country before the Games in order to train, acclimatise and get ready for the Games. Our objective is to bring as many of them as possible to the UK rather than committing as an alternative to train elsewhere in Europe too because they are in the same time zone and this is one of the best opportunities for the regions outside London to benefit. What we have done in order to stimulate that interest and in order to encourage National Olympic Committees, who otherwise would find that prohibitive from a cost point of view, is to put in place a programme where we will pay £26,000 worth of expenses in those pre-training camps around the UK for each NOC so that would be particularly attractive for the ones who would not otherwise be able to afford it. We have been working very closely around the nations and the regions getting the appropriate facilities to put themselves in the brochure that we compile which is really the advertising for those facilities which we formally release at Beijing when the countries who are coming here begin to focus on London. Hopefully that will...
be a great stimulus and we will see a lot of activity around some of the great facilities that we have got in every corner of the United Kingdom.

Q55 Mr Evans: What is the closing date for these areas around the UK to ensure that they get approved because they have got to be approved sites?

Mr Deighton: They have got to be approved so we are trying to get all of that done by January next year. That process is very much ongoing at the moment. We need to make sure that people who want to be in our brochure are in good shape by January 2007.

Q56 Mr Sanders: Are these for whole packages, for example the whole country as a team would go to a particular area, or do they break it up by sports? For example, would the sailing athletes have to go somewhere other than the rest of the country’s team?

Mr Deighton: Both is the answer. Some of the smaller teams might come en masse somewhere but clearly if you are talking about some of the bigger teams, they will distribute parts of their team to where the best facilities are. It will be a mixture of sports and entire teams.

Chairman: I do not think we have any more questions. We shall probably see you again in the future. Thank you very much, indeed.

Memorandum submitted by the Olympic Lottery Distributor

OLYMPIC LOTTERY DISTRIBUTOR—OVERVIEW

The Olympic Lottery Distributor will provide half of the funds required for the £2.375 billion Public Sector Funding Package required for the London 2012 Olympic Games and Paralympic Games. On the face of it, our job is a rather simple one. The task of creating the vast range of facilities and infrastructure necessary to host the Games falls to the Olympic Delivery Authority and we envisage that they will be the main recipient of the funds at our disposal.

However control of such large sums of public money rightly brings a range of responsibilities and accountabilities. First and foremost we are accountable to the Lottery players whose money we are spending. We have a duty to see that their money is spent wisely and well. We see our job as ensuring that the money we dispense achieves the laudable objectives set out in the Candidature File which on that memorable day in July 2005 won London the right to host the 2012 Games. In particular we want to see those objectives around legacy and social and environmental sustainability achieved. We also want the London Games to live up to the promises we made to the international community for an inclusive Games built on our strengths derived from the our diversity and our long history of welcoming the world to London.

Therefore, we cannot be a simple conduit for Lottery money flowing from players to those responsible for delivering the Olympic vision. In considering applications for grant we must satisfy ourselves that the objectives for which grant is sought match up to the ideals which were set out in our bid. In monitoring how grant is spent we must be vigilant in checking that the objectives for which grant was awarded are delivered.

We know that over the next six years many problems will be encountered and pragmatic solutions will need to be found but we must work with others to ensure that the longer term benefits of the Games are not sacrificed in the pursuit of short term expediency.

In carrying out this role we are very aware of the need to minimise any burden we place on those to whom we provide grant and the pace at which those responsible for delivering the Olympics will need to work. The best way of minimising such burdens and avoiding delay, whilst respecting the unavoidable responsibility we bear, is to build a close and open relationship between the OLD and the agencies responsible for delivering the Olympics. We are pleased with how our relationships have been developing with the ODA in this respect. However, we remain of the view that we need to be more closely integrated with the deliberations of the Olympic Board and the Olympic Board Steering Group. Aside from the point of principle—that the provider of half the Public Sector Funding Package should be represented at these meetings—is the practical point that if we are involved in these meetings we will be better informed about how the project is developing and can make our views known at an early stage rather than possibly having to react later in a way which may cause delay and add to costs. We hope therefore that the Board will feel able to include us in these meetings.

More broadly the number of bodies concerned with the Olympics is large and their interrelationships are complex. Perhaps this is inevitable but the potential for problems arising from these arrangements will be reduced by openness and good information flows.

OLD only has the money which is made available by Lottery players. While it is not for us to sell Lottery tickets we have an interest in people continuing to play the Lottery. We see our role in helping make sure Lottery players know where their money has gone and we are in discussion on this complex issue with the ODA and LOCOG. More broadly we see ourselves as having a duty to safeguard the reputation of the Lottery insofar as it is supporting the Olympic vision behind which much of the nation united last year. We see our role of playing an active role in ensuring that Lottery money delivers Olympic objectives as helping in this respect. We are also anxious that the London Olympics are seen as another reason to play the Lottery.
and that the prospect of the Games will help grow the Lottery’s income. We are part of the wider Lottery family and we are not indifferent to concerns that the funding requirements of the Olympics will deprive the other Good Causes and we know that damage to the reputation of the Lottery may make us all poorer. We hope therefore that the Olympics can be used as a high profile positive message in Lottery marketing. We also think it is important that sectors such as heritage and the arts as well as sport are able to take advantage of the Olympics. Given that the Olympics is a sporting and a cultural initiative, this is entirely in line with the Olympic tradition. On a more narrow basis, given the importance to our economy of the arts, heritage and broader culture, it surely makes sense to make these sectors a part of our Olympic experience at a time when the UK will be on show to the world. Therefore we will encourage other Lottery Distributors to see the Olympics as an opportunity for them too and we applaud the work some of them have initiated in this area.

In conclusion, the OLD will play an active part in the delivery of the Olympics. While we do not wish to create unnecessary additional burdens, the remit given to us by Parliament does not allow us to be passive. There may be times when circumstances demand we voice our concerns and seek changes but by working closely and openly with our partners from the outset we trust that we can work together in harmony and with a successful outcome.

INTRODUCTION

1. The Olympic Lottery Distributor

The Olympic Lottery Distributor (OLD) is an independent, UK-wide, Non-Departmental Public Body which distributes Lottery Funds from the Olympic Lottery Distribution Fund to support the provision of facilities, services and functions necessary for the hosting of the 2012 Olympic Games. It is expected that OLD will be responsible for disbursing approximately £1.2 billion of Lottery funds in total. The OLD’s funds form part of the Public Sector Funding Package (PSFP). This submission describes the powers, function, policies, funding and procedures of the OLD.

2. OLD in Context: The Public Sector Funding Package

The PFSP amounts to £2.375 million to which OLD is contributing although there will be significant additional expenditure on major infrastructure projects. A Memorandum of Understanding (MoU) defining the PSFP exists between DCMS and the Mayor. It explains what public money is allocated to the Olympics, where it comes from, and when it will become available. This MoU does not refer to Departmental expenditure. It states that £1.5 billion will come from the National Lottery and it is anticipated that £1.16 billion of this sum will come from OLD with the remainder coming from the established Sports Lottery bodies: £289.5 million of the PSFP will be available from existing national Sports Lottery Distributors and will be spent across the UK. Whilst the £289.5 million contributes to the PSFP, it is not directly related to the provision of infrastructure and services. An additional £50.5 million will, however, be made available from Sport England for Olympic facilities—specifically the Aquatic Centre and the Velodrome. With funding from the GLA and LDA of up to £875 million, the total Public Sector Funding Package will be £2.375 billion.

Should these sums prove insufficient, the intention is that, subject to agreement between the Mayor and the Government the costs are shared between the Mayor and the Lottery.

POWERS AND FUNCTIONS OF THE OLYMPIC LOTTERY DISTRIBUTOR

1. Statutory Framework

The Olympic Lottery Distributor was established under section 29 of the The Horse Racing, Betting and Olympic Lottery Act 2004. This Act made provision for the establishment of both an Olympic Lottery Distribution Fund (OLDF)—into which money raised by Lottery games dedicated to the Olympics will be paid—and an Olympic Lottery Distributor (OLD) which would disburse this money. The Olympic Lotteries (Declaration that London is to host the 2012 Olympic games) Order 2005 which was made on 6 July 2005 and came into force on 8 July 2005, allowing the relevant provisions of the Act to commence.

The purpose of OLD, as defined in s30 of the Act, is to distribute money received by way of grant or loan where it considers this necessary or expedient for the purpose or in connection with:

“(a) the provision of facilities which are necessary or expedient if London is to be the host city of the 2012 Olympic games, or
(b) any other service or function which it is necessary or expedient to provide or undertake if London is to be the host of the 2012 Olympic Games.”

The Act goes on to state that a grant or loan may in particular, be related to:

“(a) facilities outside London;
(b) cultural and other events held in accordance with a provision of the Olympic Charter or in accordance with an agreement entered into by or on behalf of the International Olympic Committee.”

The five Board members were appointed by the Secretary of State for Culture, Media and Sport; the Chair in March 2006 and the remaining Board members April 2006. A list of Members is at Annex A. All Board members are appointed until 2010.

Section 30 (6) of the Act empowers the Secretary of State, by regulation, to determine that a specified class of expenditure is or is not eligible for support by OLD. This power relates to eligibility alone—the decision to approve or refuse individual applications for grant lies with the OLD Board, rather than the Secretary of State. Similarly, it is for OLD to determine whether grant offered should be paid or withheld. OLD is more, therefore, than simply an administrative mechanism for moving funds from OLDF to the Games. It has statutory discretion to exercise—and a duty to do so properly and regularly.

In addition to the power to determine eligibility, Schedule 5, Part 2, s14 (1) conveys the right for the Secretary of State to issue Directions to OLD which the latter “shall comply with”.

These directions may, in particular:

(a) relate to the management or control of monies received;
(b) relate to the terms and conditions of grants or loans;
(c) require OLD to obtain Secretary of State consent before taking certain actions;
(d) require OLD to provide information;
(e) relate to the employment of staff;
(f) relate, with Treasury consent, to the form of accounts or accounting methodology.

Decisions on the way in which these Directions are implemented, and decisions on individual applications for funding, are made by OLD independently of Government.

2. Where does the money come from?

The OLD disburses money from the Olympic Lottery Distribution Fund (OLDF). Camelot operates certain Games which are allocated to the Olympic Lottery Distribution Fund, namely the Dream Numbers draw game, online draw games, and a number of scratchcard games (not all of which have Olympic branding).

These games are planned to produce an income of at least £750 million for the OLDF by the end of 2012. Income in the first year (2005–06) was slightly above target at £16 million. The operator of the National Lottery, Camelot plc, has estimated that income during 2006–07 will be £96 million and this has been endorsed by the National Lottery Commission. (See annex B for a year on year estimate of income) To date £37.4 million has been received in 2006–07.

There is no guarantee that Camelot’s estimates will be delivered and the simple transfer of income from existing games to achieve the 2006–07 target may be problematic for other Lottery Distributors—something which OLD would wish to avoid in the wider interests of the reputation of the National Lottery. However, in the year 2006–07 OLD has offered grants totalling £77 million to the ODA and has paid £15 million to date. Therefore we can be confident that our income will be sufficient to meet our commitments this year. (Our estimate of running costs for 2006–07 is £749,000.)

Nevertheless, any shortfall in income would cause problems in future years as the ODA’s needs grow. In future years, OLD will not have unspent income to cushion it from variations in the performance of the Games allocated to the OLDF. There are three strategies to mitigate impacts of a shortfall. The first is to ensure that there is close liaison between ODA, OLD, the National Lottery Commission and the operator of the National Lottery so that there is a clear understanding of the projected income and expenditure of OLD. This should ensure that ample warning is given of any cashflow problems. The second is to revise the shares of income from specific games going to the NLDF and the OLDF. This would be a temporary measure which could assist in overcoming temporary cashflow difficulties. It simply brings forward the point at which the £750 million target is reached. Whilst such transfers would not increase the overall financial impact of the OLD on other Lottery Distributors, they could concentrate those impacts and reduce income within the year, possibly creating planning difficulties for other Distributors. This is not therefore an ideal solution from the point of view of OLD, and we are also mindful that the National Lottery Commission will, rightly, scrutinise such proposals carefully for this reason. The third strategy is to ensure that alternate sources of funding are identified and secured in good time.

As OLD is expected to contribute £1.16 billion in total to the PSFP, even with an income of £750 million from games dedicated to the Olympics, an additional sum of up to £410 million will need to be transferred from the NLDF to the OLDF. The Horse Racing, Betting and Olympic Lottery Act allows for this to be done by means of payments from the National Lottery Distribution Fund (NLDF). Section 25 (1) of the Act empowers the Secretary of State to make an order permitting themselves to make payments from the
NLDF to the OLDF. However, before making such an order, the Secretary of State must consult with the other Lottery Distributors—and the order is subject to the Positive Resolution process, meaning that it must be laid before each House of Parliament and subject to their approval before it takes effect.

3. Relationship with Government

The Government Olympic Executive (GOE), which sits within DCMS, is OLD’s sponsor body. As the head of GOE is Accounting Officer for the Olympic Lottery Distribution Fund, they also have an oversight function in that capacity. DCMS therefore sign-off OLD’s systems and procedures.

The Olympic Programme Support Unit (OPSU) is an independent body of secondees from stakeholders, lying, for administrative purposes, within DCMS but answering to all stakeholders. It provides support, secretariat and monitoring functions for the Olympic Board.

In its capacity as a funding body, GOE liaises closely with OLD. Staff from both bodies meet on a monthly basis to discuss progress and identify issues. GOE also chairs a funders’ meeting which provides a forum for the funding bodies and ODA to meet and discuss cash requirements, etc.

4. Relationships with Stakeholders

4.1 Committee structures

The Stakeholder bodies are the Government, the BOA, the GLA and LOCOG. The most senior representatives of these bodies form the Olympic Board, which co-ordinates the work of LOCOG and ODA, and liaises with Government and Agencies at local, regional and national level. There is also a Cabinet-level security committee which works with the Olympic Board. The Olympic Board is not a legal entity but rather an informal committee of the interested parties. OLD is not represented on the Olympic Board but believes it would be in every one’s interest for it to be included.

The Olympic Board established an Olympic Board Steering Group (OBSG), with a programme direction and conflict resolution role. OBSG’s membership comprises the Chief Executive of GOE, who is the chair; the Chief Executives of BOA, BPA, LOCOG, and ODA; the Director General of DCLG; the Director of OPSU; the Business Planning and Regeneration Director of GLA; and a Director of GOE. The primary functions of OBSG are:

— resolving and determining issues raised by members of the Olympic Board to ensure the delivery of commitments given in the Host City Contract or the Guarantees;
— overseeing the delivery of the Olympic Vision and Strategic Objectives; and
— ensuring that a sustainable legacy is achieved through staging the London 2012 Olympic and Paralympic Games.

OBSG receives monitoring reports on the wider Olympic Programme and oversees all aspects of the delivery. OLD has been seeking representation on the OBSG but this has not yet been achieved although the Chief Executive of OLD has been offered a briefing on the outcome of OBSG meetings by the head of OPSU. In addition OPSU has agreed to make available summaries of the direct reports they receive from ODA; high level progress reports including a dashboard summary and risk assessment; Gateway Reviews and any other Strategic Reviews as carried out; any reports on the overall delivery of the Games, including those dealing with essential but “Non Olympic” infrastructure; and strategic reports dealing with LOCOG’s work on an exception basis, should difficulties occur.

OLD remains of the view that, as the largest contributor to the PSFP, it has a manifest interest in the deliberations and discussions of the Olympic Board and the Olympic Board Steering Group. It considers that the current arrangements may create a needless obstruction to the free and timely exchange of programme information. This could potentially result in delayed payments or increased administrative expenditure on nugatory work. Furthermore, financial discussions taking place in these fora without OLD’s presence will not be fully informed discussions as the major public sector funder will be not be present. OLD remains of the view that it should be represented at these Committees.

The Olympic Lottery Distributor is represented on the Olympic Projects Review Group (OPRG). Its primary purpose is to assess the value for money and affordability of projects above the ODA’s financial delegation limit (£20 million), and to assess whether they can be recommended to HM Treasury and the Secretary of State for Culture, Media and Sport for approval. OLD has observer status on the OPRG (OLD is solely a grant giving body and must restrict its exercise of discretion to its statutory purpose).

4.2 Olympic Delivery Authority (ODA)

The London Olympic Games and Paralympic Games Act 2006 provided for the creation of an Olympic Delivery Authority, which may take any action it thinks necessary or expedient for preparing for the Olympics, ensuring suitable premises are constructed, adapted or acquired for the Olympics, and ensuring that adequate transport arrangements are met; the ODA is also the Olympic Transport Authority (OTA).
The ODA is at present the OLD’s sole grant recipient. Relations between the two bodies are therefore largely concerned with the drawdown and monitoring of grant, and are governed by the Grant Memorandum issued by OLD, although informal managerial contacts exist and are being further developed.

4.3 London Organising Committee for the Olympic Games (LOCOG)

LOCOG is a Company Limited by Guarantee established as a joint venture by DCMS, the Mayor of London, and the BOA. Its job is the planning, organising, staging and monitoring of the Olympic and Paralympic games. It is the main interface with the IOC and the IPC and is a party to the Host City Contract. LOCOG is therefore the operator of the games and is the main point of contact for the IOC—the “client” of ODA. LOCOG does not receive grant from OLD but there are, nevertheless, good contacts between the two organisations.

4.4 Other bodies

The Olympics will also require the ongoing involvement of the LDA and TfL, the relevant Government Departments (particularly ODPM and DTp), the five “Olympic” Boroughs (Tower Hamlets, Hackney, Newham, Waltham Forest and Greenwich) and bodies such as the Thames Gateway London Partnership, which will all need to work closely with ODA and LOCOG.

5. Relationship with the Public

OLD is acutely aware that it is spending Lottery players’ money and, through Parliament, it is accountable to them. OLD has a duty to ensure that the lottery-playing public are aware of what it has done with that money. It does not intend to expend significant sums in marketing itself or advertising its work but it is taking steps to secure recognition of the role of the Lottery in funding the 2012 Games, by inserting clauses in the ODA Grant Memorandum requiring appropriate recognition by ODA. This is not a straightforward matter as the Olympic and Paralympic Games have a high degree of legal protection in the UK and many decisions relating, for example, to the relationship of Lottery recognition to the Olympic Brand, are ultimately in the hands of the IOC, for whom LOCOG effectively acts as an agent. OLD is working closely with LOCOG and ODA to ensure that there is an appropriate level of recognition for Lottery funding across ODA’s work.

6. Distribution Policy

S.31 of the Act gives the Secretary of State power to require OLD to develop a policy for the distribution of money and to review and revise the policy. The policy must, in particular:

— Estimate OLD’s annual income;
— Specify the sources of that income;
— Specify matters in respect of which OLD thinks it will/may make grants or loans;
— Estimate, where possible, the amounts of such grants/loans.

In requiring such a policy, the SoS can include a provision about the form, or content of the policy.

Drafts must be submitted to the SoS and OLD must consult the National Lottery Commission, the Mayor, the BOA and the British Paralympic Association. Completed Policies must be circulated to the consultees. There is no requirement to consult the Olympic Board or the London Organising Committee for the Olympic Games (LOCOG) but OLD can choose to consult whatever bodies it considers appropriate.

A draft outline funding policy document was circulated in January 2006. This draft did not contain financial information as it was not possible at that time to develop a meaningful financial plan for OLD. Comments were received from the British Paralympic Association. On 18 July 2006 Board Members endorsed the outline funding policy, which will be revisited later in the autumn.

The Policy identifies the Strategic Priority of OLD as being to assist in the achievement of the four main themes which the Candidate File stated will underpin the 2012 Olympic Games and Paralympic games.

OLD has adopted Funding Objectives which are to support those bodies which are tasked with delivering or implementing the plans of the Olympic Board. In providing funding, OLD will actively seek to fund activities related to the implementation of those plans which:

— Ensure the timely and cost-effective delivery of the 2012 Olympic Games and Paralympic Games;
— Directly relate to requirements incorporated in the Host City Contract;
— Contribute to the infrastructure and sports legacy of the games;
— Contribute to a legacy that demonstrates social inclusivity;
— Support wider Community and Regeneration benefits;
Contribute to the delivery of Games which are Low carbon, Zero waste, conserve biodiversity and promote environmental awareness and partnerships.

OLD has established an allocated grant programme to meet the costs of delivery of the capital and infrastructure element of the Olympic Board’s plans. It does not intend to operate open funding rounds or to solicit applications. OLD will initially restrict its funding to those organisations which are directly involved in the delivery of the Olympic plans, which will be eligible to apply for ongoing revenue support for the overall business case of the applicant organisation, as it has done in the case of ODA. Other organisations may subsequently be invited to make applications but this will be the subject of review at a later date.

OLD normally pays grants quarterly and in advance, and seeks to impose the most efficient and effective monitoring systems possible whilst striving to minimise the administrative burden on grant recipients.

7. OLD’s Funding Process

7.1 Income and Expenditure Projections

Income

OLD’s income (including interest) was £15.7 million in 2005–06 and is projected to be £96 million in 2006–07. Camelot has produced income projections which indicate how they expect the £750 million to be received over time. Given the freedom which the Lottery Operator (Camelot) has to vire income from a range of games into the OLDF stream if necessary, OLD shares the view that, all other things being equal, £750 million will be raised for the OLDF. OLD does, however, have possible concerns with regard to cashflow. Although there is some scope for Camelot to manage Lottery cashflow in the medium term, it is difficult to do this within a financial year—so short term cashflow problems can be difficult for them to respond to. The main area of flexibility in this regard is the ability to draw on other funding sources in the PSFP early in the year whilst Lottery reserves are recovering. This is an area which is being very carefully watched and as budgets mature and become more robust, the funders will liaise closely to manage cashflow issues.

Expenditure

To date OLD had paid £15 million in grant to ODA and had incurred just under £94,000 on running costs since its inception in July 2005. The low running costs were achieved by running OLD as a very small organisation in its early days, utilising surplus staff capacity from the Millennium Commission. ODA are entitled to seek drawdown of a further £60 million in grant during the year 2006–07 and have indicated that they expect to do so.

7.2 OLD Grants

To date, applications for grant have been received from OPSU and from ODA.

OPSU

OLD were asked to fund the running costs of OPSU (then called the Olympic Board Secretariat). Historic costs of £792,137 were applied for, and a further grant of £1,237,140 to cover projected expenditure for 2006–07 was sought. The OLD did not support the principle of funding the OPSU because it was of the view that the running costs of OPSU as it was then envisaged constituted a core Government expense and should not be met from Lottery funds. They believed it was not what lottery funding was being made available to support. OLD therefore rejected the applications.

ODA grants—

(i) Historic

The initial costs of the Olympic Delivery Authority had been met by DCMS and they invoiced ODA to cover this “historic expenditure”, which related to the recruitment of the ODA Board, recruitment and payment of staff, and accommodation. ODA applied to OLD for grant of £2,616,153 to cover these invoices, and OLD’s Board approved the grant on 4 May 2006. In making this grant the Board of OLD were aware that a further application may be made for historic costs in the region of £200,000. They agreed to consider such an application but emphasised that they would not determine any other applications for historic costs after that point. The Historic grant has not yet been paid to ODA as they are still seeking outstanding supporting information from third parties.
(ii) Interim

The Olympic Delivery Authority also applied to OLD for an interim grant to support operations in the year 2006–07. The grant was sought to enable the ODA to continue its operations whilst their Corporate Plan was being developed, and to permit essential time-critical development work to progress. ODA estimated that their cash flow requirement for the year was £233.4 million, comprising £224.2 million to fund their activities; £8.5 million for repayment of expenditure incurred by TfL and LDA of their behalf in 2005–06; and a working capital balance of £0.7 million. £101.3 million of this would come from Central Government and £132.1 million from the PSFP, of which £2.1 million would come from Sport England and £55 million from the GLA. The £75 million balance of the PSFP contribution was sought from OLD.

OLD considered the application on 4 May 2006. They noted that the Corporate plan and associated business case which ODA intended to deliver during 2006–07 would be the basis of the main grant application ODA would make to OLD. The Interim Finance Director of ODA was present and was questioned on their financial plans. We would normally expect to award such a grant against an approved business plan but Board members were told that long term plans, and the business plan for 2006–07, could not be finalised at that time. While the Board were concerned that the business plan for 2006–07 was not in place they did have access to the approved budget and judged it prudent to make an interim grant to allow essential work to be taken forward. The interim grant is therefore conditional on the 2006–07 business plan being made available to OLD by November 2006 at the latest, as the Board had originally expected to receive the business plan earlier in the year. On the basis of the latest reports from ODA, we understand that this condition will be complied with.

Terms and Conditions of Grant

In addition to the specific condition outlined above, OLD’s commitment to pay grant of up to £75 million to ODA was subject to general terms and conditions set out in a Grant Memorandum issued to ODA on 3 August 2006. The Grant Memorandum governs the use of funding obtained from OLD. The general aim of the Memorandum is to ensure proper and effective use of Lottery funds by ODA, applied to achieve the agreed purpose, and drawn down in accordance with an agreed schedule on the basis of need, to maximise cost efficiency.

The framework is the standard one for NDPB sponsorship and set out the mechanisms by which OLD would oversee its grant, the sanctions at OLD’s disposal, and the obligations OLD was placing of ODA. OLD has six main tools to ensure that its objectives in giving grant are being achieved, ie:

(i) a corporate plan produced by ODA each year, demonstrating that the company has coherent operational and financial strategies for the medium term. It is the OLD’s intention to appraise the plan in detail, especially the lifetime budget and critical path, drawing on independent consultancy support from specialist advisers;
(ii) a programme for the immediate year ahead, defining the key milestones and their target dates;
(iii) budget for the immediate year ahead, demonstrating that grant will be drawn down within prudent financial forecasts;
(iv) quarterly grant claims supported by financial monitoring information, to demonstrate that grant is being drawn down in accordance with need within the budget and providing certification that the terms and conditions of grant have been and will be complied with;
(v) a requirement for the Commission to approve novel or contentious expenditure by ODA, following systems checks to ensure that expenditure is incurred necessarily and consistently with the strategies and objectives set out in the business plan, and that proper procedures have been followed to achieve value for money; and
(vi) progress reporting, monitoring and audit to check progress, ensure that the grant terms are being complied with and confirm that ODA is conducting its financial management properly, as a public body. The main methods for achieving this are progress reports and meetings.

The memorandum reserves for OLD the discretion to terminate or withhold grant in certain circumstances but its key purpose is to ensure that this is unnecessary, by establishing clarity and transparency in the relationship between OLD and ODA. Whilst it secures OLD’s legal position, the Grant Memorandum is made as simple and unoppressive as possible. OLD’s intention is to achieve a clear understanding of the work of ODA primarily by establishing a close and transparent relationship.

Annex A

MEMBERS OF THE OLYMPIC LOTTERY DISTRIBUTOR BOARD

Janet Paraskeva (Chair) First Civil Service Commissioner.
Hilary Daniels Chief Executive of West Norfolk Primary Care Trust and member of the Professional Oversight Board.
Sharmila Nebhrajani  
Chief Operating Officer and Finance Director of the BBC New Media & Technology and Deputy Chair of the Human Fertilisation and Embryology Authority.

Sir Craig Reedie  
Former Chair of the British Olympic association and member of the International Olympic Committee.

David Ross  
Co-founder of The Carphone Warehouse and Board member of Wembley National Stadium Ltd.

**Annex B**

OLD INCOME FROM LOTTERY—YEAR ON YEAR ESTIMATE

Figures are annual; net of interest; and rounded to nearest £1 million.

<table>
<thead>
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<th>Year</th>
<th>£m</th>
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<tr>
<td>2005-06</td>
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<tr>
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<td>2012-13</td>
<td>37</td>
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<td><strong>Total</strong></td>
<td><strong>£750m</strong></td>
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6 October 2006

**Witnesses:** Ms Janet Paraskeva, Chairman and Mr Mike O’Connor CBE, Interim Chief Executive, Olympic Lottery Distributor, gave evidence.

**Chairman:** We now turn to the Olympic Lottery Distributor. Can I welcome the Chairman, Janet Paraskeva and the Interim Chief Executive, Mike O’Connor. May I invite Janet Anderson to begin.

**Q57 Janet Anderson:** Thank you, Chairman. You say in your evidence to the Committee that your exclusion from the two bodies, the Olympic Board and the steering group, creates a needless obstruction to the free and timely exchange of programme information which could result in delayed payments or increased administrative expenditure on nugatory work. I wonder if you could tell us a bit about why you believe you should be represented on both those bodies?

**Ms Paraskeva:** I will also, if I may, update you on progress which has been made in that regard. We have been working very hard to secure the involvement of our Interim Chief Executive, Mike O’Connor, on the officials committee and we have managed to secure that. And indeed, although it may not be appropriate for me to be a full member of the Olympic Board, we are seeking observer membership of that and indeed I have been invited to a meeting to observe, so that is progress. The reason I think it is important is that clearly the time span of the lifetime grant is going to be very important for us to monitor and if we are going to be in a position to make timely grant payments to the ODA so as not to hold up progress, then we need to be aware of any problems that might be emerging in order that we can deal with that and know about things in advance. Our role is after all to be the guardians of Lottery cash and, therefore, we need to be as informed as possible about progress and problems as they arise so that we can make sure that when we award the grant, we do that in a timely fashion and in a fashion that will not impede progress.

**Q58 Janet Anderson:** That seems to me to make an awful lot of sense. Why do you think you were excluded at the outset?

**Ms Paraskeva:** One can understand that one does not want to make committees any bigger than they need to be and I think we were fairly new into the arena. I also think this is the first time it has ever happened I believe in the history of the Olympic movement that a national lottery is going to contribute in a very significant way to the success of the Games. I think it was a new concept and I think there was a natural and understandable resistance not to make committees larger than they need to be.

**Q59 Janet Anderson:** How would you describe your relationship with DCMS and the ODA? Do you have a good working relationship with them?

**Ms Paraskeva:** So far they are very good. We are in regular contact with both of them and particularly obviously with the ODA, it is going to be very important for us to understand their business plans as they develop and to keep in very regular contact with them at official level and with DCMS too, relationships are very cordial.

**Q60 Mr Evans:** Did you have any input into the forecasts of the projected annual income from the Olympic themed games?
**Ms Paraskeva:** That is not part of our remit. Our role essentially is to receive the money that is raised by the Lottery that goes into the Olympic Lottery fund and of course after 2009 the top-up monies which have been identified through the National Lottery Distribution Fund. Our role then is to make sure that money is given in a proper fashion against an effective application. The budgeting process is really outside of our role.

**Q61 Mr Evans:** You would be interested, would you not, that the estimate is about £750 million which is the amount that you are expecting to get. Therefore you clearly have some interest in whether that is going to be achieved, what sort of games are taking place, whether there is going to be player fatigue since it is the first time that people have contributed through the Lottery for an Olympic games. You are at the cutting edge here.

**Ms Paraskeva:** We are very interested in it and while we have no formal role, of course we will only be able to give out the money that we get in and therefore it is in our interests, again in terms of the reputation of the Lottery, the reputation of the Olympics and our accountability to the general public, to make sure that their money is useful. Of course, we have an interest in whether or not that £750 million will be realised and will be enough.

**Q62 Mr Evans:** Are you confident?

**Ms Paraskeva:** We are looking very carefully at the projections by Camelot and any future operator of the money that they intend to raise through existing or new games.

**Q63 Mr Evans:** I should declare an interest that I own a small retail store in Swansea which has a Lottery outlet. Therefore I will ask you this question, do you find it at all difficult in the negotiations that you have had, by the fact that there is going to be an announcement shortly about a new bidder and maybe somebody taking over from Camelot, we do not know yet, do we, who is going to be there in 2009?

**Ms Paraskeva:** We do not know who the operator will be and we have to have confidence in the process and the work that the Commission is doing looking at the applications before the new licensee. We must have confidence in that process, that they will look at the ability or otherwise of any applicant to make sure not only that they can deliver in the long-term but that they do not give us any kind of dip in productivity that would seriously impede the kind of cash projections that we will be working to. We are fairly confident that will be one of the things in their sights as they select the new licensee.

**Q64 Mr Evans:** You are happy at the moment then and you think that should they choose somebody else other than Camelot it will slot in nicely and everything will be agreed beforehand?

**Ms Paraskeva:** As I said, I do believe that the National Lottery Commission will make the decision and have got firmly in their sights the need to make sure that all of the applications that they might consider seriously have this written in as a very significant part of their objectives.

**Q65 Mr Evans:** To date, how much money has come in?

**Mr O'Connor:** To date almost £60 million so far.

**Q66 Mr Evans:** £60 million?

**Mr O'Connor:** Yes. We were slightly up on target at the end of the last financial year and this year we have received about £43 million to date.

**Q67 Mr Evans:** In total you have had £60 million since the Olympic game started?

**Mr O'Connor:** That is right, since the game started and we have made one grant to the ODA.

**Q68 Chairman:** Given that the success of the Games is very dependent on the Lottery’s finance, are you relaxed about the idea that potentially we are going through the disruption and the change of operator at one of the most crucial funding times?

**Ms Paraskeva:** I do not think we can be relaxed about it, I think we have to put our confidence in the selection procedure and in the way in which the application will be looked at. I do not feel relaxed because it is our job to make sure that we are able to give out the money that comes in and therefore we are obviously as anxious as any of you will be that the projected cash will be raised and that there are no disruptions to that income generation because of the way in which any changeover happens.

**Q69 Chairman:** Clearly the disruption would be minimised if Camelot were to retain the contract. Is that going to influence the process at all?

**Ms Paraskeva:** I have no idea, that really is outside our remit.

**Q70 Chairman:** Can I ask you about your funding policy. You clearly do not see yourselves simply as being a body that writes cheques to the ODA when the ODA asks for them. What discretion do you feel you have and on what grounds would you consider rejecting a request from the ODA?

**Ms Paraskeva:** We do have discretion, we are an independent body. Of course, the Secretary of State lays down policy directions and at any moment I think she does have the right to exclude particular kinds of funding arrangements. Apart from that, we have absolute discretion to look at any application before us and fund or not fund all or part of it depending on whether we believe as a Board that it meets the criteria that are laid down for a successful delivery of the Olympics. We certainly would feel confident enough to say no to the ODA if we believed that what they were presenting to us was unachievable. In a way it is very linked to the question I think that I was asked right at the beginning, it is the reason that we need to be as involved as we possibly can in the groups that are talking about progress. If something looks as if it might be going wrong, the sooner we know about that the better. We do not want to find ourselves
receiving an application and suddenly, completely from out of the blue, comes something that we have to say no to because obviously that would be in no-one's interest because the funding could then slow down the building of the site itself.

**Q71 Chairman:** You are pretty confident, given the arrangements which you were explaining earlier and yourselves have been put in place, that you could resolve any disagreement between the ODA long before it got to the point at which they were asking you to write the cheque.

**Ms Paraskeva:** I think given that they would know that we are going to write the cheque, although we may decide not to write the cheque, they may listen to us fairly seriously during the negotiations.

**Q72 Chairman:** Who else might benefit, do you think, from your distribution of funds. Are there other players in this process who are likely to come forward?

**Ms Paraskeva:** At the present moment we have decided, in fact, not to open any kind of application line because we fear that would encourage applications that we could not necessarily meet. At the end of the day, if the Lottery manages to exceed its expectations and we are projecting a greater cash pot than is required, then clearly we might look to other applications. There is nothing to prevent anybody at the present moment, even though we are not seeking applications, making that approach to us.

**Mr O'Connor:** Parliament gave us the power to fund anything which is necessary or expedient for the delivery of the Olympic Games so we have quite a broad range of powers. Clearly we see those people who are delivering the physical infrastructure being the first priority call on our funds. We could do other things and in fact to say that we would never do other things would be to go in the face of what Parliament has said we should do. Clearly, the review of costs which are going on at the moment will be very important to us. I think we would like to see the outcome of that before we could even consider whether there would be room for anything else.

**Q73 Mr Sanders:** If a community wanted to host a training camp for a series of events or an event, would they be able to apply to you to upgrade their facilities in order to host that?

**Ms Paraskeva:** I think that is the responsibility of LOCOG.

**Mr O'Connor:** LOCOG have taken on the responsibility of ensuring that training camps happen but we also think that there will be local authorities, RDAs and also the National Olympic Committees who bring their team to a country, they should be willing to invest. At the moment we see it as LOCOG's responsibility, it is not something which we are considering.

**Q74 Mr Sanders:** The success of ticket sales is absolutely crucial to everything we are talking about today. How much of a ticket sale do you think is down to the fact that it is a Lottery ticket and people like a bit of a gamble, or how much of buying this specific Lottery ticket is down to the fact, "I feel part of the Games and I want them to succeed"?

**Ms Paraskeva:** I am not sure that we know that yet, to be honest. I think the past history of Lottery players in relation to good causes shows that while people are interested in good causes and where their money goes, that is not why they buy the ticket, they buy the ticket to win and we know that because of the significant increase in ticket sales every time there is a rollover.

**Q75 Mr Sanders:** This is different because this is the first time we actually have no specific evidence of the benefits when you buy it.

**Ms Paraskeva:** The reason that we do not know that yet is that although we have some scratch cards that are re-branded effectively, or new games replacing old games and we have the Dream Number ticket which apparently is doing very well, have not got anything which is very explicitly selling the Games on a Lottery ticket.

**Q76 Mr Sanders:** Are you at all concerned that there is a need to get a message out beyond London that people are part of these Games in order to help promote ticket sales or do you fear there could be a backlash that people reject this Lottery because this is some London-based event which has got nothing to do with me and I will buy a different one?

**Ms Paraskeva:** I think the people all through the country were terribly pleased when the London bid was successful. Personally I believe that there may well be a different situation now because the Lottery funding for the Olympics is a unique experience for people and I do think that there is an opportunity there for the operator, and one hopes that the operator will take that.

**Q77 Mr Sanders:** Should you not be monitoring this and actually having a contingency in place if there is customer rejection of this Lottery?

**Ms Paraskeva:** The difficulty for us is that we do not have a formal role in that regard but as I say we do have nervousness. We can in the end only give out the money if the money comes in and therefore one of our interests is trying to unofficially monitor exactly what Camelot at the moment and any future operator is raising for us. If the projections are such that we do not believe that we will be able to give out the money which the business case from the ODA requires us, we are going to have to make that known in the very early days.

**Mr O'Connor:** If I may add, as my Chairman has said, it is very difficult to tell when somebody goes in and buys an Olympic themed game whether they would not have used that power to buy another Lottery ticket. I think it may change over time because the excitement around the Olympics should grow. There are some early positive signs. One of the Olympic games is the “Going for Gold” scratch card. That has been the single best selling scratch card which the operator has used. Also, the game Dream Number which is the main game replaced the game called Lotto Extra and the new Dream...
Number game is doing better than the old Lotto Extra. It is quite early to tell but we are very conscious that we need people all over the country to buy Lottery tickets if this income is to be maintained. One of the duties, as we see it, when we look at applications for the Olympics, is to make sure that the reason we won the games for London, selling the long-term legacy and inspiring young people all over the country, is delivered because if further down the line the Lottery player does not think the Olympics is bringing them some benefit, they are not going to play the Olympic games. We do see ourselves as not just being a conduit, we do see ourselves as protecting the Lottery players’ interests. Therefore when we look at applications, we look at applications and we say, “Is this delivering on the promise London made?”

Q78 Mr Sanders: All the projections are that the Olympic Lottery will have an impact on the amount that other Lottery distributors are distributing and the other Lottery distributors are nationwide so a fair amount of that money is coming back to communities that are a long way from London. I live 200 miles away from London, why should I buy an Olympic Lottery ticket instead of one of the other Lottery tickets where I know at least some of that money might come back into my community?

Mr O’Connor: The question is, what is the Olympics doing for the rest of the country which was the question you discussed earlier. There is no doubt about it, the majority of the activities will be in London but there will be jobs to be had and there will be contracts to be won. Also, on a less economic tangible basis, what the Olympics must do, if it is to be worth money, is to inspire young people to become active, if they do not take part in the Olympics, to take part in sport, to change people’s attitude and also it is a chance for Britain, when we will be on show to the world in 2012, to showcase all of Britain and to attract tourists to all of Britain. There has to be an integrated strategy across a number of bodies and the other Lottery distributors are also considering this. One of the things which the other Lottery distributors have done with Government is set up a £40 million trust fund to try and support activities across the country associated with the Olympics. One example is the UK school games which we aim to make an Olympic-type experience, a multi-sport activity for young people. The first one took place in Glasgow in September, the next one will take place in Coventry next year. Under consideration now is where those school games will be held running up to 2012. It is important, as you said earlier, that we rise to the challenge of making the Olympics meaningful to people all over the country and if we can do that, then I think we are more likely to get people to play the Olympic Lottery games.

Q79 Mr Hall: The Olympic Delivery Authority mentioned in evidence to us that they have got a budget of £2.375 billion of which the majority of that £1.5 billion is coming from the Lottery, so it is a substantial amount. If I understand the evidence which we have been given today, the Olympic Lottery-themed games have so far generated about £60 million in one year. That is not going to get anywhere near £1.5 billion in five years, is it? What happens if there is a shortfall?

Ms Paraskeva: The Chancellor of the Exchequer, I believe, has underwritten the whole Games.

Q80 Mr Hall: We are relying on the Chancellor, are we?

Ms Paraskeva: No, but again, as I say, our responsibility is against applications to make grants to deliver that money. We are obviously concerned about the income but we do not have any direct control of that. All we can do is to make sure that the business plans from the ODA and the amount of money that we know we are going to receive match each other so we are not in any position of exposing lack of funding.

Q81 Mr Hall: If the Olympic Lottery Distribution Fund, which is the year 2012 pot, does not generate £1.5 billion, what actually happens?

Mr O’Connor: Could I explain the £1.5 billion from the Lottery which goes into the £2.375 million public sector funding package. That £1.5 billion from the Lottery is made up of £750 million new Olympic games, the other £750 million does not come from Olympic Lottery games, it comes from the mainstream Lottery. That main pot money is made up of £410 million which will be taken from the National Lottery Distribution Fund after 2009 and given to us; a further £50.5 million from Sport England to fund the aquatic centre and velodrome and the remaining £289.5 million will be the sports distributors across the country investing in community sport and elite athletes in order to maximise the benefits that we get from the Olympics. Only half of the £1.5 million is due to come from Olympic-themed Lottery games.

Q82 Mr Hall: How do you ensure in the next five years that the Olympic Delivery Authority will get a steady stream of income from the Olympic Lottery distributors?

Mr O’Connor: They will apply to us for money. So far they have made two small applications £77.6 in total and they have only drawn down £15 million so far. Towards the end of this year they will make an application for full grant and if we like the application we will make a grant offer, although that grant offer has a clause in it which says “Here is a grant, if the money does not come in from the Lottery, we cannot give it to you”.

Q83 Mr Hall: There is a real question mark over the security of funding for that part of the £2.3 billion that they are expecting to have to spend over five years.

Mr O’Connor: The Lottery is a business and there can be no guarantee that people will continue to play the Lottery, although the success over the last 12 years has been remarkable and that £750 million cannot be guaranteed but there will be best endeavours. I think it is also important to get the
amount in proportion. This year the Olympic Lottery is supposed to generate £96 million, with the total Lottery delivering £1,400 million to good causes so we are only talking about 6½% of this year’s take. While it is a significant sum of money and there can be no certainty, we believe that Lottery is such a national institution now that it will continue to deliver.

Q84 Mr Hall: The £750 million comes out of the Lottery games, if there is a shortfall in that, is it possible for Camelot to vire money from the mainstream pot to make up the shortfall?

Mr O’Connor: The Government does have the power to take money from the main pot and put it into the Olympic pot and they have already said that they will take £410 million from the main pot after 2009 and put it into the Olympic pot, so the Government does have that power. It would be a positive resolution from Parliament so Parliament would have to agree.

Q85 Mr Hall: So Camelot could not do it on its own behalf? It would need parliamentary authority?

Mr O’Connor: Yes indeed. Even Camelot’s designation of games being Olympic or non-Olympic can only be done with the agreement of the National Lottery Commission who essentially own the Lottery and have licensed it to Camelot for the operation of this period.

Q86 Mr Hall: I understand the process now that this money is not guaranteed and that the Olympic Delivery Authority has actually got to bid for it and make specific applications. If they find themselves with short-term problems, what can be done to help them?

Mr O’Connor: We can only give them money which we have available. If we do not have the money we cannot give it to them. There is at the end of the day government underwriting. There is also the memorandum of understanding which you referred to in your terms of reference which says if costs exceed what is planned that will be shared between the Mayor and the Lottery, but we have not got there yet. Of course, we are not the only funder of that £2.375; there is also the GLA and the LDA.

Q87 Mr Hall: By far the biggest proportion is coming from the Lottery. Would there be any way of drawing down on the £410 million that is promised post 2009 if that was necessary?

Mr O’Connor: That would be for the Government to agree and they would have to come to the House to say they wished to do so.

Q88 Chairman: If the appeal of having “Olympics” written across the top of the ticket proves to be less than you anticipate, do you foresee any possibility of making the Olympic game more attractive to people than the national game by altering the odds or prizes or somehow shifting the incentives?

Ms Paraskeva: What we know is what sells tickets commercially is the size of the prize, and I am sure that Camelot and whoever wins the contract for the future will be thinking of that in terms of the contribution that they are committed to make. What we need to do is make the market grow, and of course that might mean rebranding the existing games but it might mean also additional games. One of the things that we are concerned about is making sure that, in as much as we can informally with Camelot and others that they are able to brand the games in the way that the public recognise. At the present moment Dream Number is not necessarily very well known as the game that is actually distributing money to the Olympics. One assumes that any Lottery distributor will want to build on that and rebrand over time because, as we know, every game needs refreshing from time to time as part of the marketing plan. We are looking to the operator to make the market grow.

Q89 Chairman: Looking at your projected income figures, you clearly anticipate that there should be a boost at the time of the Beijing Olympics; is that correct?

Ms Paraskeva: That is what we understand. The kinds of things that boost are indeed the rollovers but also the kind of marketing that one would do around people’s interest in the Beijing Olympics would be exactly the time that one would expect there to be a hike in the sales.

Chairman: I do not think we have any more questions, thank you very much.

Memorandum submitted by Business in Sport and Leisure

INTRODUCTION

Business In Sport and Leisure (BISL) is an umbrella organisation for over 100 companies in the private sector sport and leisure industry and many consultants who specialise in this field. Members of BISL listed on the London Stock Exchange have a combined market capitalisation in excess of £40 billion. Members from the sport sector include major National Governing Bodies (NGB’s), private health club operators, contract leisure management companies and consultants.

BISL believes that the 2012 Olympic Games present a tremendous, one-off opportunity to create a legacy across the UK for tourism and sport. This will be of great benefit to the health of the UK population and the economy, through the boost to the sport, leisure, tourism and hospitality industries. This legacy is not however automatic and, although time to build a legacy is in short supply, we believe that certain challenges are still not being effectively tackled:
The question of leadership and ownership for a soft sporting legacy of participation must be addressed. Efforts to increase participation should be united under the banner of Olympic opportunity.

Resources must be provided at local level to support the development of Olympic strategies to encourage participation, including interventions and promotion.

Sport needs a long-term commitment to sustained investment in its promotion, its people and its places.

The commercial and voluntary sectors must be engaged fully to ensure coordination of resources across the whole legacy.

BISL is pleased to be offering evidence to the Culture, Media and Sport Select Committee for this Inquiry and would very much like to be asked to give Oral Evidence.

1. The costs of staging the Games and the methods by which the Games are being funded, including the mechanism for supplementing the existing package as set out in the Memorandum of Understanding between the Government and the Mayor of London

BISL agrees that public money should pay for the infrastructure for the Games in 2012. The level of £2.375 billion is acceptable given the level of economic regeneration that will accrue from hosting the Olympics in the East of London, a heavily populated but poor area.

We have two concerns with the funding for the Games. We agree that it is right that LOCOG is responsible for generating the revenue required to actually stage the Games, but are concerned at the challenging level of £2 billion that will need to be raised. Alongside a need for UK Sport to raise £100 million to fund elite performance through commercial sponsorship, BISL is worried about the strain that will be put on the sporting sponsorship market, especially given the lure of the heavily attractive Olympic marks. We are not convinced that the potential loss of revenue to grassroots and community sport, whose brand rights do not carry the same allure as the “rings”, has been fully assessed and a compensatory strategy drawn up.

Similarly, much of the funding for grassroots sport is provided by the lottery. We welcomed the confirmation that sport will continue to receive a 16.6% share of the good causes fund, but are concerned that the Olympics will still result in a reduction in an overall funding for sport, as consumer spending is diverted to the special Olympics games, as well as the good causes fund being top-sliced. We understand that Sport England is required to contribute up to £340 million from its existing share of lottery funding. Added to the effect of the Olympic lottery which according to the Regulatory Impact Assessment (RIA) on the Horserace Betting and Olympic Lottery Bill is “expected to derive up to 59% of their sales from existing Lottery games and therefore from existing good causes” community sport will undoubtedly lose out. Building a soft sporting legacy from the Olympics of increased participation (discussed below) is dependent on continued funding for a full-range of sporting and physical activity opportunity, not just the “Olympic sports”.

2. Ways of maximising the value of the Olympic legacy both within London and across the UK

Hosting the Olympic and Paralympic Games in 2012 is a tremendous one-off opportunity to create a real legacy for London and the whole of the UK. However, to achieve this, BISL believes that there is a premium on identifying legacy goals and delivering real results quickly in the build-up to the Games. There are just under six years until the start of competition, but only four weeks of Games and excitement will vanish when the Olympic carnival moves on unless the legacy has already been built. A series of broad-ranging Olympic Objectives has been agreed, which include legacy elements, but currently lack the necessary detail and resource-backing.

BISL has welcomed the progress that has been made on developing a tourist legacy for 2012, in particular through the publication of the DCMS consultation, “Welcome: Legacy”. We are concerned, however, lest positive legacy work in this area be undermined by decisions taken elsewhere in Government. A vibrant tourism and leisure industry (currently generating £70 billion for the UK economy) is reliant on the fiscal regime not being made unaffordable through either a “bed tax” or a “restaurant tax” (both being considered by the Lyons Review) or the lack of a level playing field in tax terms for private sector operators of local authority sport and leisure facilities. BISL believes that legacy objectives must be embraced across Government to ensure that what is built by one department is not crippled by another.

We also acknowledge that progress has taken place in the cultural sphere, with David Lammy MP chairing the Culture and Creative Advisory Forum for the Cultural Olympiad. Similarly, a National Delivery Plan for a legacy of employment and skills has been drafted by the Department for Work and Pensions and the Department for Education and Skills. Preparation for the Games themselves is well under way under the guidance of the ODA and LOCOG. In those areas, particularly the East End of London, where parts of the Olympiad will be hosted, a fabulous physical legacy will be developed. The people there should benefit from greatly improved opportunity to participate in sport. This though is barely half the story of what the 2012 Olympics could generate in terms of a legacy of increased participation in sport and physical activity.
However, the very necessary urgency in tackling the question of legacy for 2012 seems lacking for sport. BISL believes that this situation must be rectified post haste. The Olympic Board has published its Olympic Objectives and the related responsibilities. Objective 4:4 makes it the responsibility of HMG to "maximise increase in UK participation at community and grass-roots level in all sport and across all groups". This is and must be the central tenet of the sporting legacy from the 2012 Olympics. The potential contribution of increased participation to creating a healthier nation, with all the identified benefits and savings this would bring, is enormous.

However, as yet, although welcome, the only specific "legacy" developments for sport have been increased funding for elite athletes and the UK School Games. These only cater for the "most talented young people in the country of school age". BISL believes that participation amongst the general population needs to attract a similar level of attention and investment (if not more). There is a severe deficit in the number of coaches, particularly at the higher end of sport, which must be addressed to ensure the sustainability of any participation legacy.

Moreover, ownership of this overall objective is crucial. Currently, LOCOG's Nations and Regions Committee, the GLA and Sport England are all mentioned in dispatches. This one legacy goal of increased participation in sport and physical activity needs the leadership of one organisation. Sport England has responsibility for delivering the current DCMS PSA target of a 1% increase in sports participation per year to 2020. BISL therefore feels that it should retain the role to increase participation in England through the medium of the Olympics. Consideration must be made within the devolved administrations as to which organisation should lead in their countries.

Such additional responsibility requires additional resources to implement promotion and intervention. Per capita investment in sport in England does not compare favourably internationally (Carter 2005)—£36 in England as opposed to £109 in France. In France, the participation drop-off rate amongst school leavers is 30% as opposed to 70% in England.

BISL firmly believes that there is a huge role for the commercial sector in helping to deliver an increase in participation in sport and physical activity and has welcomed indications from the Government that they want to see more cross-sector involvement. However, there needs to be greater engagement with the private sector and a level playing field for private sector operators. We would welcome, for example, the creation of a parallel series of marks to the familiar Olympic symbols but relating to legacy, to be enacted at a local level and to encourage local business involvement in community sport. The title "legacy partner" could be used to denote contributors, forming part of CSR commitments and possibly benefiting from tax advantages.

Private sector companies who are members of Business In Sport and Leisure are all looking at what they can do for London 2012. This enthusiasm could be channelled through encouraging schemes to increase physical activity in their employees.

3. Deriving lasting benefit for the nations and regions of the UK from the staging of the Games, in particular through encouraging participation in sport and tourism

The Olympic Games in 2012 will be a fantastic advert for tourism in the UK—the eyes of the world will be on not only London, but also Weymouth, Eton Dorney, and the plethora of cities hosting the football. To capitalise on this increased market, national, regional and local government must prepare fully and seek to grow tourism in the build-up to the Games. BISL therefore has welcomed the early development of a tourism strategy for 2012 by DCMS. 2012 must be part of an ongoing development of the UK as a tourist destination for both inbound and domestic visitors, rather than the starting point.

Similarly, the four weeks of the Olympiad itself in 2012 should not be the most important element in producing a strategy to increase participation in sport and physical activity and the earlier this strategy is developed the more chance it has of success. There is no guaranteed sustainable "trickle down" effect from spectators to participants likely as a result of the Olympics in 2012 and BISL believes that the question of engaging spectators/fans as participants should be addressed as part of the soft sporting legacy.

As DCMS has led with tourism, so it must lead with sport, not to impose a "one size fits all" strategy, but to ensure impetus through direction. BISL believes that the key to increasing participation is a combination of promotion, people and places. Promotion involves stimulating interest in sport and physical activity as a result of the Olympics; places and people are about ensuring equity of opportunity and quality in the active experience for all.

There needs to be capital investment in both facilities (latest estimates suggest that over £4 billion is needed to update the facility stock in Scotland alone) and other active places, such as cycle paths and safe walkways, as well as community-level interventions based on people. The role of the private sector, which already invests over £30 million a year in local authority facilities, cannot be ignored here.

Crucially, participation must be monitored. Data collection needs to be rigorous, credible and localised to show what really succeeds and once again the commercial sector can play a key role in providing leadership and guidance in this process.
In London, implementation of Olympic Sub-Objective 4.8 has resulted in a productive partnership between the GLA and Sport England. Whilst BISL believes that Sport England should be given ownership of the legacy objective of raising participation through the Olympics, we also believe that the London model suggests an important role for Regional Development Agencies across the country. To extract maximum benefit for the nations and regions, the RDAs need to be fully engaged with the importance of building Olympic legacy.

2 October 2006

Memorandum submitted by the Central Council for Physical Recreation

INTRODUCTION

1. CCPR is the representative body for 270 National Governing Bodies of sport and other national sport and recreation organisations.1 CCPR exists to promote the role of sport and recreation in healthy and active lifestyles, to protect the interests of sport and recreation organisations and to provide high quality services to helping bodies continually improve and progress.

2. CCPR represents the full scope of sport and recreation—from football to folk dance, from rambling to rounders—and is interested in the welfare of both Olympic and non-Olympic sports. To CCPR and its members, the hosting of the Olympic and Paralympic Games in London in 2012 represents first and foremost a tremendous opportunity to inspire and sustain a step-change in participation in sport and recreation throughout the UK. Indeed, this was a central part of London’s successful bid. The CCPR therefore welcomes the Inquiry and is pleased to present its views on the issues raised by the Committee. CCPR would also welcome the opportunity to present oral evidence to the Committee.


3. CCPR supports the finding of the CMS Select Committee in 2002–03 that the Government has undertaken as robust a financial assessment of the Games as possible this far in advance. The CCPR agrees with the funding methodology in that:

(a) public money will be used to support the development of the physical infrastructure required for the Games;

(b) LOCOG will be responsible for generating the revenue required to actually stage the Games;

(c) National Governing Bodies and elite athletes will receive enhanced support from the National Lottery to deliver an outstanding UK performance at the Games.

4. CCPR believes that the estimated £2.375 billion required for physical infrastructure is an acceptable cost to the public purse given that this will result in the economic regeneration of a heavily populated but poor area and provide significant improvements to London’s transport infrastructure, which alone would incur substantial costs.

5. CCPR understands that the £750 million generated by the Olympic lottery may result in a 5% loss to other good causes, but accepts that any such diversion will be a result of consumer choice. CCPR is however concerned that Sport England is expected to supply the “bulk” of a further £340 million from its existing lottery allocation. This will effectively reduce the amount of lottery funding available to all other aspects of community sport by up to £340 million, which will undoubtedly be detrimental to achieving the lasting legacy of sporting participation which are sought from the Games. The Audit Commission (England) in 2006 stated that investment of £550 million was required in order to keep England’s sport and recreation facility stock in working order. Clearly, more investment in facilities, rather than less, is needed if the Government is to meet its target of increasing participation in sport by 1% each year to 2020.

6. CCPR believes that the costs of staging the Games are rightly assigned to LOCOG, but recognises that the £2 billion required for this is an extremely challenging target. CCPR recognises the need to protect Olympic marks and symbols in order to generate the commercial revenue required to stage the Games, but believes that further thought is required with regard to their non-commercial use in order to generate grassroots enthusiasm for sport as a result of the Games. For instance, CCPR believes that primary schools which choose to call their annual sports day a “mini-Olympics” do not pose any threat to the Olympic brand nor its capacity to generate income, and that such usage should be permitted.

1 A full list of CCPR members is attached at Annex.

2 Audit Commission—Public sports and recreation services—Making them fit for the future—June 2006.
7. CCPR welcomes the funding made available via UK Sport to support UK athletes competing in Olympic disciplines to achieve the best possible performances in 2012. However, CCPR would argue strongly against any further reduction in funding for non-Olympic sports and recreations as a result of any increase in costs associated with the Games. In order to generate a step-change in participation in sport and recreation we need to support the broadest range of activities possible, so that every individual can find an activity that meets their needs. Supporting this level of diversity would also create greater capacity throughout the sporting system, and hence greater sustainability—rather than concentrating all resources in a smaller pool.

8. CCPR supports the proposed mechanisms for supplementing the existing package by up to £75 million and £250 million respectively as these are finite albeit large sums. CCPR however believes that paragraph 17 of the memorandum is ambiguous. The paragraph states that the Government will be the ultimate guarantor of Olympic funding needs should any shortfall exceed £2.075 billion, but also states that “the Government expects to discharge that responsibility...as appropriate with the Mayor of London”. CCPR believes that the definition of “appropriate” is the key issue here, and would recommend that the Government and Mayor’s Office agree responsibility for particular aspects of shortfall, in line with the allocation of responsibility for the initial funding package. For instance, where a shortfall relates to a lasting regeneration benefit for East London, then the cost might fall to the Mayor, but where a shortfall is linked to a sporting outcome this might fall to the Government. However, should the cost forecast be exceeded to this level, the need to fund the shortfall should not result in a reduction of funding for grass-roots sport (lottery or exchequer) as this would be detrimental to achieving a sustainable legacy of sporting participation—which is the major benefit to be achieved from hosting the Games.

WAYS OF MAXIMISING THE VALUE OF THE OLYMPIC LEGACY BOTH WITHIN LONDON AND ACROSS THE UK

9. It is clear that the London 2012 Games will generate a fantastic physical legacy for London, in terms of renewed urban space, improved transport infrastructure and new sporting facilities. Where Olympic events are held outside London, then the relevant region of the UK will also benefit from new or improved sporting facilities. However, CCPR believes that this only touches the surface of what the 2012 Games could achieve in terms of a sustained legacy of increased participation in sport and recreation. But if we are to realise this opportunity, action must be taken far in advance of the Games as public anticipation continues to build. The later it is left the less likely it is that any such legacy will be achieved, as excitement will dissipate with the closing of the Games. As many Olympic observers have commented, Olympic Games have a long “sunrise” but a very short “sunset”. It is vital to make the most of this “sunrise” period.

10. The Department for Culture, Media and Sport has already realised this urgency with regard to tourism and culture. Indeed it has already launched its “Welcome: Legacy” tourism strategy consultation, whilst Culture Minister, David Lammy chairs the Culture and Creativity Advisory Forum for the Cultural Olympiad. In addition to this the Department for Work and Pensions and Department for Education and Skills have drafted a National Delivery Plan focussing generating a legacy of employment and skills benefits for the UK from Games-related business.

11. Meanwhile, from a sporting perspective, whilst preparations for the Games themselves are well underway with the establishment of LOCOG and the ODA, and the agreed funding package for elite athletes, there has been only one legacy related development—the UK Schools Games, which will cater for the “most talented young people in the country of school age”. Whilst the first Games, recently held in Glasgow were an evident success, they remain an elite event and CCPR believes that a much broader strategy is required to drive up participation amongst all people, regardless of age or talent. The Government’s own Olympic & Paralympic Games Programme Objectives allocate responsibility for delivering such a strategy to the Government itself:

Objective 4.4: HMG—maximise increase in UK participation at community and grass-roots level in all sport and across all groups

CCPR recognises that Sport England is the lead body for the DCMS Public Service Agreement target of increasing participation in sport by 1% every year to 2020. Whilst it may be argued that the 2012 Games simply provide an extra boost for Sport England to achieve this target within existing resources, CCPR believes that this approach would waste a once in a generation opportunity to fundamentally alter behaviour patterns with regard to physical activity in the UK. CCPR believes that DCMS should take urgent ownership and show clear leadership on the issue of increased participation as follows:

(i) Identify and mandate one organisation to lead the work to generate increased participation.
(ii) Support a strategy which places the “Olympic opportunity” at the heart of driving up participation.
(iii) Provide realistic resources to underpin this drive to increase participation.

3 Seven non-Olympic sports, including mass participation sports such as hill-walking and mountaineering have already lost funding from UK Sport due to UK Sport prioritising support for Olympic disciplines.
12. Given Sport England's role in the existing PSA framework, it would seem logical that it should retain the role to deliver increased participation via the Olympics throughout England. The devolved administrations would also need to consider the appropriate organisations to lead in their countries.

13. With regard to finance, CCPR recognises that DCMS has access to limited resources. Nonetheless it should be noted that in 2005 Exchequer investment in sport and recreation in Britain was just £21 per person per annum compared to Australia's £51, with participation levels of 28% and 39% respectively. Similarly England's investment in sport is 20% that of France—and in England 30% of young people continue to participate after leaving school, compared to 70% in France. There is therefore a strong case for greatly increasing direct investment in sport to help achieve tangible benefits in terms of participation.

14. Furthermore, given the increasing evidence base of the positive impact participating in sport and recreation has on health, education and community cohesion outcomes, then there is a clear incentive for a range of Government departments to invest in increasing participation. For instance in 2004 the Wanless report predicted that obesity related conditions would cost the Exchequer £3.6 billion annually. Investing in sport and recreation now would be a key component in reducing this cost in the future.

HOW THE NATIONS AND REGIONS OF THE UK MIGHT DERIVE LASTING BENEFIT FROM THE STAGING OF THE GAMES, IN PARTICULAR THROUGH ENOURCAGING PARTICIPATION IN SPORT AND INCREASING TOURISM

15. Whilst CCPR is primarily concerned with sport and recreation it fully supports the aim of generating a sustainable increase in British-based tourism by home and overseas visitors. Indeed sport and recreation have a key role to play in generating such an increase, which can be delivered throughout the UK.

16. There has long been a tradition of recreational holidays within the UK covering activities as diverse as golfing, walking, sailing etc. Whereas previously most of these tourists would be dedicated enthusiasts planning their own itinerary, there is now a significant market in packaged activity holidays for those individuals who either have little or no previous experience, or who simply wish to “outsource” the organisation of their holiday. The significance of Britain’s activity related industry is such that the loss of tourist income was a key factor in the hardship suffered in rural areas during the foot and mouth crisis of 2002. CCPR therefore believes that the ability of sport and recreation to contribute to the tourist economy nationwide provides a strong argument for continuing to invest in a wide range of activities, and not just the Olympic sports themselves.

17. With regard to participation in sport itself, CCPR has outlined above its view that central Government, including the devolved administrations, should demonstrate a clear lead in achieving Olympic & Paralympic Games Objective 4.4. Nonetheless CCPR recognises that there will be no “one size fits all” solution to achieving increased participation nationwide. CCPR therefore recommends that the Government should in the first instance fund a series of pathfinder projects in specific localities designed to:

- stimulate interest in sport and recreation as a result of the 2012 Games;
- remove barriers to participation; and
- monitor increases in participation.

18. The success of these “pathfinders”, which might include both capital projects such as walkways and cycleways, and people-based development programmes such as summer holiday schemes, should then be assessed in order to create a series of “models” which can be implemented nationwide. Funding should then be made available to local authorities to devise participation strategies and commission delivery programmes that are relevant to their locality.

CONCLUSION

19. CCPR welcomes the Committee’s inquiry and is pleased to present its views on the issues raised. To CCPR, the hosting of the Olympic and Paralympic Games in London in 2012 represents first and foremost a tremendous opportunity to inspire and sustain a step-change in participation in sport and recreation throughout the UK. To achieve this CCPR recommends that:

- central Government and the devolved administrations show clear and immediate ownership and leadership for Olympic and Paralympic Games Objective 4.4;
- investment in the full spectrum of sport and recreation activities is significantly but strategically enhanced in order to provide the widest possible range of opportunities to participate; and
- funding be made available on a local level for the implementation of suitable strategies to raise sports participation.

CCPR would also welcome the opportunity to present oral evidence to the Committee.

## LIST OF CCPR MEMBER ORGANISATIONS

<table>
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<th>Air Training Corps Sports Council</th>
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<td>Amateur Boxing Association</td>
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<td>Association of British Riding Schools</td>
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<td>Association of Golf Club Secretaries</td>
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<td>Badminton England</td>
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<td>Baseball-Softball UK</td>
<td>Boys’ Brigade (The)</td>
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<td>British Aikido Board</td>
<td>British Amateur Rugby League Association</td>
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<td>British and Irish Basketball Federation</td>
<td>British Association for Physical Training</td>
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<td>British Association for Shooting &amp; Conservation</td>
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<td>British Boxing Board of Control</td>
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<td>British Colleges Sport</td>
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<td>British Equestrian Federation</td>
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<td>British Fencing Association</td>
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<td>British Long Distance Swimming Association</td>
<td>British Masters Athletic Federation</td>
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<td>British Microlight Aircraft Association</td>
<td>British Model Flying Association</td>
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<td>British Motorcyclists’ Federation</td>
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<td>British Ski and Snowboard Federation</td>
<td>British Ski Club for the Disabled</td>
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<td>British Sub-Aqua Club (The)</td>
<td>British Surfing Association</td>
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<td>British Table Tennis Association for Disabled People</td>
<td>British Tennis Foundation</td>
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<td>British Tenpin Bowling Association</td>
<td>British Triathlon Association</td>
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<td>British Water Ski</td>
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<td>British Weight Lifters’ Association</td>
<td>British Wheel of Yoga</td>
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<td>Byways and Bridleways Trust</td>
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<td>Canoe-Camping Club</td>
<td>Channel Swimming and Piloting Federation</td>
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<td>Chief Leisure Officers Association</td>
<td>Church Lads’ and Church Girls’ Brigade</td>
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<td>Civil Service Sports Council</td>
<td>Clay Pigeon Shooting Association</td>
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<td>Coal Industry Social Welfare Organisation</td>
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Cycling Time Trials
Dalcroze Society
Duke of Edinburgh’s Award
England and Wales Cricket Board
England Hockey
England Squash
English Bowling Association
English Bowls Players Association
English Chess Federation
English Folk Dance and Song Society
English Ice Hockey Association
English Lacrosse Association
English Schools’ Cricket Association
English Table Tennis Association
English Women’s Bowling Association
Extend Exercise Training Ltd
Federation of South West Sports Organisations
Fire Service Sport & Athletics Association
Football Foundation (The)
GB Hockey Inline
Girlguiding UK
Golf Foundation (The)
Great Britain Diving Federation
Green Lane Association (GLASS)
Headmasters’ Conference
Ice Hockey Players Association
IMBA UK
Inland Waterways Association
Institute of Groundsmanship
Institute of Sport and Recreation Management
Jewish Lads’ and Girls’ Brigade
Keep Fit Association
Ladies’ Golf Union
Lawn Tennis Association
London Federation of Sport and Recreation
Long Distance Walkers Association Ltd
Margaret Morris Movement
Mini-Basketball England
Modern Pentathlon Association of Great Britain
Mountain Leader Training England
National Association of Clubs for Young People
National Association of Head Teachers
National Association of Schoolmasters and Union of Women Teachers
National Confederation of Parent Teacher Associations
National Council for School Sport
National County Sports Partnership Network
National Federation of Anglers
National Federation of Women’s Institutes
National Greyhound Racing Club
Cyclists’ Touring Club
DolmetSch Historical Dance Society
East Midlands Federation of Sport and Recreation
England Basketball
England Netball
English Amateur Dancesport Association
English Bowling Federation
English Bridge Union
English Federation of Disability Sport
English Golf Union
English Indoor Bowling Association
English Schools’ Athletic Association
English “Schools” Football Association
English Volleyball Association
English Women’s Indoor Bowling Association
Federation of Eastern Sport
Federation of Yorkshire Sport
Fitness League (The)
Forest School Camps
Get Fit Foundation
Girls' Venture Corps Air Cadets
Grand National Archery Society
Great Britain Wheelchair Basketball Association
Guild of Professional Teachers of Dancing
HF Holidays
Ice Hockey UK
Imperial Society of Teachers of Dancing
Institute for Outdoor Learning
Institute of Leisure and Amenity Management
International Dance Teachers’ Association
Karate England
Laban Guild for Movement and Dance
Language of Dance Centre
Local Government Association
London Fire Brigade Welfare Fund
Maccabi GB
Medau Society
Model Yachting Association
Motor Sports Association
National Association for Sports Development
National Association of Fisheries and Angling Consultatives
National Association of Karate and Martial Art Schools
National Association of Teachers of Dancing
National Council for Metal Detecting
National Council for Voluntary Organisations
National Deaf Childrens Society
National Federation of Sea Anglers
National Golf Clubs’ Advisory Association
National Ice Skating Association UK Ltd
Witnesses: Ms Brigid Simmonds OBE, Chief Executive, Business In Sport and Leisure, and Chair, Central Council for Physical Recreation, and Mr Tim Lamb, Chief Executive and Director, Central Council for Physical Recreation, gave evidence.

Chairman: For the final part of this session can I welcome Brigid Simmonds, the Chairman of the CCPR, who I think is also wearing her hat as Chief Executive of Business in Sport and Leisure, and also Tim Lamb, the Chief Executive of CCPR. Nigel Evans is going to start.

Mr Evans: One of the legacies of the Olympic Games is supposed to enthuse people to get off their sofas, although clearly for the period of the Olympics they will be there with their Coca Cola in one hand and a McDonalds in the other—

Mr Sanders: And a Rothman’s!

Q90 Mr Evans: What are the chances, though, of the excitement of the Games, the legacy being that it is going to get particularly youngsters, I guess, participating more in sport because it did not happen in Australia, did it?

Ms Simmonds: I do not think there is any evidence so far that any Olympic Games has instilled that long-term legacy of participation. I think it is up to us to start that now. Let us define legacy first of all because there will be legacy in the East End in London. We have dire facilities; the nearest 50-metre pool is in Paris. That definitely will be achieved and
they will have long-term use, and I think the Mayor has done a very good job in putting up revenue funding which will ensure that. In soft legacy terms I think you have to realise that we have a long sunrise and a short sunset, and if you think about it in those terms then it is absolutely vital that we get on and work on that sort of legacy now. DCMS has produced in tourism terms the Welcome Legacy consultation for a national strategy, we hope well-resourced (in financial terms). The consultation closes in November. We have nothing like that in terms of sports participation and we need to have a national co-ordination with a plan because otherwise 10 years after the Olympics we are going to find that some wonderful idea in Essex was completely unknown in Northumberland, and we have this timebomb of 14 million people according to the NHS who will obese by 2010 before the Olympics which the Olympics has the power to change if we handle it right.

Q91 Mr Evans: I find that in the summer when Wimbledon is on you cannot get anywhere near a tennis court because everybody is enthused by watching the tennis players and they are all out there playing. Give it about one or two weeks after Wimbledon is over and you can get on the tennis courts again. So how are you going to make this a lasting thing so that people are not just going to take this up for a few weeks because of the frenzy of the Olympics and this is this going to be something far more than that?

Mr Lamb: The answer is if you want a sustained legacy you have got to work at it, and if I can cite an example from the sport that I used to be involved in, which is cricket, in order to capitalise on the eventual success of the England team in winning The Ashes it was only because the ECB had put in place a whole properly resourced infrastructure and development at grass-roots level that the game was able to cope with the additional interest among youngsters in cricket which was the inevitable consequence of beating the Australians. Unless you have a proper strategy, unless that strategy is properly resourced, unless you have a co-ordinated plan right across government to make an increase in participation absolute top priority, you are not going to get that increase; you have to work at it.

Q92 Mr Evans: Have you any idea about some sort of projected costs on that? This is clearly not just spread out over the period up to the Olympics and a few weeks after; this must be an on-going thing. Any ideas about how this is going to be achieved?

Mr Lamb: Disappointingly only literally in the last few days Sport England, or rather the DCMS, has published the detail of Olympic Objective 4.4, which is the one that is of the most interest to the CCPR because that is the one that deals with increasing participation, but Sport England are being expected not only to increase participation levels anyway, regardless of the Olympics, by 1% a year to 2020, they are being asked to undertake a whole load of initiatives and projects in relation to London 2012 without any additional resourcing, which to the CCPR’s mind is absurd.

Q93 Mr Evans: So it cannot be achieved without the resources?

Mr Lamb: That is very much the view of the CCPR.

Q94 Alan Keen: Good morning. It is obvious that a lot of money is being transferred from other sports under Sport England’s control so other sports are going to be hit and the CCPR seems to think that that is pretty definite. Could you expand on that?

Ms Simmonds: Yes, I think if we are talking about legacy, legacy has got to be UK-wide and not just in London and the South East, but it has also got to be across all sports and kinds of recreation, not just Olympic disciplines. We only have 26 sports for the summer Olympic Games and somebody at the age of 50 who may not be interested in taking part in pole-vaulting but may be very much interested in looking at what opportunities exist for rambling and other activities, and so it is hugely important that that is part of the legacy, as well as providing opportunities to raise our participation which will help athletes to become elite in the long run.

Mr Lamb: I think the other point to make is perhaps we have had some of our worst fears confirmed by the evidence that was heard just before now and that is the amount of money that is being taken away from the main Lottery to pay for the Olympics. Let me make it absolutely clear, the CCPR is totally behind the Olympics. We want it to be a very, very successful event, we want to win lots of medals, and we want it to be the best ever Olympics but, equally, we want to see a real legacy of participation. Our understanding is that there is going to be a migration in terms of the buying of Lottery tickets from the traditional Lottery to the Olympic Lottery of 59%.

Ms Simmonds: That came out in the Regulatory Impact Assessment within the Olympic Bill so that is the Government’s own figures; that is not a figure that we have just made up.

Mr Lamb: The amount of money coming from the Lottery into sport has actually halved in real terms over the last 10 years, and what we are concerned about is the additional hiving off, if I can use that phrase, of £340 million from the main Lottery to the Olympics is further going to exacerbate the situation and leave Sport England without the resources to be able to generate that legacy of participation which, let us face it, was absolutely a main plank in the successful bid last year.

Q95 Alan Keen: The last report we issued before the summer recess started was one on women’s football. I think it has been accepted by the DCMS and the FA that a task force should be set up. Based on recent history in the States, women’s football is immensely popular. I think if things are done right we could encourage over the next 10 years one million to 1.5 million women to participate in sport through that, but the Olympics, as you say, is going to inspire relatively few.
Q97 Alan Keen: In a way, the Department of Health has more to gain from sports participation than anyone else. Should not they make a contribution to make up for the less money that Sport England will have for grass-roots sport?

Ms Simmonds: I think they should and I think there has been a lot talked about that in the Department of Health. They have given a lot of money to PCTs but it has disappeared, if they are not careful, into budgets which have been required for other things in the NHS. I think one of our real concerns is there has to be real resource behind it.

Mr Lamb: I think there is a good precedent in the school sports and PE arena where I think £250 million has been made available through the education budget for school sport and what we need is an equivalent amount, if not more, from the health budget as a preventative measure in order to do something about the so-called timebomb that everybody is talking about in terms of childhood obesity, diabetes and overweight.

Q98 Alan Keen: One final question to Tim, as Joint Secretary of the Lords and Commons Cricket Team—

Mr Lamb: I have my tie on specially, Alan!

Alan Keen: How many Test matches are we going to win in Australia?

Q99 Mr Evans: What question was that?

Mr Lamb: Although I am no longer involved directly, I would still obviously wish the England team every success. I think it is going to be very, very hard, but I sincerely hope that The Ashes will be retained because we all know what a great boost that is to cricket, and I am sure that if the Olympic Games are equally as successful in terms of their organisation and medal tally then that will have the same galvanising effect on sport across a wider spectrum.

Q100 Chairman: While accepting that the CCPR are fully in support of the Olympics in London and the boost that that is going to give, are you suggesting that because of the decision about the way in which the Games is to be funded there is a real danger that any benefit which is gained in terms of inspiration of young people to participate in sport could actually be outweighed by the damage done through the loss of funds to grass-roots sport from the main Lottery?

Ms Simmonds: I think when you are looking at the legacy 20 to 30 years on, yes there is a danger. We will be inspired as a nation if we win medals at the Olympics, and the CCPR is totally behind all the efforts and the money that is being put aside for elite performance and to get those performances right. I do not think necessarily, however, that that is a rung at the bottom that somehow increases participation with that funding. If you look at the gap that we have got, a lot of money, as Tim has said, has gone into schools. Where we have a gap is we still have 70% of young girls who drop out post-16. We have not got those club links right. We have an awful lot of people who, post school, never participate again. It is that sort of area that I think we are concerned about.

Mr Lamb: Leaving aside the funding issues that I referred to five minutes ago, if you look at the delivery plan for England at least and the Olympic Programme sub-objective 4.4 which was produced last week, there are some very good initiatives and projects which are going to be overseen by Sport England, but Sport England is expected, as I said before, to fund all these initiatives and programmes without any additional resources. In fact, probably less bearing in mind the migration away to the Olympic Lottery and other Government agents.
Q101 Chairman: If there is a cost overrun, which certainly previous Games suggest is likely, the Government’s decision that that overrun must be met at least in part out of the Lottery will do further damage. Do you think that that should be met out of central government funding if the overrun occurs?  
Mr Lamb: It is perhaps not for us to offer a solution but I was quite concerned when we had that confirmed 20 minutes ago by Janet that indeed the Government can exercise the right to make that payment. I think that would be of grave concern because it would be even less money going into the grass-roots and the development side of sport which is what the CCPR feels most passionately about.

Q102 Mr Hall: Who actually funds the Central Council for Physical Recreation?  
Ms Simmonds: We have a budget of about £1.9 million of which about £1.2 million comes from Sport England.

Q103 Mr Hall: I understand your concerns then.  
Mr Lamb: It is actually £1.5 million, if I can just get that right for the record.  
Ms Simmonds: To explain the history to that, we owned all the national sports centres like Plas-y-Brenin that existed in this country and in 1972 we exchanged them for funding in perpetuity.

Q104 Mr Hall: A fine job that is done in those centres. In the memorandum that you submitted to the Committee you talked about ways of increasing participation. I do not actually share your pessimism that the Olympics will not inspire people to participate in sport; I am sure it will do, and as somebody who plays tennis regularly, Nigel, you are absolutely right about what happens in the week of Wimbledon. Could you give the Committee some more information about the pathfinder projects that you are planning to increase sports participation?  
Mr Lamb: I think it is a question of each locality determining their own needs. Bearing in mind the enormous spectrum of activity that the CCPR represents, from, as we say, football to folk dance, I do not think we mind too much what people are engaging in. As has already been said, there are only 26 Olympic sports; there are well over 100 other recognised sports, plus all recreational activities which are in membership of the CCPR. Just taking the tennis example, I think the Lawn Tennis Association has estimated that it will cost £1.2 billion to provide a similar number of tennis courts as in France and the estimated cost of maintaining the existing stock of community sport facilities in good shape is £0.5 billion. We welcome the extra money that is being spent on elite athletes; we welcome the money that is being spent on school sports; but there needs to be additional investment at the community end as well, because the danger is that we will have more kids playing cricket at school, we will have more people wanting to enjoy the excitement of the Olympics and being inspired to take up a sport or a recreation. The danger is there will not be any decent facilities for them to play in. If I go back to the example of cricket, you have to work at putting an infrastructure in place—the infrastructure, facilities, coaches, and development plans—in order to cope with the inevitable increase in numbers, otherwise it will be a two-week wonder whereas what we want to ensure is that the legacy from the Olympic Games is sustained over many years thereafter.

Q105 Mr Hall: What about your pathfinder project ideas, how are they going to work?  
Mr Lamb: Sorry, I did not get that?

Q106 Mr Hall: In your evidence you submitted the concept of increasing participation by pathfinder projects.  
Ms Simmonds: I think there are two answers to that. One is it is the community sporting networks and how they work on the ground. In the BISL evidence we had this document What About Sport which talks about legacy co-ordinators on the ground. If you look at how it works on the ground, you have the regional sports boards and you have the regional offices of sport; you then have county sport partnerships, and below that you have a whole network which involves voluntary sector organisations and the CCPR has persuaded Sport England that there should be a champion on each Regional Sports Board for the voluntary sector and for all the sports which do not naturally fall under County Sports Partnerships. What we are talking about is having some pathfinder-type project sat at low level and having that co-ordination, that moves into the regional sports boards, the regional sports boards have a link to Nations and Regions, (which I think is a wonderful idea) but at the moment it is looking more at tourism than looking at the sporting legacy. Then that moves up the field towards the Olympic Board to the DCMS.  
Mr Lamb: I think we are concerned about the emphasis of nations and regions, which again has been mentioned a couple of times this morning because my understanding is that, as Brigid has said, the nations and regions group seems to be much more about economic regeneration and tourism than sport and recreation, and in fact until very recently there has only been one member of the entire group who has had anything to do with sport. I think David Hemery is now going to be attending as the vice chair of the BOA, but up to now there has been only one representative from sport. If the nations and regions group is part of the vehicle for driving up levels of sporting participation, then the make-up of that group needs to be changed.  
Ms Simmonds: Pathfinders will look at what works and what does not work. At the moment we do not know that and I go back to the point I made originally, we could in 20 years’ time find that something worked really well in Essex but nobody had picked it up anywhere else around the country.

Q107 Philip Davies: In the CCPR evidence you express some concern about the extent to which the Olympics protect their symbols and marks and all this from what I think is known as “ambush” marketing where other people ride in on the back of
it. In your evidence you gave an example of a primary school which chose to call their annual sports day a “Mini Olympics” which might be caught under this overarching effort to stop anybody else apart from the main sponsors from benefiting. Have you taken any legal advice as to how far the legislation does protect the Olympic symbols and marks to what extent your members can or cannot use the Olympic name?

Mr Lamb: I do not want to overplay this point. We did mention it but it is not a major point in our submission. We totally understand that the Olympic symbols and marks have to be protected. £750-million worth of sponsorship, as I know from my background in professional sport, is an enormous amount of money and those rings have to be protected in order to attract the right level of investment. However, I think brand enforcement must be proportionate. LOCOG deserve credit actually for having clarified some of the rules regarding the protection of the marketing symbols to governing bodies. I just think that we need to keep things in perspective and ensure that we do not turn people off, or in any way temper their excitement about the Games by taking things a little too literally, but it is not a major concern we have. Our major concern is to ensure that the legacy of participation is as we would expect it to be.

Q108 Philip Davies: What have LOCOG said to you in terms of what can and cannot be done?

Ms Simmonds: The same rules apply to a private sector organisation as they would to voluntary organisations if they were to sponsor us so 

volvo penta

cannot say that they are supporting an Olympic 2012 sailing team even though they are sponsors of the RYA. One way of getting round this very lower level might be that each 1%, say, of that funding that was given by the top-tier sponsors went towards grass-roots sports. You could have an association where some of that grass-roots sport may benefit from an Olympic sponsor. That may be one idea that is worth looking at.

Q109 Philip Davies: Have you made that suggestion?

Ms Simmonds: We have made that suggestion within the Olympic field, but I think at the moment the key emphasis, as Tim has rightly said, is around finding those sponsors and so maybe it is something that should be considered as we move down that road.

Q110 Philip Davies: Will you or have you been sending out advice to your members about what they can do and what they cannot do?

Mr Lamb: There have been meetings involving national governing bodies and lawyers from LOCOG and we would like to commend LOCOG for doing their utmost to answer any queries that national governing bodies have.

Ms Simmonds: They have produced some advice too which we have disseminated to our members.

Q111 Mr Evans: I just want to come back to the main thrust of what you have had to say because it has been hugely depressing, quite frankly. Can you give us any indicator as to how much the total spend by the state is now on sport? I want to separate it out from the National Lottery if we can because I was on the Committee that started up the National Lottery and there was supposed to be a thing called “additionality”, that National Lottery money was always going to be additional to whatever the state spending was going to be. Clearly that has not been quite kept to the word. If the amount of money that is now being added in from the National Lottery is going to be poached even further, then clearly grass-roots sport is going to be completely slaughtered. It seems to be the easy hit. I know we have spoken about let us take a bit from the health budget. We all know the pressures they are under so I cannot see much happening there. The education budget, yes, something is being done there but we are still talking about the same institutions, are we not, that lock up school playing fields and facilities during the summer because they cannot afford the money to pay insurance for youngsters to use these facilities when the schools are closed. I am just wondering where we take it from here because, as I say, this is hugely depressing. I do not know what discussions you have had with the DCMS to take this somewhere forward but clearly if Sport England is being denuded of funding at the same time as they are being asked to do more, then they simply cannot deliver.

Mr Lamb: I think the DCMS are well aware of our views. They are certainly well aware of Sport England’s aspirations to have more Exchequer funding. There has been a significant increase in Exchequer funding for sport but it was starting from an extremely low base, and of course that has been offset by, as I say, a reduction of approximately half in real terms of Lottery funding going into sport. Spending per capita of the population, as we mentioned in our submission, is £21 per person per year in this country, compared with £51 in Australia and I believe £80 in a model European country, Finland.

Ms Simmonds: We know the DCCLG has this Comprehensive Performance Assessment of local authorities, certainly at metropolitan level, where they have to provide facilities within 20 minutes’ walking or driving time depending on which particular authority you are. There is a need to provide more facilities and the DCCLG has a part to play there. At the end of the day I would also say we must use the private sector more. That has not been a strategic priority and we are out there providing facilities and doing an awful lot without being fully integrated into that total system.

Q112 Mr Evans: Is there a report you have done which says, “Listen, if we do not invest the money into exciting youngsters and people generally to do more sport”—and you have talked about the ticking time-bomb of obesity and diabetes and all the health costs that the country is going to have to face if we do not wake up to it. Has there been an opportunity cost done on that, that if we do not spend the money this is how much it is going to cost in a few years’ time?
Ms Simmonds: I think a lot of work is going around this area and I sit on a steering group of a Foresight Project which is a DTI project looking at obesity and what we must do over a period of years. I have read pages and pages of scientific evidence but the difficulty is that a lot of this scientific evidence says different things, but I think at the end of the day everyone is clear that if we are going to deal with obesity it is not just about healthy diets, it is about people taking more physical activity, and the whole of Government is going to have to own that agenda at the end of the day.

Mr Lamb: Yes, I mentioned that the Healthy Living Strategy recently published by the Department for Health does not mention sport. I am pleased to say that we are about to sit down with the Department of Health and a group of selected governing bodies of sport and recreation in order to talk through these issues. I know that the cost of increasing participation to the sort of level that was envisaged even before July 2005 will be very, very considerable and yet Sport England, who are the vehicle for the delivery of those objectives, are not getting any additional funding to assist them to do so.

Q113 Chairman: You said right at the beginning that no host country had managed yet to achieve the objective of a lasting increase in participation in sport. That was one of the four key strategic objectives which was set out in Seb Coe’s in the pledge in Singapore, and yet your evidence suggests that we are not going to be any different from any previous host country. Do you think it can be done?

Ms Simmonds: Yes, I do think it can be done and I think with some national co-ordination and national consultation we could pool all the very good ideas together and make some plans about how we can actually work, as I have described, from the ground upwards. So, yes, I think it can be done but remember what I said right at the beginning, which is that we have a long sunrise and a short sunset and we must start on that route to participation now.

Mr Lamb: There has to be the political will. It is not just about the Games but the whole sporting system around the Games must be ready to accommodate the inevitable increase in participation.

Chairman: I do not think we have any more questions. Thank you.
Tuesday 21 November 2006

Members present:
Mr John Whittingdale, in the Chair

Janet Anderson
Philip Davies
Mr Mike Hall
Alan Keen
Rosemary McKenna
Mr Adrian Sanders

Witnesses: Ms Julia Bracewell, Scotland Representative, Mr Stephen Castle, East of England Representative and Ms Juliet Williams, South West Representative, Nations and Regions Group Members, gave evidence.

Chairman: Good morning everybody. This session is part of the Committee’s on-going inquiry into preparations for the 2012 Olympic Games. I am tempted to say that our opening session with the Nations and Regions Group is the starter before the main course—but the Committee does attach huge importance to ensuring that there is a benefit of the Games throughout the entire United Kingdom and, therefore, we do see the work of the Nations and Regions Group as extremely important. Can I welcome representing Scotland Julia Bracewell, from the East of England Stephen Castle, and from the South West Juliet Williams. Perhaps I can invite Adrian Sanders to begin.

Q114 Mr Sanders: Given the interest this morning, I am beginning to wonder whether we ought to be asking questions about stadium capacity later on! You talk a lot about the working groups that are involved. I wondered how many of your working groups, and what steps you have taken in them to ensure that all relevant sectors are represented and not just the “usual suspects”?

Mr Castle: Thank you, Chairman. Firstly, may I thank you very much for inviting us to be here this morning as your hors d’oeuvres. We are very pleased to carry out that role for you. The three of us have worked together now for around three years in the Nations and Regions Group, really since before London was successful in the Singapore bid. We are incredibly excited about not only the opportunity to help deliver a fantastic Olympic Games for London but also, more importantly, to actually drive the benefits of those Games outside of London into the wider country. This is very much sold as a UK Games hosted in London, and we very much believe that. A lot of the work we have been doing is to ensure that we deliver that. Each of us represents, I guess, different areas within nations and regions coming from: obviously Juliet’s perspective and RDA background; my own local government background and Sport England background; and Julia from Scotland and sportscotland background. Each of us in terms of our own regions has slightly different structures in terms of the way we operate. From the East of England perspective we have a very broad church, a broad engagement, key government agencies—the “usual suspects” as perhaps you would describe them—but also just as importantly we have very broad geographical representation of the various of the six counties around the region. In each of those counties, and in our regional group, we have a number of thematic working groups that pick up certain areas of work. Sport is very strongly represented right the way through our region, and indeed nationally at a nations and regions level where some half of the nations and regions representatives are directly involved in sport as chairs of regional sports boards. There is also a broad range of other engagements: whether it be tourism through VisitBritain; tourism in my case through the East of England Tourist Board; tourism also being represented at a county level. There is a strand of different engagements, different involvement of different sectors depending upon the structure and the particular level we are looking at in the organisation.

Ms Bracewell: Within Scotland I chair the Scottish Steering Group for 2012, and obviously I am the representative on the Nations and Regions Group. We have a full-time secretariat in the Scottish Executive, three people there, and one of those is our NRG coordinator who goes to the co-ordinators’ meetings. On our Steering Group we have got arts, sports, business, tourism, volunteering, disability, sport and the business sector represented through a range of national bodies and national agencies. Below the Steering Group we have three permanent subgroups: an economic and business group; a sport group; and a culture and education group. We bring together ad hoc groups on specific issues, for example training camps (which may come up later) that look at specific projects. That Steering Group is about 14 people, and the subgroups range from about five to 10 to 12; but what we have tried to do is ensure that we have got the key influencers and the key movers and shakers that can make things happen on those groups.

Ms Williams: The situation is pretty similar in the South West. To give you just one example of the way in which we are bringing the sectors and sport together: we have somewhere in the region of 200 accredited beacon companies in the South West, and next week there is a conference chaired and facilitated by Sir Clive Woodward to help those companies be creative and innovative with the way in which they actually step-change their performance in response to the Games, in order to make 2012 a catalyst to the way in which business performance itself changes rather than necessarily having a direct influence.
Q115 Mr Sanders: Would you say you have all got a strategy at this stage and have agreed a strategy? What is your timetable for carrying that forward?

Mr Castle: Each of the regions has just completed developing their strategy. Those strategies are currently being reviewed by Government and by LOCOG and, depending upon which region that is, some will have more immediate issues around delivery. A good example, for instance, in the East of England I addressed some 100 businesses in your Chairman’s constituency a couple of months ago because businesses in the East of England are very interested in their engagement in the supply chain. We have a big SME base there, particularly in the construction industry, which really wants to engage in part of that process. In other parts of the country that delivery phase, the timetabling of that delivery, will be different for different elements; but each of the regions has now submitted their initial plans through into LOCOG for review by LOCOG, and the relevant government departments.

Ms Williams: One thing I can add to that is that we all shared our plans at the Nations and Regions Group meeting last week. In terms of the strategic process, what we are trying to do is to ensure that our strategies have a real bearing at the grass roots and on the ground. We have, for example, looked at legacy perhaps separately from the need to take tourism as a particular initiative. What we are trying to do is to be sensible and appropriate with the kind of strategic processes that we are adopting.

Ms Bracewell: Within Scotland we are very clear that what we are trying to do is maximise the benefits of the Olympic Games to Scotland and everything flows from that. Looking at what we are already doing through the Scottish Executive and through different national agencies to make sure there is an overlap and where we can make things fit within normal strategic objectives we can do that. We have set the vision and set the objectives quite clearly, but for us one of the huge benefits is actually bringing those people together, sprinkling the magic dust of the Olympic Games over it and getting lots of cross-cutting work done and bringing bodies together who traditionally maybe should have worked together but have not been able to find a way to do that in the past. The Olympics are enabling us to join up and do that. We have a strategy for what we want to achieve; we set objectives; we are working through that with nations and regions obviously to work out what the overall objectives for the Nations and Regions Group should be but within each of that there is also an opportunity for us all to do things that we want to do ourselves anyway.

Q116 Mr Sanders: How much of these strategies are actually being driven by guidance through DCMS and LOCOG, and how much is actually being driven by grassroots interests?

Mr Castle: The strategies are very bottom-up. Certainly in my experience in terms of pulling that together it is a combination within East of England of the county working groups working with the regional group. The county groups have got their own strategies; indeed the Essex one is being launched in two weeks’ time; and in fact the East of England one is being launched today and I am rushing back to chair that particular session. It is very much grassroots, but at the same time clearly it tackles issues and priorities that we have been asked to look at by DCMS, but it is localised because every region is different.

Ms Williams: I would very much endorse what Stephen has said. Ours is very much from the bottom up. The first summit that we had, which was cross-function and cross-interest, was in March of last year, three or four months before the bid was won, in order to start to build the kind of interest and the buy-in to the whole process. I would say that in every single strategic process we have put in hand it has certainly been driven through a consultation process at the point where it is actually going to make the greatest difference.

Ms Bracewell: We are probably slightly different because we started with Nations and Regions Groups. We were all involved in the consultation on the setting of the Olympic objectives by DCMS, LOCOG and the Olympic Board. We have looked at those Olympic objectives within Scotland to see where they fit with what we are doing. We have obviously got some stuff that is coming from the bottom up; but when the LOCOG strategy was written we were very much looking at the Olympic objectives from an internal perspective. We were guided by LOCOG in the areas that were part of the Olympic objectives anyway. Although some of the stuff is coming from the bottom it is certainly sitting within an overall national planning framework.

Q117 Alan Keen: Good morning. Stephen Castle started off saying he was excited but Tim Lamb, Chief Executive of CCPR, seemed to be just the opposite; and he said that most local authorities seem to have an Olympic director tearing about fighting other local authorities trying to get what they could grab. Is there a lack of coordination? Is Tim Lamb completely wrong, or is there some truth in what he is saying?

Mr Castle: I am surprised, from reading his evidence, that he was not positive about it. Local government have an interesting relationship with the Games. The decision was taken at a fairly early stage during the bid phase that engagement outside of London would be driven through by the Regional Development Agencies and by the Regional Sports Boards and that has, I think, caused some issues about the way in which local government is now part of that process. A lot of the work I have been doing back over the last two or three years is to really engage local government. I am very pleased that Chris White, who chairs the LGA’s Culture, Tourism and Sport Board, has now been appointed to the Nations and Regions Group. I have been there representing local government, but I have also now got a colleague from the West Midlands who is a senior Cabinet member there as well. Local government is now being very much brought into it. In the East of England it always was, because we saw this as very much a local government-driven exercise, but I think in other parts of the country that
has been an issue. I am pleased now that local government understands it has a key delivery role in terms of delivering the benefits outside of London; and it is putting some serious investment into it. My sense is that local government is being wrapped closer and closer into the nations and regions structure but some things take a little while. Some parts of local government are very entrepreneurial; sometimes my own authority is a little too entrepreneurial as well sometimes they wanted to go and engage perhaps outside of the structures that would help them to do that constructively. My experience now is particularly of the work of the LGA. Local government is now much more engaged and plugged into nations and regions and I am very pleased about the appointment of Chris coming onto the Nations and Regions Board nationally.

Q118 Alan Keen: Can you just give an example of investment by local authorities?

Mr Castle: In Essex in this financial year we put investment in of £250,000. We have employed an Olympic co-ordinator, who is actually our strategic sports development officer. We have put significant investment into supporting the structures. We see that as a really key community leadership role. Obviously the benefits for Essex are very real. We have a venue actually in the county, and we are the closest county to the Games site; so it is very much in our interest to put that investment in. Other counties and other local authorities further away are also investing. They have a sense across a broad range of agendas and issues, whether it is volunteerism, whether it is culture, whether it is education, that the Games can have an impact and actually what they need is somebody in their organisation who can often challenge, within their organisation, as well as going out in a more wider community leadership role, and enable people to understand what those benefits are. I think the critical thing now is we are seeing that group of, if you like, representatives at a local government level and officers, coming together, networking particularly around the Local Government Association. I am really pleased with the way in which the LGA, LOCOG and Nations and Regions are now working closer together to facilitate that.

Ms Bracewell: In Scotland we have COSLA sit on our Steering Group and then we have local authority representatives on each of the subgroups as well and they are obviously key to getting anything delivered. Earlier this year when the London 2012 Road Show came to Scotland, Dumfries and Galloway and Stirling put on huge sports festivals to coincide with the bus arriving to really engage their local communities. Aberdeen put on something special. In Edinburgh there was an existing event going on, a volleyball event. The local authorities were very involved doing that. Within Scotland clearly we have got a national and regional facility strategy so we have got a lot of top-level venues and training facilities coming onboard in 2009–10. Those have been driven a lot by local authorities, and local authorities are investing in those. We would hope to be able to use them in some shape or form around the 2012 training camps and tester events as well.

Q119 Alan Keen: Are there any guarantees yet from certain nations as to what they are going to do in the regions for training camps and that sort of thing?

Ms Bracewell: For training camps there are a number of different things happening. First of all, LOCOG has offered each of the National Olympic Committees the sum of about £25,000 to come and use the facilities in Britain. That sum of money for some of the smaller countries will be fantastic. There is a formal process whereby the top facilities in the country will go into a brochure that is sent to National Olympic Committees in 2008 marketing the facilities. There are a couple of things out there I would like to hit straightforward. One of them is the idea that National Olympic Committees will come in their droves and in their entirety to training events. That is not going to happen. What we are expecting is that individual teams or groups of sports will come, but it will be very rare to sign up a National Olympic Committee in its entirety. The experience in Australia, which was very unique, was that some NOCs went together, but predominantly the one that does it best is Britain. We set the standard for training camps by taking the whole British team together. We are not anticipating others doing that here. For us in Scotland we have done an audit of all the facilities we would expect to be used; we would go through the official LOCOG approach; but we would also have informal relationships that we have already got with international federations, with sports that we know who already use us as training venues who would come; and when the velodrome is built they would seek to get cycling teams. The strategy will be working on what facilities you have got and which teams or different countries you can bring in, and then how do you link that into community programmes, sport development programmes, cultural programmes and everything. LOCOG will give us the big framework and will give us an opportunity to market at one level, but a lot of it will also be working on our own links we have got to maximise.

Ms Williams: Perhaps I could contribute a couple of things. The first of which is that, particularly with a sport like sailing for example, training camps actually have to be within the area where the experience of the type of water and the type of environment in which the teams are going to have to sail is to happen. In a sense perhaps, some of the opportunities would be limited in that case, perhaps to the south coast. Of course, we have already got world championships and so on in the various classes taking place year by year so, in a sense, that whole experience is starting to build. In common with my colleagues, we also are starting to build a list of applicants, of those who have the right facilities to offer particular specialist services to national teams. We have, I think, about 13 applications at the moment and would expect about 40 perhaps going forward, but they will all become part of the
brochure that then is submitted. In a sense we are all going through a similar kind of process which will then create that database.

**Q120 Alan Keen:** I will not dwell on this because we have got so much to cover. I have argued less strongly before we were awarded the Olympics than I will argue afterwards: I think we need to learn lessons. I cannot see that it is going to be held in nations with fewer resources than we have got, ever, in the future. I think that is caused by the IOC demanding that the village is within half a mile of the main centre, and it is a city Olympics rather than a national thing. Very quickly, would you not be happier if Scotland were actually hosting part of the Games than just looking for people to come and train with you? Without any extra cost, what part of the Games could you have hosted had it been not a London Games but a national Games?

**Ms Bracewell:** We are already hosting some of the football matches at Hampden.

**Q121 Alan Keen:** I am talking about the other stuff. I would not argue about the football.

**Ms Bracewell:** Ultimately the IOC want a City bid and therefore we are happier that for us the way the Scots are going to take part is as athletes and volunteers.

**Q122 Alan Keen:** I know you have to say that. I am asking what events could you have hosted in your regions without having to spend any extra money, apart from a few coats of paint?

**Ms Bracewell:** All we are doing is going flat-out for the 2014 Commonwealth Games. I am going to dodge that one!

**Alan Keen:** I expected you to!

**Q123 Janet Anderson:** Turning to tourism—there are various different estimates of the financial benefit that is likely to accrue as a result of the Games. The Tourism Alliance has in fact said that they think “most inbound Olympics-related tourism will be in substitution for leisure and business tourism that would otherwise occur”. I wonder if I could ask all three of you whether you think that is correct, or whether there will be additional benefits and whether they will be during the Games themselves or post the Games?

**Ms Williams:** In many respects I think it is up to us in the preparations that we actually make. I think over previous Games there have been a huge raft of very different kinds of experiences in terms of tourism and the whole visitor economy. What it does tend to do, of course, is to provoke different kinds of experiences and behaviours even within the domestic market as much as it does within the international market. What we have done is to go about this in a sense by actually including tourism. The Chief Executive of VisitBritain sits with us on the Nations and Regions Group. The strategy for tourism for 2012 has gone through a really robust consultation process so that we have all had the opportunity to input into it, to give it the kind of substance that in the beginning looks at the whole welcome that we may have the opportunity to give; cleaning up our act very often in terms of points of entry, like airports, stations and so on and so forth; but actually taking on board the quality agenda; promoting the kind of skills opportunity and skills development opportunities within tourism to create a better and more robust product that then will have greater resonance with those incoming visitors overseas. I think in terms of the numbers themselves it is really quite difficult for us to make any particular projections at this particular point in time. I think the key issue is that the whole visitor experience will be underpinned by a really robust strategy, and the kind of action into which all of us buy in rather than necessarily just the tourist industry itself.

**Q124 Janet Anderson:** In the South West will you have additional visitors as a result of the Games?

**Ms Williams:** I think perhaps as a region we might be in a slightly different position because we do have the sailing events at Weymouth. I do see us attracting sailors to those waters that have a good reputation for sailing anyway. What I would like to feel is that London is a gateway to the South West, as much as it is to other regions of Britain. I think it is up to us to promote it as such so that visitors see what we have to offer outside the M25. If you like, it is an extension to the kind of stay of those who actually come to the Games but that the welcome is the same throughout.

**Q125 Janet Anderson:** I think your point about the gateway is very interesting, because the Mayor of London of course has a responsibility to promote London as a gateway and always has. Stephen and Julia, what do you think?

**Mr Castle:** Certainly from the East of England’s perspective we would see the gateway issue to be very important, not only in terms of gateways to London through the regions—Stansted Airport and our port facilities, and we will be seeing a lot of people coming through those gateway access points into the UK—but the challenge for us is to say, “This isn’t London Stansted, this is Stansted Airport which is in the East of England, based in Essex, and we would like you to turn right as well as turning left down the M11 to see and understand what the rest of the region has got”. I think we see it very much as an opportunity to use the Games as a shop window, particularly for parts of the region that perhaps have not quite as good a reputation as we would like, and I am thinking of John and my home county in that sense, where parts occasionally suffer in people’s perceptions. There is an opportunity there with 20,000 journalists being based there to sell the beautiful parts of Essex that John comes from and, indeed, the rest of the region. I think we see it also as an opportunity for business tourism, again touching the gateway, around the Thames Gateway. That is hugely important for our region and the opportunity to attract business travel, to put the Thames Gateway on the map as gateway to the Olympics. I think this is a real opportunity. We see a number of
different areas and share some of the issues Juliet has got but, as much as anything, it is about using it as a window.

Ms Bracewell: For us it is very much looking at the four years of the Olympiad, starting in 2008 and then going right through to the years afterwards. With the London Olympic Games how does that reposition and remarket Britain overseas? What you would hope is that we are trying to increase our tourism revenues by 50% by 2015 so we are saying this is a long-term strategy whereby, as Britain gets replaced overseas with an image of being dynamic, a great place for the youth to come and things like that, we would hope again we are able to market Scotland in that way to increase visitor numbers across the whole thing, not just the six weeks that the Games are running. Certainly over the six weeks of the Games, having gone to the Olympic Games, you can get fatigued by it all. We would hope that people would be quite happy to come up to the Edinburgh Festival, which would be happening round about that time as well. During the Games there might well be a chance for people to go and do other bits, but the real gain will be how to use the Olympics over that eight-year period to do something really fundamental.

Q126 Janet Anderson: Your point about the Olympic procedures is interesting, because do you think that some potential visitors will actually be put off and might think, “Oh God, it’s going to be overrun by Olympic visitors so I’m going to go somewhere else this year”? Do you think that is a likely effect?

Ms Williams: I am absolutely sure that that is a potential effect. I think it depends on the way in which a) we promote ourselves nationally to the incoming public to make sure there is an extension of stay; and b) there are other parts of England outside London. I think it is how we promote and market the message. But we must make sure that the country as a whole is providing the welcome regardless of where the gateway is.

Q127 Janet Anderson: Generally, do all three of you think there will be additional visitors? We are not talking about just substituting visitors who would have come anyway?

Mr Castle: The evidence of previous Games is that during the Games period that is questionable. As Julia has emphasised, over a longer period I think there is an opportunity for additional visitors.

Ms Bracewell: Look at Barcelona—I was lucky to be out there last week—tourism increased significantly after the Games. You have a six-week TV commercial for Britain going out and people around the world. As they look at their TV screens to watch events, they are going to see some of the sorts of footage that was shown around Athens showing beautiful pictures of the country. There is a big advertising opportunity for us, as well as people going back and saying, “I had a fantastic time”. Allied with strategic marketing, I would hope we do get an increase in visitors.

Q128 Mr Hall: From evidence that we have received already and from what you have mentioned this morning it looks like you have reached a firm conclusion that there will not be many competitor nations in 2012 requiring pre-training camps in the UK. What is the basis of that sort of assumption?

Ms Williams: I think it is difficult for us to ascertain and I think it will take us a couple of years before we really know. I think there are a few basic premises we have to adopt—the first of which is that we are in Europe and not in Australia, which is the point that Julia made; because a lot of the big teams are close by, but there are those who need special facilities and special opportunities that we can offer. I think the opportunity is different. I think what we were meaning to indicate was that there will be an awful lot of small teams from other countries who will need hosting as much as they need facilities; but also there will be the specialist team requirements as well. In a sense there are two parts to this, but I suggest that there will be a different map and a different geography, if you like, perhaps from previous experiences at other Games simply because of our circumstances.

Mr Castle: I think it is also true to say it is a moving feast. It is developing and different teams will look at what we have done as a nation and see whether that was successful or not and take a view as to whether it is more the kind of activity they want to engage in. Julia was right, in the past it is has been very much a Team GB area of work but my sense is that there will be more interest in it. Particularly with Juliet’s point around this issue of single sport teams, more smaller nations wanting to come and engage and the opportunity for communities where they have already got strong cultural links to build on those and to actually be involved in hosting, not just as a team but perhaps people who are supporting them, people who are travelling with them, I have heard of one community that is particularly interested on working on its existing business links with Korea, for instance, and got some thinking around opportunities for sponsorship and business that are based within that community around particular sports that are popular within Korea. It may not be about hosting a team but what they are thinking about is how they can build their existing cultural links off the back of the Olympics into different areas of work.

Q129 Mr Hall: Part of what you are saying is what we ought to be targeting our market at are event-specific venues, rather than all-nation training camps?

Ms Bracewell: Correct, I think that is right. Certainly you could bring three or four countries over to train in any particular sport around a venue probably more easily than you could bring a whole country with all its different teams—I think event-based, geography-based ones, and the sailing example you have had. I think the opportunity is to work on which teams you have already got existing links with. In Scotland obviously we have got international links with certain countries. If you did it properly you would have the athletes over and the
athletes doing some media training, having some cultural stuff round about it and the local schools involved learning about those countries. The benefits for training camps go a lot wider. Certainly with some of the nations that we bring over during the course of a year to use our national centres in Scotland, when they come they have to run open training sessions so any coach in Scotland can go and watch how these top level teams train and exchange knowledge in that way. For us the training camps are not about an economic benefit; they are much more about involving the community in its widest sense.

**Q130 Mr Hall:** I think that is a very important point. We are not looking at this as an economic benefit; but there is a whole range of other benefits that will come with it. What about being proactive in the competitive nations and going to them and saying, “What is it that you actually want?” You are cataloguing what we have actually got, but what about asking them what they want?

**Mr Castle:** Part of the work we are doing around that cataloguing process is talking to national governing bodies and NOCs and finding out what kind of facilities they do need and what would they like to see in terms of preparation camps. That is being dealt with nationally. I think the political issue your colleague Mr Keen was referencing is that we do not want too many people running around independently trying to build those links and, therefore, dropping outside of the ability of us to have a single UK offer; and also not necessarily being able to understand what it is that visiting teams actually need. That work is certainly going on at a local level, and that is part of the preparation camp process that both Julia and Juliet describe.

**Ms Williams:** The research has been well managed.

**Q131 Philip Davies:** The ODA procurement is apparently going to start in early 2007, which is not that far away. Are you confident that businesses in all parts of the UK have got all the information to hand and are aware of all the opportunities of providing goods and services so they can submit tenders in good time; or are they going to miss the boat?

**Ms Bracewell:** I have no doubt that businesses will not miss the boat. I think we have all handled businesses slightly differently. A few things just to put this into context: LOCOG has set up a one-stop shop, the 2012 website, so any business that wants to register for regular e-mails on what is happening, to learn about the procurement process, they can do that today to get information directly from LOCOG. Obviously back in the regions and the nations, Scottish Enterprise for us, the RDAs for others, are working with businesses as well. The second aim is to set up a business opportunities network which will do a number of different things. Where going down the supply chain you might have a small business that could work better with another one, you put them in touch so that they can go and deliver a service together. What we obviously have to do is to build up the support services and networks to make businesses which are not fit for purpose get fit for purpose so that they can tender and win contracts. I think the whole business thing is going to be quite interesting because it is going to drive a sea change in the way businesses do business. For me, in Scotland we have had great success for the three companies who were supplying LOCOG prior to the bid: High Fly, Navy Blue, who did all the documents, and Pagoda, who did communications work, have all reported increases in revenues and new businesses opportunities. Navy Blue, for example, has accessed markets in the US and the Middle East that it would not have done without having got the international exposure it did from working on the LOCOG bid. When success stories like that get out at the appropriate time then other businesses will come on. We have set up conferences for next year because we think in Scotland by then we will know more about the procurement strategy; we will know more about the timetables; and then we will be able to help our businesses get in. I think there is still time and I do not think they are going to miss the boat at all.

**Ms Williams:** I think we have taken a slightly different view, in the sense that we have a large number of small to medium-sized enterprises in the South West. What we have encouraged them to do is look to using the Olympics as a catalyst to the improvement of their own performance. For example, we have research and development in composite structures for the aerospace industry and we are using the 2012 opportunity and sailing in the South West to make sure those are introduced on a much broader scale to the marine and maritime industry so there is a better use of resources and the building of relationships between various business sectors which, in a sense, perhaps also develops what we were saying to Adrian a while ago. It is the view that we have taken because we see that as a more immediate impact than we can actually give our businesses.

**Mr Castle:** It is fair that there has been some anxiety, particularly around small businesses, that they might be missing the boat. Certainly a lot of the work we have been doing, and I have described some of the meetings I have addressed in your Chairman’s constituency and have talked to some 600 businesses over the last six months, it is really about helping them understand the structures coming forward, and indeed pick up this idea that their Olympic legacy may not be supplying into the Games, but it might be about becoming fit for purpose for future Government contracts. There is a lot of interest and excitement around this.

**Q132 Philip Davies:** Have you set any targets for how much of the Olympic procurement will be taken up by businesses in the nations and regions? Have you any idea of how much we can expect to see?

**Mr Castle:** I think each of the nations and regions have probably got their own target. How much of that is around what is either deliverable or is perhaps ambitious I do not know. In the East of England we are looking at 10%, but I suspect all of my colleagues have probably got similar figures.
Ms Williams: I suspect that it will have a lot more to do, to be honest with you, with geography and the sectors that each part of the country happens to major in. I think they will be different for us. We do not expect a large percentage. Actually I would imagine that perhaps some of our large corporates might be involved in terms of not just the construction and development of the Games but also perhaps in sponsorship and so on. Certainly what we have done is taken much more trouble to work with the vast raft of small to medium sized businesses to make them, as Stephen says, much more fit for purpose.

Q133 Philip Davies: On a slightly different subject, are you receiving any feedback at all that the protection of the Olympic symbol and the thing they have set up to stop this ambush marketing is having any impact on local authorities or local organisations in terms of benefiting and promoting the Olympics?

Mr Castle: The issue around branding and the association with branding I think is one of the most important issues for us to tackle in terms of delivering benefits of the Games outside of London. On the one hand I think we are all absolutely focused on the fact that protecting the Olympic brand and the revenue that is derived from that is actually critical for us to be able to deliver the kind of Games we have talked about. I think everybody understands that the way in which the key sponsors are involved in that, and the protection of their interests in that, is critical to the future viability of the Games and in particular 2012. On the other hand, we have a very sophisticated and deep civic society here where there is a real opportunity, and perhaps in a fairly unique way, to drive the benefits nationally. In order to do that there has to be some association with the Games themselves. You have got these two competing tensions around the branding issue. I have recently been doing some work with the guys who are looking at branding at LOCOG and I have been very impressed with the work that they have done so far. If they are able to deliver, I think the access to a brand that provides association to local government in particular but also to the voluntary sector in the way they are describing, then it is going to be unique and it will set a new template for handling brands around the Olympics. I think it is quite a big leap for the IOC to actually agree to that, but the reality is that these Games were sold on the fact that it was about a legacy that would reach right out into the community on a lasting basis. If we are to do that, and in particular local government and the voluntary sector are to play their part in delivering that lasting legacy, then we have got to find a way of association. As I have said, the work has gone on and it really is groundbreaking. If the IOC is prepared to step up to it I think we will move on to a completely different way with the Olympics in the future in which the brand is handled and is used and is driven out.

Ms Williams: What we found in the South West—because we have such a large region, being the best part of 20% of the land area of England and a large number of dispersed communities—was that we needed something to corral the interest across the piece; and in the absence of a brand, and fully understanding the stance that LOCOG have had to take in terms of the national brand, we decided to work with them in order to produce something that would corral interest. We developed our own brand for the South West’s interests in the Olympics in order that each of the counties and each of the local authorities could put their own name under the logo itself. That is now used right across the South West to denote any connection with the substantive in terms of the buy-in of the region to the Games.

Q134 Rosemary McKenna: Clearly all of you are very enthusiastic about getting your part of the country being involved and benefiting as much as possible from the Olympic Games, and we are very pleased about that because that was one of our criteria in the Committee. Can I ask you what is happening in terms of the Cultural Olympiad? What is being planned in the nations and regions in terms of the Cultural Olympiad?

Ms Bracewell: What is really interesting about London is that we have heard already it is the Olympics doing a number of different things for the first time. The Cultural Olympiad historically has not been a high part of the Olympics at all. It has been something which has struggled. There has been stamp/coin/medal competition, but actually the Cultural Olympiad itself has not been a huge thing; whereas London set out its stall very early that they are looking at it from the time that flag gets handed over in 2008 in Beijing, and there is a three-tier approach to culture. We were very fortunate, as were all the nations and regions, Bill Morris, recently appointed to LOCOG as Head of Culture, Education and Ceremonies, has done a tour of all the nations and regions and has brought together all the arts and cultural bodies. For us it was great in Scotland because we again had cross-working happening all of a sudden; the museums saying, ‘We can run sporting exhibitions for the year going into the Games, during and the year after’ which has not happened before. The idea of having live sites around the country with cultural activities round about that will be something new for the Olympic Games as well. I think there is a lot going on around the Cultural Olympiad, and we have certainly been really pleased to be involved in that; and be involved early enough to plan it—because a lot of the cultural activities, the museums, they need four or five years to plan this. We are actually at the right point to be engaging them. If it was left any later we might have wanted to do it but been unable to do it.

Mr Castle: I think it is also important to remember, picking up Adrian’s comments earlier about the ‘usual suspects’, within the various regions, culture is very much embedded. The Regional Cultural Consortium are one of the key partners, and we have an arts culture strand within the work we do in Essex as well. There has been an
engagement from the point that London was successful in Singapore, and indeed frankly before that during the bid phase of the various cultural organisations.

**Ms Williams:** The same thing is very much true in the South West. The cultural consortium is very much part of our wider advisory board. Our initiatives certainly come as much from them as much as it does from anybody else. In fact I am sure you will remember the Eden Project in Cornwall was very much a part of the bid going forward; and we have already started to have the kind of events there that are starting to build participation particularly amongst the wider community. The ideas are starting to come forward and what we are looking at is potentially developing a decade of culture.

**Q135 Rosemary McKenna:** The MLA has indicated that there is a concern about local authorities funding the museums and galleries etc. Is that a genuine concern? Is there any evidence to suggest the local authorities will be reluctant to do that?

**Ms Bracewell:** Certainly what we have done in Scotland is, by being able to plan this far ahead, work with all the national agencies and ask them to look at: what are your priorities going to be during that time; is there a budget you have already got you could use in this way? This becomes a big theme. We are still at the stage where we are planning and working it all out to work out what the costs would be and whether they are met by national agencies, local authorities or whoever. I think we have got time to try and figure that one out.

**Q136 Rosemary McKenna:** If they work out their strategy it does not necessarily have to mean that they have to put in a lot of additional money but that they skew their strategy?

**Mr Castle:** I think one of the critical principles certainly in the East of England we have always engaged in as far as the Games are concerned is that it is not necessarily about doing lots of new things; it is about achieving existing targets and priorities and using the Games, as Julia described, as the “magic dust” to try and actually accelerate the delivery of some of these existing priorities. From my own experience of my own local authority, the museums and libraries have been very involved and very engaged as part of our communications plan; but it is actually about how the relationship between the libraries, for instances, changes with the community anyway; and they have been part of the bid phase.

**Q137 Mr Sanders:** A very quick one. Should not the Cultural Olympiad start the day after the closing ceremony in Beijing and actually run all the way through? Should you not be planning that actually this aspect of the Games is as important as any other; and is the bit that can reach the communities that cannot be reached in other ways?

**Ms Williams:** Absolutely. That is very much the view I think we have taken right across the nations and regions. It, probably more than anything else, is capable of touching every last individual in the country. We have certainly taken that view, and that is the way in which the plans and strategy for the Olympiad are starting to take shape.

**Mr Castle:** The work Bill has been doing, which is knitting together the work that had already been occurring in terms of the regional cultural consortiums and the way they have been playing a role within each of the regions, that agenda is there. I described the fact the Olympics is not going to start in six years’ time; the Olympics start for the East of England in probably 80 weeks’ time once we get the handover of the flame and the Cultural Olympiad starts. That is just sharpening people’s sense of urgency around it. I have been very impressed at the way cultural organisations have stepped up to the plate. Also it is very interesting the way local government have tied in with that as well. In my own personal experience local authorities actually say, “How do we take, for instance, linking China with London, the Beijing Olympics with what is happening in 2012 in this country?” In Essex we have very strong links with China, so there is a major cultural festival being planned in Essex off the back of the Beijing Games. Linking that is the local authority who is taking a very strong lead, working with key cultural agencies.

**Ms Williams:** The other thing too is that the whole visitor economy is something we have to look at in the round. Certainly as far as tourism is concerned it is just one element of a much broader picture and us needing to look at the product offer as it touches the visitor, on the one hand, and the community provider, on the other. I think there are bridges to build.

**Chairman:** Can I thank the three of you very much. The Committee wishes you every success with your work.

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**Memorandum submitted by the Department for Culture, Media and Sport**

1.1 The Government welcomes the opportunity of this inquiry to summarise the excellent progress that has been made in the 15 months since London was awarded the honour of hosting the 2012 Olympic Games and Paralympic Games. The Government believes that the Olympic Programme is on course to deliver the best Games ever and a sustainable legacy for the East End, London as a whole and the UK.

2. **Progress**

2.1 In April 2006, London received its first visit from the International Olympic Committee’s Coordination Commission since winning the Bid. Denis Oswald, Chairman of the Commission, praised our achievements and noted that we had delivered on all key milestones to date.
2.2 Strong and effective governance is in place with the Olympic Board working well. The London Olympic Games and Paralympic Games Act 2006 received Royal Assent on 30 March 2006—less than nine months after the Host City announcement. The Act established the Olympic Delivery Authority (ODA), the organisation charged with the delivery of the Olympic venues and infrastructure. An impressive Board for the ODA is now in place and in the six months since its inception, the ODA has finalised the Olympic Park Masterplan, appointed a Delivery Partner and announced the tender for the Olympic Stadium.

2.3 Ensuring the flow of funds to support the Games is critical and the Olympic Lottery Distributor is up and running. The first “Go for Gold” scratch-card sold faster than any other new £1 scratch-card launched by Camelot since November 2002 and Camelot’s income target for Olympic Lottery sales in 2005–06 was exceeded by £2.3 million.

2.4 Enthusiasm for the Games remains strong throughout the UK. This has been borne out by research undertaken by the London Organising Committee for the Olympic Games and Paralympic Games (LOCOG) and was demonstrated during the UK-wide “Be Part of 2012” Roadshow which DCMS and LOCOG ran during July. The Department has also hosted two business summits this year targeted at the UK’s key business organisations.

2.5 Achieving a sustainable legacy for London and the wider UK runs throughout the Olympic Programme and all Government Departments, and nations and regions, are working on identifying how we can maximise the economic, social, environmental, cultural and sporting benefits for London and the wider UK.

3. **Funding the Games**

3.1 The funding arrangements for the Games are outlined in the Government Response to “A London Olympic Bid for 2012 (HC 268)”—“Report of the Culture, Media and Sport Select Committee, Session 2002–03”.

3.2 The Response explained that the level of public subsidy provided for is:

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<th>Source</th>
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<tr>
<td>National Lottery</td>
<td>£1.500 billion</td>
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<tr>
<td>London Council Tax</td>
<td>£0.625 billion</td>
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<tr>
<td>London Development Agency</td>
<td>£0.250 billion</td>
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<td>Total</td>
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3.3 The Lottery contribution of £1.5 billion consists of:

- £750 million from hypothecated Olympic Lottery Games.
- £410 million from the proceeds of mainstream National Lottery Games from 2009.
- £340 million from the Sports Lottery Distributors (£289.5 million of which is to meet the costs of elite sport and associated sports investment, £40 million for the Aquatics Centre and £10.5 million for the Velodrome).

3.4 Further work during 2004, in preparation for the bid, indicated that to deliver the Games it would be necessary to bring forward planned improvements in infrastructure including the placing underground of the high voltage power lines that cross the site of the Olympic Park. To fund the work the Government agreed a further public subsidy of £1.044 billion, £405 million from this Spending Review period and £639 million from the next.

3.5 The Response envisaged that “in excess of £2 billion will be available from a combination of the sale of rights, ticket sales, sponsorship and other commercial support for the Games”. LOCOG is negotiating with potential sponsors. Money raised in this way will fund LOCOG’s operations. There has been no increase in this £2 billion budget, which allows for outturn inflation. Any difference between this figure and the figure shown in the candidate file arises simply because the candidate file required the budget to be set out net of inflation.

3.6 In the period from end July 2005 to 31 March 2006, some £40 million was spent on the Olympic Project. In 2006–07 the ODA is budgeted to spend around £220 million. The ODA’s 2007–08 budget is being developed.

3.7 The Government initiated an immediate review of Olympic development costs as soon as the bid was won. The purpose of the Review is to ensure that all relevant costs and opportunities for savings have been identified. The exercise that we have already conducted in relation to the reconfiguration of the Olympic site has seen £600 million taken out of the costs both in relation to the cost of land acquisition and the cost of facilities themselves.

3.8 As is the case with all Games and major projects, there are a number of factors which may cause cost estimates to be revised. For example, security costs have had to be revisited by the Home Office, the Metropolitan Police and the security services following the events of 7 July 2005. That work is continuing. Similarly, before the bid was submitted in November 2004, no work had been carried out on assessing the costs of site remediation and preparation on what is a very difficult and constrained site in an area of high deprivation. The nature of the project also means that levels of contingency at programme level need to be...
kept under constant review in line with assessments of risk. It will be an early task of the Delivery Partner appointed by the ODA on 31 August (CLM Consortium, comprising CH2M Hill International, Laing O'Rourke and Mace) to look across the entire delivery programme and bear down on costs. Clear incentives will be built into their work programme to achieve this.

3.9 It is also critically important to strike the right balance between minimising costs and securing the long-term legacy of the Games in terms of the wider regeneration of the Lea Valley and the Thames Gateway. For example, there is a choice between remediating the land in the Olympic Park to bring it up to the standard necessary to stage the Games, or to enhance it to provide the basis for long-term provision of housing and associated infrastructure.

3.10 The Memorandum of Understanding between the Government and the Mayor sets out the formula whereby in the event of an increase in costs there could be a sharing arrangement between them with the additional costs to be met from a combination of funding from the lottery and the Mayor.

4. ENSURING A SUSTAINABLE LEGACY ACROSS THE UK

4.1 The Government and all the Olympic partners are determined that the 2012 Games should leave a sustainable legacy for London and the UK. We do not underestimate the level of the challenge to ensure we maximise benefits of the Games. This will require a pro-active and sustained effort but the Government believes the Olympic Board has put in place the right structures and processes at an early stage to achieve this.

Legacy—governance and delivery

4.2 The overall vision for the Olympic Programme, as agreed by the Olympic Board, is “to host an inspirational, safe and inclusive Olympic and Paralympic Games and leave a sustainable legacy for London and the UK”. Four strategic objectives underpin this and include the delivery of sustainable legacy benefits, both “hard” physical legacy left on the Olympic Park and in surrounding infrastructure, and the “softer”, wider legacy, including economic, environmental, sporting and cultural benefits. A full set of objectives is at annex A.

4.3 The Olympic Board comprises the Secretary of State for Culture, Media and Sport, the Mayor of London, the Chair of the British Olympic Association (BOA) and the Chair of LOCOG, and has overall responsibility for delivery of the Olympic Programme. The Chair of the ODA attends meetings of the Board. The Board is supported by a Group of senior officials from the Olympic partners.

4.4 The Government Olympic Executive (GOE) has been set up within DCMS to lead and coordinate the Government contribution to the delivery of the Olympic Programme. It sponsors the ODA, the Olympic Lottery Distributor and LOCOG. GOE is working closely with Government departments, the GLA and key stakeholders to develop delivery plans for maximising the wider economic, social, environmental, cultural and sporting benefits, both for London and the UK. Delivery plans are being developed for each individual sub-objective, led by the relevant Government department/s on sub-objectives for which Government is responsible.

4.5 LOCOG has set up the 2012 Nations and Regions Group, chaired by Charles Allen and the nations and regions have been charged with developing national and regional plans for maximising benefits and building a sustainable legacy. Both sports participation and tourism have been identified as strategic priorities for the nations and regions in these plans. These plans will be brought together with the plans being led by the GLA and Government departments to drive forward overall legacy.

4.6 The IOC is currently working up a series of Olympic Games Global Impact Indicators to assess the socio-cultural, economic and environmental impacts of the Games. The Olympic Programme will be measured against these indicators.

London legacy and benefits

4.7 The heart of the Olympic programme is the regeneration of one of the most deprived areas of the UK. The Lower Lea Valley and surrounding areas in east London and beyond have enormous untapped potential—with one of the youngest and most culturally diverse populations in Europe. With two of the five Host Boroughs ranked in the top five most deprived local authorities in England, the 2012 Games present a tremendous opportunity to break the cycle of deprivation and dramatically improve the quality of life for people in the area. Building the Olympic Park will act as a catalyst, rapidly accelerating the creation of a new, more prosperous and sustainable sector within east London, with opportunities for new jobs and skills, acting as a stimulus to the wider Thames Gateway, the largest regeneration zone in Western Europe.

4.8 The Olympic Park, which will provide 9,000 homes and 12,000 new jobs, will support wider plans for a phase of growth across the Thames Gateway. Department for Communities and Local Government figures suggest there could be at least 120,000 new homes and 180,000 more jobs in the Gateway between 2001 and
4.10 The whole of the UK stands to gain from the economic, social, environmental, sporting and cultural opportunities brought by the Games. The Government recognises that these benefits will not necessarily happen of their own accord. Initiatives, such as those summarised below, are already underway, or planned, to maximise the benefits of the Games throughout the UK and to ensure that the Games contribute wherever possible to achieving existing targets.

4.11 The Olympic partners are working hard to ensure that companies from across the UK are well placed to bid for the thousands of Olympic contracts which will be issued by the ODA and LOCOG. These contracts will cover a huge range of sectors from construction, engineering and manufacturing to creative industries, merchandising and retail. LOCOG is working with the Devolved Administrations and the Regional Development Agencies on the potential for operating a Business Opportunities Network to give business across the UK, particularly SMEs, the opportunity to engage with potential partners and compete successfully for Olympic-related contracts. The long term prize is high—reports suggest that Australian companies won 10% of the capital projects for the Beijing Games. The ODA has issued a draft Procurement Policy, which invites comments from industry and more widely on how the ODA will place and manage contracts to deliver the Games. There is also an agreed set of commitments between ODA and the construction industry.

4.12 DfES and DWP are working with the Learning and Skills Council, sector skills councils and Jobcentre Plus to ensure that the Games contribute to reducing worklessness and improving skills levels throughout the workforce, leaving workers not only with the skills to meet the demands of the Games but also to meet the needs of the long-term global economy. Similarly, the GLA and LDA have led work, through the London 2012 Employment and Skills Task Force, to develop an action plan which will seek to maximise the employment and skills benefits for Londoners, especially in the Lower Lea Valley. The action plan sets challenging targets including the establishment of the Olympic Park as a National Skills Academy Site, the building up language and cultural awareness skills and the launching of an “Employer Accord” to drive up the quantity and quality of job/training-ready candidates in the supply system.

4.13 A volunteering strategy is being developed by LOCOG with support from the GLA, the Cabinet Office, and others in the voluntary sector. 70,000 volunteers will be required for the Games and over 100,000 have already registered an interest. The strategy includes a pilot for a Pre-Games volunteering programme (PVP) based on a similar programme at the Manchester Commonwealth Games in 2002, and will target individuals in hard to reach groups with low levels of skills and qualifications. The short course will provide participants with the skills—such as hosting and customer service skills—and the experience needed to re-enter the workforce, as well as to participate in voluntary activity. With increased confidence, participants will also be encouraged to volunteer in their local communities.

4.14 There is also a significant programme of work being led by DfES focused on schools. This includes work led by LOCOG with the BOA, British Paralympic Association and DfES to develop a Games-related pack for schools. The “On Your Marks!” website has now been launched and includes images and teaching aides, building on the excitement of hosting the 2012 Games. DfES will also be using the Games to help boost the nation’s capability in language learning and ensure that young people take a more outward-looking approach to other countries.

4.15 The Games provides a great opportunity for increasing participation in sport as part of the Government’s overall drive to strengthen community sport and encourage healthy lifestyles. Sport England is developing a community sport legacy strategy focused on making opportunities for sport participation more widely available, particularly for hard to reach groups; building the club structure; increasing the number of sport volunteers and building programmes for talent identification and development. The Government has also committed £34.5 million over the next two years to the National Sports Foundation to fund a range of projects to benefit grassroots sport, and we will be encouraging the private sector to match this funding. The 2006 Budget announced an extra £300 million for elite athletes up to 2012. The UK School Games—which mirror the atmosphere of an Olympic Games or Paralympic Games—will give talented youngsters from across the UK the chance to compete at the highest level. Over 1,000 talented young athletes took part in five sports over four days at the inaugural Games in Glasgow in September; Coventry will host the UK School Games in 2007.
4.16 From the closing ceremony of the Beijing 2008 Games, the UK will commence its “Cultural Olympiad”, a four-year period celebration of culture, reflecting the diverse communities which make up London and the UK. The Olympiad will encourage more people, particularly children and young people, to experience and participate in cultural activity. DCMS, the Millennium Commission, the Big Lottery Fund, and Arts Council England are currently setting up a charitable Trust to distribute £40 million for a range of cultural and sporting initiatives.

4.17 Of course, in line with commitments made in the bid and more widely, the 2012 Games must be delivered in a way which is socially, economically and environmentally sustainable. There are specific objectives on this within the Olympic programme objectives and to ensure that these are delivered, the Olympic Board has agreed an overarching sustainability policy, guiding the work of each delivery body. Detailed work is also underway to develop sustainability targets, with a focus on the five themes identified in the policy (climate change, waste, biodiversity, healthy living and inclusion) where the Games can make the biggest impact. In line with the bid commitments, there will be independent assurance of the Games by the London Sustainable Development Commission.

4.18 The profile of the Games internationally provides an unrivalled opportunity to promote the UK overseas. Experience from recent host cities indicates that tourism will increase significantly across the UK, most notably after the Games. Estimates suggest that the UK tourism sector will benefit from £1.4 to £2 billion. We are currently leading a major consultation to inform a comprehensive Tourism Strategy for the 2012 Games, which will set out clear actions and deliverables for the industry. The Games also provide the opportunity to promote UK industry overseas and attract inward investment to the UK. A report by PwC in Australia found that the 2000 Games gave an equivalent of A$6.1 billion (£2.3 billion) worth of international exposure for brand Australia. There are also opportunities for pre-Games training camps to be held across the UK, providing a further economic stimulus (such camps injected A$70 million (£26.9 million) to the New South Wales economy).

4.19 The mass appeal and worldwide status of the Games also provides a long-term diplomatic opportunity to promote our modern, diverse, dynamic country to a mass audience. LOCOG estimates that over 20,000 members of the media will be based in the UK, with a worldwide audience of billions, and the latest research suggests that the association between a host city and the Games is a lasting one. The Games will also give us a chance to showcase our position on a number of important global issues, most notably the environment and sustainable development, and our aspiration to use the Games to inspire young people around the world to take up sport will help reinvigorate friendships between the UK and other countries.

Annex A

OLYMPIC & PARALYMPIC GAMES PROGRAMME OBJECTIVES

VISION

To host an inspirational, safe and inclusive Olympic and Paralympic Games and leave a substanable legacy for London and the UK.

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Lead Stakeholder</th>
<th>Sub-Objective</th>
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<tbody>
<tr>
<td>1. To stage an inspirational Olympic Games and Paralympic Games for the athletes, the Olympic Family and the viewing public.</td>
<td>1.1 LOCOG</td>
<td>Deliver an inspirational environment and experience for athletes and provide a first class experience for the Olympic Family and spectators.</td>
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<td>1.2 LOCOG</td>
<td>Meet IOC and IPC needs and specifications, including venue over lays.</td>
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<td>1.3 LOCOG</td>
<td>Ensure effective and efficient planning and operation of the Olympic and Paralympic Games (including security, transport, technology, health, volunteering and accessibility).</td>
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<td>1.4 LOCOG</td>
<td>Maximise audience size at venues.</td>
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<td>1.5 LOCOG</td>
<td>Secure support and engagement across all sections of the UK public.</td>
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<td>1.6 LOCOG</td>
<td>Deliver effective media presentation and maximise global audience size.</td>
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<td>1.7 LOCOG</td>
<td>Communicate Olympic values across the world, particularly amongst young people.</td>
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<td>1.8 LOCOG</td>
<td>Stage inspiring ceremonies and cultural events.</td>
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<td>1.9 LOCOG</td>
<td>Deliver an operating surplus from the Olympic Games and Paralympic Games.</td>
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<td>1.10 LOCOG</td>
<td>Operate sustainable and environmentally responsible Olympic Games and Paralympic Games.</td>
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### Strategic Objectives

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<tr>
<td>2. 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.</td>
<td>2.1 LDA</td>
<td>Assemble and remediate land for Games venues.</td>
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<td></td>
<td>2.2 ODA</td>
<td>Create infrastructure and facilities associated with Games venues to time and agreed budget in accordance with the principles of sustainable development.</td>
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<td>2.3 ODA</td>
<td>Deliver Olympic and Paralympic venues to time, to design and building specification and to agreed budget, providing for agreed legacy use.</td>
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<td>2.4 HMG</td>
<td>Secure smooth flow of public funds to the ODA.</td>
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<td>2.5 ODA</td>
<td>Deliver necessary transport infrastructure for Games, and devise and implement effective transport plans which provide for legacy use.</td>
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<td></td>
<td>2.6 ODA</td>
<td>Deliver agreed sustainable legacy plans for the Olympic Park and all venues.</td>
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<td>2.7 BOA</td>
<td>Deliver a viable Landon Olympic Institute.</td>
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<td>3. To maximise the economic, social, health and environmental benefits of the Games for the UK, particularly through regeneration and sustainable development in East London.</td>
<td>3.1 HMG</td>
<td>Maximise the economic, social, health and environmental benefits the Games bring to the UK and all sections of the UK population.</td>
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<td></td>
<td>3.1.1 HMG</td>
<td>Maximise the employment and skills benefits for the UK arising from Games—related business.</td>
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<td>3.1.2 HMG</td>
<td>Maximise the wider economic benefits of the Games across the UK, Including those for tourism and business promotion.</td>
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<td>3.1.3 HMG</td>
<td>Maximise cultural benefits from hosting the Games and the Cultural Olympiad.</td>
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<td>3.1.4 HMG</td>
<td>Maximise social benefits, Including in health, education and volunteering, of hosting the Games.</td>
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<td>3.1.5 HMG</td>
<td>Ensure that the Games contribute to Sustainable Communities priorities, including the wider Thames Gateway.</td>
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<td>3.1.6 HMG</td>
<td>Agree and promote sustainable development and procurement policies, including commitments to sustainable energy and waste management goals.</td>
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<td>3.1.7 HMG</td>
<td>Promote positive Images of the UK to an international audience. the Games for the UK.</td>
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<td>3.1.8 HMG</td>
<td>Ensure the UK’s diverse communities are engaged with, and benefit from, the changes and opportunities arising from hosting the Games In the UK.</td>
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<td>3.2 Mayor</td>
<td>Maximise the economic, social, health and environmental benefits the Games bring to London and all Londoners.</td>
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<td></td>
<td>3.2.1 Mayor</td>
<td>Maximise the employment and skills benefits for Londoners arising from Games—related business.</td>
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<td>3.2.2 Mayor</td>
<td>Maximise the wider economic benefits of the Games to London, Including those for tourism and business promotion.</td>
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<td>3.2.3 Mayor</td>
<td>Maximise cultural benefits to Londoners from hosting the Games and the Cultural Olympiad.</td>
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<td>3.2.4 Mayor</td>
<td>Maximise social benefits Londoners, including in health, education and volunteering, of hosting the Games.</td>
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<td>3.2.5 Mayor</td>
<td>Ensure that the Games contribute to Sustainable Communities priorities including the London Thames Gateway.</td>
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<td>3.2.6 Mayor</td>
<td>Agree and promote sustainable development and procurement policies, including commitments to sustainable energy and waste management goals.</td>
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<td>3.2.7 Mayor</td>
<td>Promote London’s image a leading world city to an international audience.</td>
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<td>3.2.8 Mayor</td>
<td>Ensure London’s diverse communities are engaged with, and benefit from, the changes and opportunities arising from hosting the Games in London.</td>
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<td>4. To 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.</td>
<td>4.1 BOA</td>
<td>Secure UK Olympic and Paralympic athletes’ success in the Games.</td>
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<td>4.2 HMG</td>
<td>Maximise British athlete success in the Olympic and Paralympic Games through investing funds in, and supporting, our most talented athletes.</td>
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<td>4.3 HMG</td>
<td>Secure long-term benefits to elite sport competitors—particularly in Olympic and Paralympic Sports.</td>
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<td>4.4 HMG</td>
<td>Maximise Increase in UK participation at community and grass—roots level In all sport and across all groups.</td>
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<tr>
<td></td>
<td>4.5 Mayor</td>
<td>Maximise increase in London participation at community and grass—roots level In all sport and across all groups.</td>
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<td></td>
<td>4.6 HMG</td>
<td>Implement viable legacy use for Olympic sports facilities outside London.</td>
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Witnesses: Rt Hon Tessa Jowell, a Member of the House, Secretary of State, and Mr Jeff Jacobs, Chief Executive, Government Olympic Executive, Department for Culture, Media and Sport, gave evidence.

Q138 Chairman: Could I welcome the Secretary of State to the Committee. I understand, Secretary of State, you have with you Jeff Jacobs, the Chief Executive of the Government Olympic Executive. Secretary of State, you will be aware that quite a number of questions have been asked in the last few weeks, and there is a certain amount of controversy around some of the issues in the preparations for the Games. I understand you would like to start by making a short opening statement.

Tessa Jowell: Chairman, thank you very much indeed. If I may, I would just like to make some brief opening remarks, and to thank you very much indeed for asking me to give evidence today. What I would like to do in the session that we have is to give you an update on the progress of the Olympic project and focus on our ambitions for the legacy beyond the Games themselves; to give you further details of the cost estimates; and also to tell you how that bill will be paid. I will give you as much clarity as I can. It is certainly my aim over the coming months to disclose as much information to your Committee as I am in a position to do. I would be very happy after today’s session to provide further written information to the Committee if that would be helpful. This is important for a number of reasons: not least the right of Parliament to know, but also the importance of maintaining the public’s enthusiasm for the 2012 Games, and their confidence in the planning for the Games. Before I do that let me just make two observations. I spoke to Jacques Rogge who is the President of the International Olympic Committee—and in the course of our conversation he reiterated a point that he has made on many occasions about the progress of London 2012 since we won the bid. He said that the IOC has full confidence in the good progress of works; and that the IOC Commission, under the leadership of Denis Oswald, has said that we have hit every milestone to date. They know that we are further ahead than any other Olympic City at this stage; that we are two years ahead of where Sydney were at an equivalent point; and three years ahead of Athens. Just in the interests of accuracy I can just assure the Committee in today’s Evening Standard that “the IOC is to probe the soaring costs of the London Games” is unusually untrue. Secondly, on costs, the work on reviewing costs began within a matter of days of our winning the bid. Talks with the Treasury about the detail of funding continue. You will also be aware that CLM, the delivery partner appointed by the ODA to undertake a rigorous scrutiny of current and likely costs, is underway; and we expect their report early in the New Year. Clearly, their report will be extremely important in guiding the final decisions about the ODA’s budget for next year and the indicative budgets for the two years after that. We expect the work on the costs review to conclude soon, and when it does I will report to Parliament in detail about the conclusion of that cost review. I am quite sure the Committee understand that we cannot reach a conclusion about costs for a number of reasons, but very specifically including the importance of the delivery partner, CLM, concluding their work. The NAO have also agreed to work closely with us. I have invited them to do this, and would be very happy to report to the Committee on a timescale that matches the reports and joint work that we do with them on costs and ensuring value for money. In the meantime, I am obviously here to answer your questions, but if you would find it helpful to understand the swirl of figures that are being reported I can start by taking the Committee back to the original bid of £2.375 billion to build the Olympic Park and to explain where that is today.

Chairman: Secretary of State, thank you for that, and I think we would certainly like to take you up on your offer of supplying further written evidence as soon as that is possible, but your statement, obviously, does give rise to a number of questions.

Q139 Mr Sanders: Thank you, Secretary of State. Obviously, there are no clear figures in that statement, and therefore the only thing we really have to go on is the statement by Jack Lemley, who resigned as Chair of the ODA in October, who said in an interview with the Idaho Statesman (and we do not quote the Idaho Statesman very much in Select Committee meetings): “There’s so much time being lost now, the costs are going to go up on an exponential basis and I’m just not going to be part of it . . . I do not want my reputation for being able to deliver projects on time and on budget ruined.” Do you believe that there was any truth in what he was saying?

Tessa Jowell: I do not accept what Jack Lemley was reported as saying in his interview with his local paper. In relation to your point about costs I am very happy, Mr Chairman, to take the Committee through a fairly detailed statement about the costs as they now are at whatever point in your questioning that would be helpful. Let me deal specifically with the Jack Lemley point. Jack proposed a
development plan for the Olympics called the 2-4-1 plan (“the plan that Jack built”, as it has come to be known), which was two years of planning, four years of construction and a year for test events. That is the plan that is being followed. While he was Chair of the Olympic Delivery Authority he was very clear about the importance of rigorous planning and not getting on to site too quickly and giving rise to potential cost increases because the initial planning work had not been done with sufficient care and rigour. I had hoped that Jack would take some pleasure and some pride in the fact that his template for taking forward the Games has been followed, and on his departure I would quote him as saying: “I have every confidence that London will stage a superb Olympic Games and Paralympic Games in 2012 and leave a legacy that the country can be proud of”. So, no, I do not accept the criticisms that he made when he left the ODA and went back home. Indeed, the rigorous investigation of the delivery partner, I think, will help us to answer at an early stage any outstanding further questions.

Q140 Mr Sanders: Did he not also say that the 2012 programme “was so political that I think there is going to be a huge difficulty in the completion, both in terms of time and money”? Are you saying something completely contrary to his view?

Tessa Jowell: I am saying I do not agree with him, and it was not ever a point that he raised with me while he was Chairman of the ODA in the meetings that we had, or in the meetings of the Olympic Board. Indeed, none of these concerns he raised at meetings of the Olympic Board. What he was referring to there, I understand, is the frustration he felt about the length of time it was taking to, first of all, undertake the CPO inquiry in relation to the Olympic Park and then the length of time that would be taken in order for the CPO to be determined. I think that there is just simply a cultural difference there. We, in this country, and very particularly here in London, recognise that if you are taking people’s homes and businesses away they have to have an opportunity to make their own representations, to take part in the process. That is what we do. Secondly, yes, of course, the Olympic Park is being developed in very close collaboration with five elected local authorities. The support of those local authorities and, more particularly, the support of the communities that they represent is absolutely essential to the long-term sustainability and, indeed, realising the long-term and incredibly ambitious legacy of these Games.

Q141 Philip Davies: Can I just press you a bit further. The quote that Adrian read out was: “I do not want my reputation for being able to deliver projects on time and on budget ruined.” On the point about cultural differences, surely “on time and on budget” means the same whichever culture you are talking in. Are you saying here, then, that you disagree with that; that you are saying categorically that the projects will be delivered on time and on budget? You are categorically stating that today.

Tessa Jowell: I am saying that the Olympic Games will be delivered on time. I am saying that we are developing the Olympic Games through the Olympic Delivery Authority within the framework that Jack Lemley himself recommended, of two years for planning, four years for construction and one year for test events. We are already through the first year of the planning phase. On the “on budget”, yes we are setting a budget for the Olympic Delivery Authority that will be informed by the best available information and, therefore, we expect the venues and the development of the Olympic Park to come in on budget.

Q142 Chairman: Secretary of State, perhaps we should move on to the question of the budget and the funding. When you appeared before the Committee just over a year ago we discussed the £2.375 billion figure for the building of the Olympic facilities. You said to the Committee: “I can confirm again the rigour that we are applying to the costs in order that they are contained within that overall expenditure limit”. It has already been reported that, apparently, the figure has risen some way above that original estimate, and in terms of the total cost there are figures flying around of £5 billion, £8 billion—even £10 billion. Tessa Jowell: £18 billion you may hear tomorrow!

Q143 Chairman: Perhaps you would like to tell us what you estimate it to be.

Tessa Jowell: Can I begin by saying that I think you have taken evidence already from Paul Deighton, who is the Chief Executive of the Local Organising Committee, and having read his evidence, yes, he dealt in some detail with the budget for the Local Organising Committee. I think it is helpful to see this, if you like, in three parts: there is the budget for the Local Organising Committee; there is the budget for the development of the Olympic Park (the £2.375 billion to which I referred at my last appearance here) and then there is the further budget for the regeneration of the Lower Lea Valley and the cost of linking the Olympic Park to the site that will, as part of the Thames Gateway, be regenerated. I will focus on the costs of the Olympic Park, if I can, and just, therefore, take you through. Again, I am very happy, Chairman, to provide you with a written submission to deal with any further questions you may have on this, which will set out where the costs now are. So our starting point was a public sector funding package of £2.375 billion. That was a figure that was signed off across government and approved by PriceWaterhouseCoopers, who also submitted it to a probability assessment, which is an accountancy device with which you may be familiar. The bid book—and I think it is, from memory, Section 6.6.2—that we submitted to the IOC also made clear that separately from the £2.375 billion there would be significant contributions from the public and private sectors for regeneration. That, as I say, is in two elements: first of all, the connection of the Olympic Park to the Lower Lea Valley and then the costs of funding the estimated 40,000 homes that will be built in the Lower Lea Valley. The Memorandum
of Understanding between the Government and the Mayor of London, which was also in the bid book, allowed for the possibility that costs would increase. Before submitting the bid we identified £1 billion that was needed to cover the regeneration costs—these costs to link the Olympic Park to the Lower Lea Valley. That includes, for instance, the undergrounding of the power lines which is currently under way, with the demolition of some 53 electricity pylons and 450 people engaged on the site. Obviously, we are keeping these kinds of costs under review but I would just underline that these costs are separate from the core costs of the Olympic budget. Since we won the bid a year ago in July there have been no increases in the cost of venues. However, we have had to allow for increases in costs to take account of increases in commodity prices—the price of steel, for instance, has doubled. We have revised the figure for construction inflation and we have also reviewed transport costs so that they reflect 2012 prices. An additional cost of around £400 million that was not included in the original bid is in order to fund the delivery partner, whose overriding responsibility will be to ensure that the costs of the Games are kept within budget and that the timescales that we have so far been so successful in keeping to are kept. In other words, to answer your question, that the Games are delivered within time and on budget. So we are investing a further £400 million in order to secure the services of the delivery partner. Further costs arise specifically from the need to secure greater public funding for the Olympic Village and the international broadcast centre. These are, at the moment, both subject to commercial negotiation about what the level of private sector investment will ultimately be. I am sure you will understand that these figures are, for the time being anyway, commercial and in confidence, but I would, of course, be very happy to let the Committee have sight of those figures. To conclude, the overall impact of these changes is an increase in the costs of the Olympic Park (and let me be absolutely specific about that: we are not talking about regeneration; we are only talking about the Olympic Park), but an increase in costs of around £900 million, which translates therefore the £2.375 billion to £3.3 billion as the costs of the Olympic Games. However, I think it is important to remember that when the bid book was submitted in November 2004 it was not possible to have at that stage in the light of any changing or frozen between late-October/early-November 2004 until the point at which we won the bid in July 2005, at which point I then initiated a fundamental review of these costs. For instance, one of the investigations then two other potential liabilities: one is discussion which is taking place within government with the Treasury about the size of programme contingency, as opposed to the project contingency which is included in the costing of the venues. Again, the availability of a programme contingency is important in a project like this, which is the largest public building project in Europe and has to be delivered to a fixed time, but I want to be absolutely sure that nobody draws any conclusion that “programme contingency” translates inevitably into “additional cost”. I certainly would not want the construction industry to get that message. Then the final point, about which there has been quite a lot of speculation in the press, is the question of tax liability. That is being discussed within government and I do not think I can do better than refer the Committee to the Chancellor’s own words on the Today programme last week that this issue is not part of the overall bill as far as the taxpayer is concerned. That is where we are, both on the costs of the Olympic Park and further potential funding liabilities that arise: from VAT (to be resolved); from programme contingency (to be resolved), and from security. So this is work in progress, but at this point it is worth just recording, because, again, this has been a matter of some speculation, we are way ahead in our financial planning and budgeting for these Games. Sydney submitted its budget for the Games two years before the Games in 1998; Beijing waited four years after publishing its budget and last year, in 2005, signified that there would be further amendments to the budget which have not yet been published. So that is the position as of now, but you will understand that this is work which is continuing, and the cost scrutiny is part of the everyday discipline of these Olympic Games. I will certainly be very happy to come back to the Committee at any time you wish to brief you further on the costs.

Q144 Chairman: Thank you. Restricting ourselves, for the moment, to the cost of the Olympic facilities, the £2.375 billion figure, which is the one that you said you were applying absolute rigour to ensure that it was not exceeded, 15 months later it appears that that figure has now risen by about 40%. We are still five years away. Presumably, it is unlikely that we are going to be able to stick at that figure; it is going to go on rising.

Tessa Jowell: I do not assume that at all, Chairman, but the cost review which has been undertaken with my department, with the Treasury, with the Olympic Delivery Authority and with the support until August of this year of KPMG, has identified these further costs. The rigour, as I say, is a daily discipline of the Olympic Games. However, I think it is important to remember that when the bid book was submitted in November 2004 it was not possible to make any amendment to the figures that the IOC had at that stage in the light of any changing or further information. So the figures were effectively frozen between late-October/early-November 2004 until the point at which we won the bid in July 2005, at which point I then initiated a fundamental review of these costs. For instance, one of the investigations

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1 Footnote by witness: To reflect the impact on inflation of re-phasing projects, some amendments have been made to transport costs.

2 Footnote by witness: The £400 million includes the costs of the Delivery Partner along with the costs of site mobilisation and the costs of additional staff required by the Olympic Delivery Authority.
that we were unable to cost—and I think David Higgins from the ODA gave you the position on this—was the degree of contamination of the land. We could not undertake the necessary tests which are now being undertaken because the land was not in our ownership and it was also the subject of a hotly contested land acquisition. So that is an example of something that changed during the course of the period during which the bid book had been submitted but we were unable to make any review of the costs.

Q145 Chairman: On the £2.375 billion figure which previously was quoted for the cost, there was a very specific breakdown applied as to how that figure would be met: £1.5 billion from the National Lottery, £0.625 billion from the London Council Taxpayer and £0.25 billion from the London Development Agency. Where are you going to find the extra £900 million which is now required?

Tessa Jowell: That is allowed for in the Memorandum of Understanding, which was signed between me and the Mayor. This is currently the subject of discussion between me and colleagues in government.

Q146 Chairman: The Memorandum of Understanding states that any overspend will be met through the London Council Taxpayer and the National Lottery. Are you saying that those two elements are going to have to meet this additional cost?

Tessa Jowell: Just to remind you of the precise words: “a sharing arrangement to be agreed as appropriate with the Mayor of London and through seeking additional National Lottery funding in amounts to be agreed at the time”. So as part of the continuing review of costs and the way in which we meet further funding liabilities the formula that is set out in the Memorandum of Understanding is, yes, certainly being considered, but I would underline that no conclusions have yet been reached on that. The fact that this is work in progress has no impact on the smooth progress of this stage of planning the Olympics.

Q147 Chairman: However, it is still your intention that that money is going to have to come out of a combination of sources, being the National Lottery and the London Council Taxpayer?

Tessa Jowell: I have never ruled out more money being taken from the National Lottery, and I have had a number of Parliamentary questions on this. However, all this has to be within balance and sustainable. That is why we are looking at the options within the broad framework of the agreement of the Memorandum of Understanding. When those discussions within government and with the Mayor are concluded then I will be very happy to come back and tell you of the outcome.

Q148 Chairman: The Mayor has said that he does not wish to see an increase beyond that already agreed in the Council Tax and he does not think that any more money should be taken from non-Olympic Lottery funds. He suggested that the first port of call should be that the Treasury forego the 12 pence per ticket tax take from the Lottery. Would you accept his point there?

Tessa Jowell: Some of this discussion that is taking place, Chairman, will take place in public—the Mayor will make his views known; other parts of this discussion will take place in private with the public setting out of the conclusions, and if you do not mind I would prefer to keep my counsel and to assure you that the discussions are taking place within government. I am in discussion with the Mayor about this, and what we have to have, at the end of this, is a solution which is seen as fair, proportionate and sustainable.

Q149 Chairman: So there is a probability that the Treasury may, in one way or another, contribute towards the cost of the £900 million?

Tessa Jowell: The Treasury is already contributing to the costs of the Games through the LDA, through the Exchequer funding that has allowed us to acquire 93% now of the land that is necessary. I am sorry that these are discussions which are in train rather than discussions which are at this point concluded, but these are discussions which, compared to other Olympic Games, are taking place much earlier in the planning stage.

Q150 Alan Keen: You do not mean we are having overruns of cost much earlier than other Olympic cities? There are two things I am sure you will agree with: it would be difficult to find a more laid-back Member of Parliament than I am, nor one who is more enthusiastic about sport, but I have to say I am beginning to get extremely anxious about this. I was anxious about Tim Lamb’s comments, which I raised this morning with the people from the regions, that there are people running about all over the place in the regions trying to find justification for their involvement. He thinks the time would be better spent on getting people involved in sport. CCPR reported to us that the latest statistics say that hardly anyone is going to be inspired to take part in sport from the Olympics. That is worrying. It was not the fault of the people this morning; they have got a job to do and I expect they do it very well, but they seemed to be clutching at straws in answering the questions. I am concerned about it. We do need to learn lessons from the Olympics for the nations in the future. I know I have raised these points with you before, and I raised them less enthusiastically before: we must learn for other nations in the future. I know I have raised these points with you before, and I raised them less enthusiastically before we won the bid because we did not want to offend the IOC, but if I can come back to the question I asked before: we must learn for other nations in the future. Just a very simple question: what has it go to do with the IOC, a small, self-elected body, whether we regenerate East London or not? What has that got to do with putting on a wonderful sporting event? To me, do you not agree—and I know you have got to be careful in what you say—the IOC is taking on more and more and demanding more from nations. How on earth is it going to be possible for nations less wealthy than we are ever to host the Olympic
Games? Would you agree we need to learn lessons for the future from the tremendous cost that we are being involved in this?

**Tessa Jowell:** Can I deal, first of all, with your final point because it is an extraordinarily important one? It is one of the reasons why applying control to the costs of the Olympics, being absolutely clear that time is not lost and, therefore, costs increase through lack of careful planning and being very clear about the legacy—what it is that you want the Games to achieve—are very important, not just in order that we have a great Games in this country that are enjoyed by people watching at home around the world but the Olympic movement is an international movement. I think it is incumbent on any host city in the developed world to think about the Olympic ambitions of cities in the developing world. We have two great cities, South Africa and Delhi. Delhi is hosting the next Commonwealth Games and South Africa is hosting the next World Cup, and these are cities, I am quite sure, together with cities in South America and other African cities which have the ambition of hosting the Olympic Games. They must be affordable and scalable to the economies of both cities and countries like these. That is one of the reasons why all of us who are involved in the Olympics take the issue of controlling costs and value for money so very seriously. The second point is that when we bid for the Games we bid for two reasons: first of all, that this would be a catalyst for the regeneration of East London. However, secondly (and this is the benefit that will extend to the whole of the country) that we would inspire an active generation of young people to take up sport. We are already under way with that. Quite contrary to the claim about declining investment in community sport in the Lottery, the last five years have seen a net increase of £350 million of investment in community sport. You will be aware of the development of the Schools Sport Programme; the development of competitive sport in schools; the development of links with sports clubs; the work that is being done by the governing bodies to identify young talent and to bring it on; the investment in our talented athletes’ scholarship scheme and now the investment in our young Olympians, some of whom are only 12 or 13, so that they are ready for 2012. I completely reject this pessimistic view that it is all terrible, this is all a waste of money; we are not going to get anything out of it.

Go into any primary classroom in this country and talk to children there of nine, 10 or 11; they all know about the Games, they are all looking forward to the Games; two-thirds of them will be expecting to take part of the Games in some way and half of them are expecting to be medal winners. We have got about three million kids in this country who think they are going to be medal winners. Most of them will be disappointed, but I hope that those who are disappointed will feel that they had the opportunity to become young sportsmen and women in a way that kind of shapes their enthusiasm for sport for the rest of their lives.

**Q151 Alan Keen:** I agree with absolutely everything you have said, and I appreciate the amount of investment that is going into sport all the time from this Government, but that is not the point I am making. I am saying, really, if we are going to put on an Olympic Games it is that which is going to inspire the kids; the regeneration of East London is not inspiring kids round the whole of the country. Why should we have to spend £3.5 billion regenerating and building a sports centre in East London when we could have spent that money not just in the regions in this country but we could have helped South Africa and other nations? It is easier for South Africa to host football because they have got stadia already, but the Olympics is completely different. We have to build a new main stadium in East London when we have already got one at Wembley which can take athletics with temporary modifications. We have been through all of that on this Committee—five separate inquiries. What I am saying, Secretary of State, is that we seem to be having to follow these rules the IOC have laid down when, in fact, we could save a massive amount of money to be used in sport.

**Tessa Jowell:** I do not accept the point that you are making. The Olympic stadium will take 80,000 people but it will not after the Olympic Games; it will be reduced down to 20–25,000. In legacy it will be a stadium for those local communities but it will also, technically, be capable of being built back up to take 80,000 people so that we are never again in the position, as a country, that we were in with Pickett’s Lock where we had to withdraw from hosting the World Athletics Championships because we did not have a world-class athletics stadium. That is part of the legacy. The second is: honorable Members from all sides of the House are always raising with me the question of 50-metre swimming pools. We will have a state-of-the-art aquatic centre on the Olympic site that will be adapted for community use but will also be suitable for competition. So where there is no long-term use for the facilities they will be built as temporary facilities and they will be taken down. For instance, it was our original intention that the broadcast centres and the media centre would be temporary facilities; they are much cheaper than the costs now but they create a legacy by spending more on them now because, in the long run, they will provide light industrial space in the East End of London which has one of the highest unemployment rates in the country. Round the country (I think this is your other point) investment will also be made as a result of the Olympics from every single region of our country. People have already volunteered as part of the 100,000 to take part. The London Organising Committee will be promoting the development of training camps all round the country for the 200 visiting teams and will provide a £26,000 incentive for teams to do that. So the regeneration of the East End is a justification, but enthusing and involving and creating very specific opportunities for young people to take part in sport right up and down our country is another, and we would not have the degree of excitement were we not hosting the Games.

**Q152 Alan Keen:** I agree with all of that. I am for the Olympic Games, I am one of the enthusiasts for it, but the point I am making is how much of the
increase in costs (you probably know this already) has come because we have got a time schedule to meet? Because we have to build a village by the start of the Olympics we are paying a premium to businesses we are throwing off the site. There are a lot of costs that are being added to because we have got a time schedule to meet. What I am trying to say is that we should learn this for the future. I expect you to be defensive, obviously, of decisions that have been taken.

**Tessa Jowell:** I am not defensive; I feel so strongly about this.

**Q153 Alan Keen:** If we did not have to have a village then the cycling would take place in Manchester. I am all for building another cycling venue in London, but we could build it in our own time. If the Olympics were held nationally rather than in a city we would not have these timescales which are forcing up the costs, because people know we have to deliver on time, so it is costing us more.

**Tessa Jowell:** We are guarding against the risks that athletes faced where they were right up against the deadline and their venues were not finished. I go back to the 2-4-1 template that Jack Lemley created at the beginning. Also, I think we have had enough in this country of things being finished in their own time. I want to be able to say to people that the UK School Games in 2011 or 2012 will be held in the Olympic stadium because it will be finished. One of the most impressive things of going to Terminal Five is that they will give you the time and the date by which things will be finished. We need that kind of rigour, and if it takes the Olympics to provide it then, as far as I am concerned, that is a wholly good thing.

**Q154 Alan Keen:** You are putting a wonderful case forward, and I agree with 99% of it, but you still have not answered the question: are we not incurring much heavier costs because we have to work to the IOC’s specification for the Olympics when, really, they should make changes, should they not?

**Tessa Jowell:** I do not accept that the IOC requirements involve a substantial increase in the costs of the Games. We are building an Olympic Park that will be a legacy to the East End of London forever, with facilities for those communities but, also, facilities that will be available to our world-class athletes. They do not have them at the moment and they need them.

**Chairman:** We are going to come on to talk further about Legacy, but just going back to the specific costs, perhaps I can invite Rosemary McKenna to come in here.

**Q155 Rosemary McKenna:** Instead of going over the history of the decision, can we move on to something that we can actually do something about, and that is the issue of VAT. What options are open? It has been said that there is a real problem with the VAT that is going to be charged to the ODA. What options are open to the Government?

**Tessa Jowell:** This is, ultimately, obviously, a matter for the Treasury. The reason that VAT was not included in the original bid—and this was agreed by PriceWaterhouse and by the government departments that were party to the bid—was that there are certain bodies, local authorities (and, after all, the ODA was going to exercise a number of functions of local authorities), and the Environment Agency which do not pay VAT. If we take other Games, the Athens Olympics did not pay VAT; the Commonwealth Games in Manchester did not pay VAT; there were VAT concessions for the Turin Olympics and the Sydney Olympics did not pay VAT. So there were plenty of precedents in order to inform the initial judgment. However, this is now a matter of discussion between my department and the Treasury. The Treasury is responsible for taxation, and we will reach a conclusion with them. As the Chancellor has said, this is not a cost to the taxpayer.

**Q156 Rosemary McKenna:** So there are options available. At what point will the Chancellor make that decision then? Will we have to wait until much nearer the time?

**Tessa Jowell:** Soon.

**Q157 Rosemary McKenna:** Soon, but no date is fixed.

**Tessa Jowell:** Unlike the opening ceremony, by which all the venues will be completed, we do not have a precise date by which these questions will be settled, but we are heavily engaged with them and, I have said before, we are way ahead of where other Olympic cities have been in addressing these kinds of issues to anticipate precisely the risks that Alan Keen raised.

**Q158 Rosemary McKenna:** Can I just say that I think the people who were here this morning, the nations and regions, were absolutely totally committed to making it work. That, to me, has been a real step forward. When we took the decision we were not absolutely sure but they certainly want to make it work.

**Tessa Jowell:** Good.

**Q159 Chairman:** Before we leave VAT, would you like to comment on the report that it was the structure chosen by the Government of having two bodies that led to the fact that VAT is chargeable, and that had there been one overall body it would not have been necessary?

**Tessa Jowell:** The answer is actually much simpler than that, which is that it was not included at the time because the tax status of the ODA at that stage could not be determined. We had not even legislated for it. Remember, this is before we had won the bid, before the Olympics Bill had been considered by Parliament and before the ODA had been established as a non-departmental public body.

**Q160 Chairman:** Going back to your comment that you are applying rigour to the £2.375 billion estimate of the cost, surely the oversight of the necessity to pay VAT is not very rigorous.
Tessa Jowell: It was not an oversight.

Q161 Chairman: It was never quoted at any time.
Tessa Jowell: It was a judgment that no decision, at that stage, could be made about VAT. So, as we made clear in the bid itself, the bid was submitted net of the cost of VAT. At that stage, as may well continue to be the case, VAT was not thought to be likely to be payable. This is an issue that we will resolve but it is an issue that will not have an impact, as the Chancellor has said, on the taxpayer. It is much more of an administrative matter than it is a substantive funding matter, unlike some of the other issues that we are continuing to address.

Q162 Chairman: The Chancellor saying it is not going to have an impact on the taxpayer is, obviously, reassuring, but if it is the case that VAT is going to have to be paid it obviously has to come from somewhere.
Tessa Jowell: If it has to be paid by the ODA, I think what the Chancellor has made clear is that he is not looking to the Olympics to provide a VAT windfall for the Treasury. We have to continue to discuss this and move to a resolution of it in government, but what I can absolutely assure the Committee is that it is not a matter which is having an impact on the planning and the delivery of the Games at this stage.
Chairman: Thank you.

Q163 Rosemary McKenna: Can I talk now about the regeneration and remediation work, particularly regeneration. It has been suggested that the Government bring forward the investment planned for the area and begin the investment now, and that should make a more efficient use of public money. Do you think that is right, and at whose disposal would the expenditure be?
Tessa Jowell: This is, obviously, a matter for the Secretary of State at the Department of Communities and Local Government, who leads on all the matters to do with the regeneration of the Thames Gateway, of which the Lower Lea Valley is part. That is why, in a sense, I have expressed the development of the Olympic Park independently of the regeneration of the Lower Lea Valley. As you will all know, the Olympic team visited Barcelona last week in order to see there, first hand, the scale of the prize that hosting the Olympic Games 14 years ago has provided for the city. The regeneration has been very bold and very ambitious; it has a very high level of public support and I think by general consensus has transformed the city; they have seven times more tourists and the economy is growing. The interesting analogy is that the population of Barcelona is broadly in line with the population of the five Olympic boroughs. As we were arriving, one of the people with us who has been involved in the regeneration of Barcelona from the outset said that actually—and it is almost impossible to imagine now—the Stratford site in East London looks like the Barcelona site looked before the regeneration began.

Q164 Rosemary McKenna: I know that because I have been there before and since, and it is fantastic. I just feel that we need to make sure that the money begins to be spent—not so much that they cannot actually spend the money, but that the local authorities know that they can begin the investment now, so that they really do benefit and it is ready. Is that a real possibility? Do you think we will be able to do that?
Tessa Jowell: That is certainly the intention, and the timescales for the regeneration in relation to the rest of the Thames Gateway will obviously be matters for the Secretary of State to decide.

Q165 Rosemary McKenna: The local authorities are working together. I remember in Barcelona this great tension between the Mayor of Barcelona and the President of the autonomous region of Catalonia, but here at least they all seem to be working together.
Tessa Jowell: Yes, I think the working relationships are very good, as they are between government, my department, the Mayor and the London Organising Committee. Maintaining that is extremely important for the smooth running of the Games.

Q166 Rosemary McKenna: Are you confident that remediation work can be carried out under the existing budgets?
Tessa Jowell: Yes, the estimated cost of remediation is £220 million. It is very slightly less than what was originally budgeted for. The preparatory work has started, it is scheduled to finish early in 2009, but most of it will be completed by the summer of 2008, including the critical areas of the aquatic centre and the stadium.

Q167 Chairman: When is the site survey going to be completed?
Mr Jacobs: About half of it has been carried out so far. I cannot give you a precise date for when it is all going to be completed but we can provide that to you (see p Ev 73).

Q168 Chairman: If only half of it has been completed, for half of the site you do not actually know what is underneath there at all.
Tessa Jowell: The advice that I have had on this is that what has been discovered so far is in line with the expectations of the engineers who are carrying out the work. This is obviously part of the work that the delivery partner is overseeing.

Q169 Chairman: Returning to our friend Mr Lemley, how would you respond to his comment: “not a spoonful of dirt has been turned all summer. We have not yet touched the site and this is a huge problem. What if there is unexploded ordnance from the war? We have to identify what is in the ground to get the programme moving”?
Mr Jacobs: The answer to that is very much what the Secretary of State has already said, that Jack Lemley’s own proposals involved two years of planning, of which the first year has been completed, and the planning work is continuing. The site survey
work is being undertaken now; nothing has been turned up so far which has not been in line with engineers' expectations, with a very large, professional team being employed to analyse this work. Obviously, as it moves forward, the delivery partner, CLM, will look in more detail at what they are coming up with. When we get to the end of the 90-day review period that the delivery partner is currently in the middle of we will have a better idea still.

_Tessa Jowell:_ The Committee might like to visit the site and see the eight drilling rigs which are on site doing this. I would just add to that the assurance to the Committee that the remediation work is not having any detrimental impact on the milestones against which the delivery plan is being judged.

**Q170 Chairman:** Is the remediation work and site survey proceeding in line with the timetable?

_Tessa Jowell:_ I have no reason to believe it is not.

**Q171 Janet Anderson:** Secretary of State, you referred to contingency provision earlier, and you did say that you felt very strongly this should not be translated into additional cost, which I think is a very sensible approach. You may know that the Mayor of London said to the London Assembly earlier this month that he was opposed to contingencies in principle as he believed that they encourage contractors to depart from agreed prices for work. I wonder if, perhaps, you could just tell us a bit more. There is a figure of £955 million which covers security, elite sport contingencies and inflation. Are you able to say how much of that is actually for contingency as a percentage, and whether you are happy with that and confident it will cover any unforeseen expenses?

_Tessa Jowell:_ The range of contingency in each part of the project was judged in light of the likely level of contingency. Each part was judged, and the range of contingency is between 20% and 23%. That is project contingency, as part of the core costs of the Park. The proposition which is now being discussed is for what is called a programme contingency, which would not be allocated to any particular part of the project. There are different views about, first of all, is a programme contingency necessary. I think the broad consensus is that it is; it was certainly the view of KPMG that it is. It was not, however, part of the original advice that we had in drawing up the original bid. The level at which the contingency is set, again, is something where different experts have different views—anything between 20% and 60%.

That, at the moment, is a matter which is the subject of discussion with the Treasury. I hope, also, we can take advice on that from the delivery partner in light of the scrutiny that they are currently carrying out, but it is absolutely essential to see the various elements of these costs for what they are. The Mayor is absolutely right that we will take every available step to avoid and prevent a contingency being translated into a cost.

**Q172 Janet Anderson:** You said in answer to an oral question recently that you had established formal systems in place to ensure sound budgetary control, and that expenditure and income would be monitored monthly. I wonder if you could, perhaps, tell us a bit more about those systems and whether you are confident that they are in control of what is going on.

_Tessa Jowell:_ Yes. Jeff Jacobs is the Accounting Officer, and I will ask him to take you through those.

_Mr Jacobs:_ There is a range of controls. Clearly, at the top of the process is the Olympic Board, which the Secretary of State chairs with the Mayor, and the Board is responsible for approving and analysing the overall budget of both the ODA and LOCOG before it is set. The ODA itself is, of course, a non-departmental public body accountable to the Secretary of State through Parliament and, therefore, its budget is also subject to direct approval by the Secretary of State. In support of the Board itself, the stakeholders, the Olympic funding group on the Board, have set up an Olympic Programme Support Unit which is jointly funded by the stakeholders to provide across the piece to stakeholders jointly an analysis month-by-month of progress—both physical progress and financial progress—across expenditure and delivery. At a more detailed level in relation to the ODA, specific consent is required from both the Treasury and the Secretary of State for projects above the £20 million mark, and therefore projects like the power lines, which are already under way, have gone through an in-depth process of analysis before they have been given approval.

**Q173 Janet Anderson:** Are reports produced monthly and, if so, to whom do they go?

_Mr Jacobs:_ There are reports produced monthly, both on an official basis where there is an Olympic Board Steering Group, which I chair, which brings the chief executive of LOCOG and the ODA, plus others, together and, more importantly, that is a filtering system for the Olympic Board who receive monthly reports both on programme and on funding.

_Tessa Jowell:_ We do, in addition, have continuing oversight by the Office of Government Commerce which I have sought to involve in the Games from the earliest stage, so they also on their analysis of risk provide continuing oversight. I have referred also to the initiative that we have taken in establishing a close working relationship with the NAO to ensure continuing oversight in relation particularly to value for money.

**Q174 Janet Anderson:** And the NAO will be producing a report in the New Year. I understand?

_Tessa Jowell:_ Yes.

**Q175 Chairman:** Can you tell us what is the expected level of maximum spend on the project?

_Tessa Jowell:_ I have given you today the figure for the Olympic Park. The regeneration costs have not been determined beyond the £1 billion that I referred to that was identified at the time that we bid. That is
cost which is not Olympic but which is necessary in order to link the Olympic Park to the rest of the Lower Lea Valley, and in fact some of that money has already been drawn down to fund work which is of longer term legacy and regeneration benefit.

Q176 Chairman: That is the £1.044 billion.  
Tessa Jowell: Exactly.

Q177 Chairman: And who has control over that?  
Tessa Jowell: That sits within the budget of the Department for Communities and Local Government, routed through the Olympic Delivery Authority.

Q178 Chairman: And how do you respond to David Higgins' suggestion to us that we should put these two together and that there should be an overall budget to ensure a longer-lasting legacy for that area of London?  
Tessa Jowell: Well, I mean, you can do that. You can add any figure you want to, depending on the purpose, but I think that what we need to do in order to be forensic in controlling these costs is to separate out the various elements because, remember, this is a very important distinction. We are obliged now by the host city contract to deliver the Olympic Park within the terms of the Olympic bid. That is expenditure which is an obligation on us, with all the provisos and caveats about our continuing work to drive down costs and to secure value for money. The amount that is spent on regeneration is a decision that is taken electively in order to realise the full legacy benefit and the regeneration prize of the Olympics. It is not an Olympic cost as such, but it is an opportunity which arises because we are hosting the Games. If you take the costs of Barcelona for instance, I think from memory only 9% of their total expenditure at around the time of the Games was directly attributable to the Games. It is a little difficult to get precise details on the Beijing budget but obviously we are very interested in that. For those of you who have been to Beijing, you will see that they are in effect rebuilding a third of the city and so the Olympics again for Beijing is an opportunity, an opportunity linked to an enormous and ambitious regeneration programme which, to go back to Alan Keen's point, probably would not have been taken at this time had it not been for the Olympics. Athens rebuilt its tram system and built a new airport. You should not attribute those as Olympic costs; they are costs that arise from the opportunities.

Q179 Chairman: So the £1.044 billion remains separate from the cost of building the facility and at the moment that figure is unchanged?  
Tessa Jowell: That figure is at the moment unchanged.  
Chairman: Thank you. Philip Davies?

Q180 Philip Davies: Can I first just check I heard correctly an answer that you gave previously which was that you are investing a further £400 million to make sure that the Olympics run on budget.

Tessa Jowell: This covers the appointment of the delivery partner, CLM, who are overseeing every single contract that will be let. There will be hundreds and hundreds of contracts. They will be responsible for cost control and timeliness. The appointment of a delivery partner is one of the reasons that T5, for instance, has been such a successful project in terms of coming in within budget and on time. So, yes, we are spending £400 million in order to make sure that this is done properly.

Q181 Philip Davies: Moving on to LOCOG, they have got a budget at the moment of £2 billion to spend on the actual Olympic Games. If they do not get their £2 billion of income in, would you allow the taxpayer, as happened in Sydney, to bail out the Olympics to make sure that it was as good an Olympics as possible or would you urge them to cut their cloth according to how much money they get?  
Tessa Jowell: First of all, there are some ambiguities and there are some disputes about the actual costs of Sydney, and what was attributed to the Games itself and what was attributed to regeneration, but specifically in answer to your question—and I met Paul Deighton again yesterday—they are very confident that they are going to reach not just the sponsorship target but they will reach the necessary budget. As you will obviously be aware, the LOCOG budget does not comprise only sponsorship income, which they are now going out to get, but also income which comes from the IOC as a matter of course as part of being a host city, from the sale of television rights, from other forms of worldwide sponsorship, and from ticket sales.

Q182 Philip Davies: Given that confidence, will you at this stage then rule out the prospect of the Government stepping in at the last minute and giving some extra money for the Games if it does run short of funds?  
Tessa Jowell: Five and a half years out it is very foolish to rule anything in or anything out. What I am telling the Committee in the clearest possible terms is that this project is under control, that cost control is a daily part of the rigour, and that LOCOG are confident that they are going to raise their sponsorship target. Yes, of course there is provision and this is why it is important—and I am grateful for the Committee’s inquiry—that the Government is so engaged in this. The Government has underwritten the costs of this but just because the Government has underwritten the costs does not mean that the Government is going to have to step up to the plate and write LOCOG a cheque because LOCOG are confident—and those of you who have heard about LOCOG’s plans will understand they have reason to be confident—that they are going to meet their sponsorship target.

Q183 Philip Davies: Can you confirm today to us that this “nanny state” ban on the advertising to kids of junk food will not have any effect on Olympic sponsors and what they are expecting? McDonald’s and Coca Cola are big sponsors of the Olympics.
Can you confirm that Ofcom’s proposals and any ban on junk food will not affect the income for the Olympics?

**Tessa Jowell:** First of all, no, I do not think we expect it to have an impact because a number of sponsors are worldwide sponsors for the IOC and they will support not just London but Vancouver at the Winter Olympics before London, and obviously the IOC are well aware and have made their sponsors well aware of the developing proposals in relation to restricting the advertising of particular foods, high in salt, sugar and fat, to children.

**Q184 Philip Davies:** So it will not make any difference to the income? They will not be asking for some money back?

**Tessa Jowell:** I do not believe that at this stage LOCOG believe that they will have to adjust their sponsorship estimates in the light of Ofcom’s announcement on Friday, but I am absolutely sure that this is something that as these changes take effect they will keep under review.

**Q185 Philip Davies:** Obviously it is going to be a big, expensive business, advertising during the Olympics and all the rest of it. Have you made any assessment of the effect that that might have on businesses’ and companies’ support for grassroots sport during the year that the Olympics is on?

**Tessa Jowell:** We are certainly looking at this very carefully. First of all, the Olympics is a very attractive sponsorship offer, but part of the way in which we avoid the situation to which you refer is by making it absolutely clear that, for instance, the Cultural Olympiad, which will start when the Beijing Olympics close and Liverpool becomes the Capital of Culture, is also part of the Olympics. Sponsors also understand and there is a lot of interest from sponsors in engaging with us in our development of sport in schools and sport for young people. That, too, builds a non-commercial association with the Games, so we are engaged with this, we have the Olympic legislation which, in order to maintain the value of Olympic sponsorship, forbids a commercial association with the Olympics where no commercial association exists, and within those strictures, yes, we would seek to reassure, encourage and inspire sponsors to look at the very wide range of activity that the Olympics will give rise to. This, again, was another lesson at Barcelona. There are all sorts of decisions that will be taken to bring forward projects and to do them now because of the 2012 timeline, and many of our great companies want to be associated with those. I would be grateful, Chairman, if I could add a quick postscript on that because one of the things that I am very exercised by, and I think the Committee has raised this before, is that in order that the association and the involvement of the Games is felt by towns, cities and villages right across the country, we are looking at how we can create a brand which does not fall foul of the commercial relationship as part of sponsorship that people can use, that schools can use, that local sports clubs can use, that drama groups can use, that village schools can use, and so forth, so we do get the sense over the next five and a half years of the whole country having the opportunity to be engaged in this. The fact that we have 100,000 people already signalling their enthusiasm to be considered as volunteers from all over the country is just but one measure of how extensive this is.

**Q186 Philip Davies:** I used to work in marketing for a large company before coming into Parliament and we used to have our budget each year set for us. Do you not share the concern and fear that because of those fixed budgets the amount that is going to be invested in the Olympics will have to be at the expense of advertising and elsewhere, and that what could be affected is grassroots sport, and sponsorship and support of those things? You do not have any fear at all of that?

**Tessa Jowell:** No, I do not accept that. I think you only have to go and look at the local partnerships that have been established between sponsors, local firms and many of our school sport colleges, for instance, and so forth, to be reassured by that, but this is something that of course we will watch closely. In this business of running an Olympic Games you can never ever say just because we have thought of that problem we can stop it becoming a problem. You have to keep it constantly under review.

**Q187 Mr Hall:** Just to move on and look at the effect the Olympics is going to have on the National Lottery and the impact that that will have on organisations like Sport England, in your opening statement you said that there is a possibility of an overrun on the Olympic facility itself of about £900 million and there are three contributors to that: there is the National Lottery; there is the London council tax payer; and there is the London Development Agency. If Sport England are going to have to contribute £295 million out of their budget to the Olympics and actually suffer a loss of income because of the Olympic Lottery sales, how are Sport England going to continue to develop community sport and help that to be the legacy of more people participating in sport after the Olympics?

**Tessa Jowell:** I think you need to start by looking beyond just the community sport programmes that are funded by Sport England. You have got to look at the new opportunities, including the physical education and sport programme, which has invested £587 million in new sports facilities in schools, all of which as a condition of funding are available to the local community. There are then the Active England multi-sports centres which are being established. There is then the work which is being funded through the Community Club Development Programme. There are then the capital resources of the National Sports Foundation and the investment by the Football Foundation. In total, together with what Sport England is making available, that means that we are seeing what I think it is safe to describe as an unprecedented level of investment in sporting facilities and in coaching, and arguably coaching is even more important than sporting facilities. To go to your particular point...
about the impact on Sport England, when we announced the bid I set out just what the impact will be on the Lottery, and we have examined this closely with Camelot and with the National Lottery Commission and in discussion with all the Lottery distributors, and the estimate was that the establishment of the Olympic Lottery Game, which is performing very well and from which we need to raise £750 million, would cannibalise (in other words displace) about 5% of spend on other Olympic good causes. It is not quite at that level from the last figures that I saw because we have seen an increase in the level of Lottery ticket sales so that is the first point. The second is that at the beginning of July I made clear that the second tranche of funding, the £410 million, would be top-sliced from the NLDF between 2009 and 2012. That will have an impact of reducing the amount because it will be shared equally across all the distributors that they have for good causes by about £12 million.

However, in order to create the circularity of this argument, it is important then to understand, as I made clear in response to your point, that community sport, that culture, that heritage in this country are all going to benefit from the Olympics in a way that no other global event would create benefit. So I think it is important to see it not just in terms of the money that is going out of the door in order to fund the Olympics but the benefit that is coming back to those good causes because we are hosting the Olympics.

Q188 Mr Hall: I am sure that Sport England will be reassured by that because they are the ones that are actually facing a reduction in their Lottery income. If I have understood the process right, there is a predication, as the Secretary of State has said, of £750 million from the Olympic Lottery sales. What if it does not actually generate that amount of money? Where does the shortfall come from? Who is going to meet that difference in projected income? Will that fall on the shoulders of Sport England or will it fall across the whole of the sporting recipients of Lottery money?

Tessa Jowell: In what I think is currently considered to be an unlikely event that that happens, we would obviously have to review the position and we would have to make a judgment about the capacity of the NLDF to make good any shortfall in the contribution, but, again, I would say that just because we are prepared, if the circumstances arise, to make those judgments at the time does not mean that we are predicting that those circumstances will arise. The Olympic Lottery is doing extremely well and it is performing very well and we have to have the degree of rigour and oversight that enables us to adjust and change if circumstances alter, and I am very happy to share with the Committee, and would be delighted to, the information available to us about the performance of the Olympic Lottery.

Q190 Mr Hall: I do not think we have had that evidence either.

Tessa Jowell: As I said at the beginning, Chairman, you have to see this as a running film over the next five and a half years in which we can take still photographs at a moment in time, but we have to have the degree of rigour and oversight that enables us to adjust and change if circumstances alter, and I am very happy to share with the Committee, and would be delighted to, the information available to us about the performance of the Olympic Lottery.

Q191 Mr Hall: How much of the £295 million that Sport England are putting directly into the Olympic bid is new money or is it just recycling money that was spent previously?

Tessa Jowell: The money from the—?

Q192 Mr Hall: The £295 million from Sport England?

Tessa Jowell: That is money that will be part of the Olympic bid. It is slightly more than £295 million. That is money that will actually be spent on part of the cost of the aquatic centre and the velopark on the Olympic site but also in order to develop more community sport and Olympic-related community sport activity in other parts of the country. I should also add to the potential funding streams Legacy Trust which, as you know, is being established with the residual income from the Millennium Commission together with contributions from the Arts Council and Sport England, in order to establish a fund that will be able to fund cultural activity in different parts of the country to support the Olympics.

Q193 Mr Hall: But is it money that has been spent previously on other Olympic initiatives? For example, on Athens it will be spent on helping our elite athletes participate in Beijing.

Tessa Jowell: No, the Beijing funding is handled by UK Sport and you will be aware of the very substantial increase in funding between the Beijing Games and the London Games made available by the Chancellor’s announcement in the last Budget. Can I just also confirm for the Committee’s record that in relation to the expectation that the Olympic Lottery will deliver, the Lottery Commission (the regulator that oversees this) have also confirmed that they expect it to meet the targets.

Q194 Mr Hall: They do expect it to meet the targets?

Tessa Jowell: Yes.

Q195 Mr Hall: As somebody who has been interested in sport all my life I am absolutely convinced that the Olympics will generate more interest in sport and get more people to participate, but the evidence that we have been given is somewhat contrary to that. When you look at what has happened in Sydney and in Athens, there has not actually been an uptake in sporting activity across the nation. Have you got anything to say about that?

Footnote by witness: No final decision has yet been reached on how and when to transfer the £410 million. It is not possible to confirm precisely what the monetary impact on the good causes, and on individual distributors, will be. The basic proposition, however, has always been that we will take the £410 million from the good causes as fairly as possible and in a way that minimises the impact on those causes.
21 November 2006 Rt Hon Tessa Jowell MP and Mr Jeff Jacobs

Tessa Jowell: I certainly do. We put this legacy—the active generation of young people taking part in sport—at the heart of the bid and we have planned on that basis, because it would be the most shocking waste if we had young people who were inspired by the Games, took up sport before the Games, and then all that fell away after the Games, and that is why the legacy planning which is taking place not only in relation to the Olympic Park, not only in relation to the building of thousands of new facilities and the development of coaching, but also through the development of sport in school and competitive sport in school is all part of ensuring that we realise a legacy of participation and sporting excellence in our young people that neither Athens nor Sydney did in quite the same way.

Q196 Chairman: Just on the sport in schools issue, can you confirm that the Government’s target is as announced by the Chancellor of the Exchequer, that every school child should do at least four hours a week by 2010?

Tessa Jowell: That is our hope.

Q197 Chairman: The Chancellor suggested it was rather more than a hope, that it was declared Government policy.

Tessa Jowell: That is the kind of leadership and ambition that we expect from the Chancellor! We are delivering and we have already achieved two hours of sport in schools and 80% of young people are taking part in that. We have also made clear that by 2010 we expect that to take place in curriculum time, and clearly through things like the Community Club Development Programme and other investment we want to see that increase. I cannot at this stage give you a cast iron guarantee that four hours will be all in curriculum time, so this is a steady and rising curve. However, but I am very happy to sign up to the Chancellor’s ambition of four hours a week for every child, but we all note that there may be funding requirements that arise from that.

Mr Hall: A very good answer!

Chairman: Can I ask if any of my colleagues have any final questions?

Q198 Alan Keen: What is the latest forecast of cost for the Olympic Stadium?

Tessa Jowell: It is at the moment out to tender, as you probably know, so we can supply the Committee with a range but given that we are at the moment in the tendering process I would prefer not to give you a specific figure.

Q199 Alan Keen: Are you waiting for the new owners (from this morning) of West Ham to make up their mind up as to whether they would like the stadium before you go too far down the road?

Tessa Jowell: As you know, at the moment we have got work underway on the various legacy options for the stadium and how those legacy options will be funded. We have had no approach from West Ham in relation to the ambitions of their new owners. Were they to make a proposal, the Olympic Board would have to make a decision that it was going to consider it, and then obviously that would become part of the legacy consideration which is underway, but we are pretty close to developing the legacy plan so, as I think I said in Barcelona last week, the window of opportunity for any substantial change is closing.

Q200 Chairman: Secretary of State, can I thank you and Mr Jacobs very much. I am sure that we will want to re-visit this issue again in due course, hopefully not for you to announce another 40% rise in costs!

Tessa Jowell: Thank you very much.

Supplementary memorandum submitted by DCMS

WRITTEN QUESTIONS TO THE SECRETARY OF STATE

Question references relate to evidence on 21 November

1. What has happened to the KPMG review of costs which you described in oral evidence to the Committee on 25 July 2006? What conclusions were reached by KPMG? [Q 144]

The review of costs is ongoing. KPMG’s contribution was two-fold: to re-assess costs to ensure that there is a sound cost baseline and to help identify the scope for savings in potential costs with a view to keeping costs down. The re-assessment of costs confirmed that the core cost estimates of the venues was unchanged but identified other areas, where, as I reported to the Committee, increases in core expenditure are anticipated. This work informs the basis of discussions within Government about the cost of the Games and how they are to be funded. KPMG’s work also contributed to the identification of savings of some £700 million in potential costs.

2. You said in answer to Q 138 and Q 173 that the NAO has agreed to work closely with DCMS on costs and ensuring value for money. Can you tell the Committee more about how this work will be structured?
The NAO is currently undertaking a review of the preparations for hosting the London 2012 Olympic Games and Paralympic Games, including the progress that has been made to put in place the necessary delivery and financial arrangements. We have also discussed with the NAO their programme of further work and they are currently drawing up their plans which we understand could involve looking at the process used to generate financial estimates.

3. **How much private sector funding has been secured for (a) the Olympic Village, (b) the International Broadcast Centre/Media and Press Centre and (c) sporting venues in the Olympic Park?** [The Committee would welcome figures in confidence if necessary] [Q 143]

   (a) Our expectation is that the Olympic Village will be procured by a development partner with the aim of making a commercial return post-Games and that the private sector will provide the majority of the financing for its development. Negotiations with potential developers to agree the arrangements under which the Village will be procured are still in progress with the ODA.

   (b) The net cost of building the International Broadcast Centre and Media and Press Centre is reflected in the increase in core costs that I reported to the Committee. A mix of public and private financing is envisaged but the specific arrangements for this have yet to be negotiated.

   (c) Our figures assume that the costs of constructing the sports venues will be met entirely from the Olympic Budget.

4. **Can you give an indication of the likely increase in security costs?** [Q 143]

   The events of 7 July 2005 changed the security landscape in London and there will be other considerations that will impact on security plans for 2012. We are committed to a safe and secure Olympic Games and Paralympic Games in 2012, and we will continue to work with all relevant security organisations to ensure this. My officials are working with the Home Office and the Metropolitan Police Service and other agencies—together with Her Majesty’s Inspectorate of Constabularies—to clarify and verify longer term issues, actions and costs as far as that is possible at this point in time. We will also ensure that security costs falling to the ODA and LOCOG are reviewed and clarified in the context of their wider budgets—that work is well underway.

5. **Where, in the bid documents, was it made clear that the bid was submitted net of the cost of VAT?** [Q 161]

   When the bid was submitted the precise nature of the delivery vehicle was not decided, so it was impossible to determine the tax treatment of the ODA. The assumption was that VAT was recoverable in line with the treatment of bodies such as local authorities and in line with previous Games. The public sector funding package was agreed on that basis.

6. **You refer in answer to Question 171 to “different views” on whether a programme contingency is necessary, and you said that “I think the broad consensus is that it is”. Are you part of that consensus? If so, why do you believe that a programme contingency is necessary, and why was it not included in the original bid?**

   Yes, I am a part of that consensus. In my view, contingency is necessary in order to allow for the inevitable uncertainties and risks associated with a seven year project on the scale of the Olympic Games and is a practice recommended by HM Treasury. PWC prepared a detailed report modelling the costs of the Games. The detailed budget for the Games, including the allowance for project contingencies, was prepared on the basis of this advice. Project Contingency is built up from the contingency for individual projects, whereas Programme Contingency is a contingency that is applied to the programme as a whole. The cost review that I initiated immediately after winning the bid has pointed to the need for a substantial Programme Contingency in recognition of the scale and risks associated with the Olympic construction programme. The issue now is what the appropriate level of Programme contingency should be as we move forward.

7. **When do you expect the site survey to be completed? What timetable was originally set for the site survey?** [Q 167]

   As much of the land for the Olympics sites was not under London Development Agency ownership during the bid process, it had not been possible to gauge accurately the time requirement for site surveys. Now that 93% of the land has been secured, the Delivery Partner consortium, CLM (CH2M HILL, Laing O’Rourke and Mace), is currently working to establish contamination levels across the site. There are, at present, eight drilling rigs on site working on ground analysis, with over half the site assessed to date. In line with the programme to secure vacant possession of land, there are three phases to the geotechnical surveys across the site:

   — The first phase consists of geotechnical surveys (eg ground bore holes and sampling) in “open areas” as access is gained. This is programmed to complete end of March 2007. Currently this is on programme and is forecast to complete on time.

   — The second phase is geotechnical and chemical sampling below the footprints of buildings after they are made available to the ODA and have been demolished. This is scheduled to be complete by end April 2008.

   — The third phase is sampling of soil samples as areas are excavated for forming the “platform” for all other facilities and infrastructure.
The completion of stages one and two will substantially reduce related risks, as there will be greater clarity on the exact nature of the materials to be dealt with. There is one area, the bus station, which may sit beyond the April 2008 milestone, depending on the arrangements for an alternative site.

There are no current plans to release a detailed timeframe into the public domain. However, the overview of the Olympic Park Delivery Programme was published in July 2006 and includes high-level timelines for land preparation.

8. You stated (in answer to Q 187) that the £410 million second tranche of funding from the National Lottery Distribution Fund would be “shared equally across all the distributors . . . by about £12 million”. How is the £12 million figure reached, and can you confirm that this rate would apply equally to each of the 16 non-Olympic distributors?

I have no recollection of using a figure of £12 million. No final decision has yet been reached on how and when to transfer the £410 million. It is not possible to confirm precisely what the monetary impact on the good causes, and on individual distributors, will be. The basic proposition, however, has always been that we will take the £410 million from the good causes as fairly as possible and in a way that minimises the impact on those causes.

10. You stated (in answer to Q 187) that the £410 million second tranche of funding from the National Lottery Distribution Fund would be “shared equally across all the distributors . . . by about £12 million”. How is the £12 million figure reached, and can you confirm that this rate would apply equally to each of the 16 non-Olympic distributors?

I have no recollection of using a figure of £12 million. No final decision has yet been reached on how and when to transfer the £410 million. It is not possible to confirm precisely what the monetary impact on the good causes, and on individual distributors, will be. The basic proposition, however, has always been that we will take the £410 million from the good causes as fairly as possible and in a way that minimises the impact on those causes.

11. What would be your preferred method for meeting short-term funding problems at the ODA, if Lottery ticket sales cannot meet that need?

At present Lottery ticket sales are on target. However, were there to be a short-term funding shortfall, we would look first, by agreement with the other funding parties, to bring forward funding from the other sources from which the ODA is already funded.

12. Have any cases involving possible infringement of the Olympics association right (or of the brand) yet been determined by a court?

LOCOG’s Brand Protection Team has been very active working with a range of organisations who have used the brand incorrectly. In the main, people have been very co-operative and the LOCOG team have been able to resolve these issues amicably. LOCOG has not yet had to issue proceedings in any case.

13. How many responses have you received to the consultation on a tourism strategy for 2012?

We received 168 responses from organisations and individuals by the close of the consultation period. This number is likely to rise, as we are contacting a number of stakeholders who missed the deadline. I should emphasise that many of the responses were from umbrella organisations that represent a large number of members; for example, the Tourism Alliance represents over 200,000 businesses.

14. How do you intend that performance towards the objectives drawn up for stakeholders in the London 2012 project should be measured?

Performance will be reviewed by the Olympic Board on advice from the Olympic Board Steering Group and the Olympic Programme Support Unit (OPSU). The latter has been established to provide an overview of the entire programme. Monthly dashboard and status reports against the specific objectives (and associated sub-objectives) are reported to the Olympic Board and classified in a red, amber, green status. In addition, a risk management reporting process is fully operational across the programme with the OPSU taking a centralised role in its monitoring function.

1 December 2006
Written evidence

Memorandum submitted by Arts Council England

INTRODUCTION

1. Arts Council England works to get more art to more people in more places. We develop and promote the arts across England, acting as an independent body at arm’s length from government. Between 2006 and 2008, we will invest £1.1 billion of public money from government and the National Lottery in supporting the arts. This is the bedrock of support for the arts in England.

2. As an organisation, we were delighted that London won its bid to host the 2012 Olympic and Paralympic Games—a bid that put the arts firmly at its centre. We believe that the 2012 Games will be a unique opportunity to reinforce the UK’s reputation as a world leader in culture.

3. As the national development agency for the arts in England, no other body is better placed in our national cultural life to advise on and deliver a world-class cultural festival and a cultural legacy to match. Our vision for the cultural Olympiad is a vibrant, rewarding environment in which UK artists can express and fulfil their creative potential, highlighting the diversity that enriches our culture. The legacy will be individuals and communities inspired to take part in the arts, raising young people’s aspirations for years to come.

OUR INVOLVEMENT TO DATE

Pre-bid

4. Our engagement with London 2012 began early in 2004, working to ensure that the cultural aspect of the Olympic and Paralympic bid was included at the earliest opportunity. As well as providing around £100,000 of funding to support the cultural bid in a variety of ways, we also seconded two full-time staff to the London 2012 bid team for 18 months, worked proactively, through funding and other support, with the five Olympic boroughs to secure agreement on the joint cultural action plan and brokered relations between the bid team and the arts and cultural sector.

Vision 2012

5. In April 2006, we set up our project board for the Olympics and Paralympics “Vision 2012”, which is jointly led by Peter Hewitt, our chief executive, and Sarah Weir, executive director of our London region. The project board’s membership includes internal and external expertise, representing the diversity of London’s arts and cultural sector and including the Director of Culture, Ceremonies and Education for LOCOG as well as our internal lead on Liverpool 08. We are currently recruiting a project manager for Vision 2012.

6. In Our agenda for the arts 2006–08, we set out our commitment to “contribute to the early stages of planning for the Olympic and Paralympic Games in 2012 and the culture, education and ceremonies programme culminating in the Beijing closing ceremony in 2008”.

7. We therefore welcome this opportunity to make a submission to this inquiry so early on in our work to deliver on our vision for the 2012 Games. We would ask the committee to consider that much of our work on this area is still developing. We hope to make further, detailed submissions to the committee in future and would welcome the committee’s recommendations in light of this.

FUNDING THE CULTURAL FESTIVAL

8. The committee will be aware that “Ceremonies and Culture” was allocated total funding of £64.4 million from the overall 2012 Olympic and Paralympic budgets. This figure includes the opening and closing ceremonies for the Olympics and Paralympics and medal ceremonies, as well as £18.75 million for the Cultural Programme.

9. We have been actively involved in a joint initiative with the Millennium Commission, the Big Lottery Fund and the Department of Culture, Media and Sport (DCMS) to endow a new charitable trust which will make grants to support a range of cultural and sporting initiatives associated with the London 2012 Olympic and Paralympic Games. As the trust is currently still in the development stage, we cannot give full details at the moment as to how it will operate. However, we have fully supported the ambitions for the trust from its inception. The funding available via the trust is currently £40 million, which exceeds that allocated to the
Cultural Programme, although this also will be shared with education and sport projects, including the annual UK School Games which commenced this year. We are currently planning to provide funding of £5 million. The Millennium Commission is providing £24 million, with a further £5 million coming from the Big Lottery Fund and £6 million from government.

10. In addition, we will continue to operate our successful and popular Grants for the Arts programme of funding. This open application grants scheme distributes Lottery funding and has been widely recognised by artists and arts organisations for simplifying arts funding in England. The 2005–06 allocation for Grants for the arts is £85.2 million.

11. The committee should note that, while budgets beyond 2006–07 have not yet been set, the overall allocation to this scheme is set to reduce from the current level. We understand that £410 million will be top sliced from the Lottery good causes fund to support the financing of the Olympics. An indication of potential timing of this has been provided to us, but the basis on which this adjustment will be made is still to be determined. Early clarification of this is important for all lottery distributors to enable proper budget planning. We believe that a proportionate adjustment between all the lottery distributors in line with the current shares of the good causes fund is the only equitable and fair approach to take. We would seek the committee’s endorsement of this position.

MAXIMISING THE CULTURAL LEGACY

12. Arts Council England’s vision for the 2012 Olympic and Paralympic Games is for a celebration of imagination and creativity that inspires individuals and communities to take part in the arts, maximising cultural benefits and raising the aspirations of young people for years to follow the 30th Olympiad. One of the keys to the success of the London 2012 bid was partnership working and we are keen to see this carried through to the delivery of the Cultural Festival. Indeed, it is our view that effective partnership working will just as critical to maximising legacy.

13. We are represented by Sarah Weir on DCMS’s national Culture and Creativity Forum and Arts Council England, London has an active relationship with the Greater London Authority and the London Development Agency (LDA). Our membership of the London Cultural Consortium means we are also represented on its special sub-group for London Olympic issues. Indeed, given the multiplicity of interested cultural bodies and other stakeholders both nationally and in London, effective partnership working guided by a coherent framework, with a view to the longer term, may become a key factor in the success of the Cultural Festival.

Thames Gateway

14. The arts have a major part to play in helping to galvanise community engagement and participation in planning, and in creating a sense of identity and pride. We are committed to working closely with DCMS, the Department for Communities and Local Government and other agencies to implement a strategy to improve cultural provision and creative industries employment in the places experiencing housing-led growth such as the Thames Gateway. Delivering on this is one of our priorities set out in Our agenda for the arts 2006–08.

15. In Thames Gateway London, where the seven boroughs include the five Olympic boroughs, we are already working with the Thames Gateway London Partnership and have provided joint-funding with Sport England, Heritage Lottery Fund and the Museums, Libraries and Archives Council for a culture co-ordinator post as well as investment alongside the LDA and Corporation of London in the work of the Thames Gateway creative and cultural industries task group. Our East and South East offices are similarly engaged with Thames Gateway South Essex and North Kent.

Benefiting all the English Regions

16. Arts Council England has a strong regional structure, with decision-making on grants and regular funding for organisations devolved to our nine regional offices, which are coterminous with the government’s regional offices. The last 10 years has seen a shift in our resources away from London. Our regional offices are centres of expertise on the arts ecology of their regions and are uniquely placed to act as a bridge between national and regional agencies to maximise the investment in, and impact of, the arts sector. Indeed, the regional development agencies are increasingly our major strategic partners.
17. Our regional strength means we are well placed to distribute the benefits of the Cultural Festival beyond London. Our Vision 2012 project therefore also includes a networking group. This has representatives from all nine of our regional offices and, through their involvement in the regional cultural consortiums, each is also linking up with LOCOG’s nations and regions group. In addition, we have excellent working relations with all the other UK arts councils and have pro-actively led on arranging joint meetings between these councils in relation to the London 2012 Olympics and Paralympics.

CONCLUSION

18. For us, that the cultural festival will reflect and harness the vibrancy and diversity of the arts across England, and the UK’s leading place in the arts globally, will be as critical to the success of the Olympics and Paralympics as the smooth running of the games themselves. We are committed to working with government and with LOCOG to deliver on this ambition and to make its impact last. As the committee will see from this submission, we are well advanced in our planning to achieve this.

19. But the Olympics and Paralympics have the potential to leave a wider legacy for our country’s cultural life—one that cements in government and politics an enduring recognition of the value we all derive from public investment that celebrates the human spirit and achievement.

5 October 2006

Memorandum submitted by Camelot Group Plc

1. INTRODUCTION

1.1 Camelot’s current licence to operate The National Lottery commenced on 27 January 2002—following a vigorous competitive tender—and expires on 31 January 2009. Camelot manages the National Lottery infrastructure, designs and promotes new games, develops the marketing support for lottery products, provides services for players and winners, and runs the network that sells tickets to players in partnership with over 26,000 retailers UK-wide—as well as on the internet, mobile telephones and interactive television. Camelot is not responsible for the distribution of Lottery funds.

1.2 Camelot aims to maximise returns to Good Causes in a socially responsible way. Since the launch of the lottery in 1994, our players have helped to raise over £19 billion for Good Causes. More than 240,000 grants have been awarded to projects the length and breadth of the country—an average of 79 lottery grants for every single postcode across the UK.

1.3 Under Camelot’s licence, each pound is allocated as follows:

<table>
<thead>
<tr>
<th>Breakdown of the lottery pound</th>
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<tbody>
<tr>
<td>50p prizes to winners</td>
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<tr>
<td>28p Good Causes</td>
</tr>
<tr>
<td>12p Lottery Duty to government</td>
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1.4 Camelot is delighted to be involved in the London 2012 project. This letter has been prepared in order to provide an overview of the Olympic funding plan for the Committee’s current inquiry on the “London 2012 Olympic and Paralympic Games”.

2. LOTTERY GROWTH

2.1 National Lottery ticket sales rose by more than £246 million in 2005–06, its third consecutive full year of growth—boosting returns to Good Causes and extending the longest period of growth in the history of The National Lottery.
2.2 This strong sales performance resulted in National Lottery players raising more than £1.5 billion for Good Causes in 2005–06.

2.3 Innovation and high standards of business performance have been instrumental in delivering growth for the Lottery and the Olympic funding plan:

- **Cost-efficiency:** The UK enjoys the most cost-efficient lottery in Europe.
- **Innovation:** 35% of revenues in 2005–06 derived from new games and channels introduced by Camelot during the second lottery licence.
- **Operational excellence:** Sales availability at terminals was 99.99% in 2005–06, against a target of 99.5%. Camelot’s central systems have been successfully tested at well over half a million lottery ticket transactions per minute. Our retailers are connected to Camelot through Europe’s largest dedicated ISDN network.
- **Interactive success:** Camelot launched interactive channels in 2003 and has already attracted over 1.3 million registered players, establishing a worldwide reputation for success in this area. Camelot won the Retail category for “Building the most successful interactive lottery in the world” in the New Media Age Effectiveness Awards 2006 and the “Best Growth Through Use of Technology” at the Sage Business Awards 2005.

2.4 In 2005–06 the UK National Lottery returned more to society (payments to Good Causes and Government) than any other lottery in the world, both as an absolute total (£2.156 billion) and a proportion of sales (41%) according to figures audited by Henley Centre Headlight Vision.

2.5 Growth has been delivered at the same time as reinforcing our social responsibilities. Whilst the Lottery is fifth in the world in worldwide total sales, it is 58th in per capita spend—highlighting our strategy to encourage many people to play but spending relatively little (on average around £3 per week).

3. **National Lottery’s Role in Olympic Funding**

3.1 Camelot has been asked by the Government to raise £750 million from dedicated Lottery games to support the London 2012 Olympic Games and Paralympic Games. This will require ticket sales of £2.647 billion by 2012.

3.2 A further £340 million will come from the Sports Lottery Fund. The original funding package also included the option to draw down a further £410 million from mainstream National Lottery games from 2009, and in June 2006 the Secretary of State for Culture Media and Sport announced that this money would be part of the funding package.

3.3 The Memorandum of Understanding between the Government and the Mayor of London states that the Government plans to be the ultimate guarantor of Olympic funding should there be a shortfall between Olympic costs and revenues, and would discharge that responsibility in a sharing arrangement to be agreed with the Mayor of London and through seeking additional National Lottery funding in amounts to be
agreed at the time. In such a scenario, Camelot would hope to be included in any discussion on the options for and the implications of any further call on Lottery funds with the Government and the regulator, the National Lottery Commission, as early as possible.

3.4 Camelot has developed an Olympic funding plan that runs between 2005 and 2012. However, this has been done in the best interests of The National Lottery’s long-term development and in order to provide reassurance that the Lottery can deliver its part of the overall Olympic funding package. This has not been done with any presumption that Camelot will win the next lottery licence, which begins in February 2009.

4. UPDATE ON OLYMPIC FUNDING PLAN

4.1 Ticket sales of dedicated lottery games to support London 2012 have started strongly. Camelot raised £16.3 million for the Olympic Lottery Distribution Fund (OLDF) in 2005–06, £2.3 million ahead of the £14 million forecast for the year. We have also made a good start this year with another £13 million raised in the first quarter alone.

4.2 The Olympic funding plan will remain flexible in terms of annual forecasts, as it must respond to a number of variables, such as future competitive, socio-demographic and macro-economic environments and consumer research, which will inform both the sales volume estimations and the optimum game portfolio mix.

4.3 Camelot will work with the National Lottery Commission and DCMS in order to accommodate the Olympic Delivery Authority’s revenue phasing requirements. Because of the relatively long run-in times required in order to get games to market and to flex which Lottery games are hypothecated, Camelot would need early warning of any requirements outside the phasing of its own funding plan.

4.4 Responding to the Government’s request means that we have to plan for challenges far beyond those envisaged during the second licence period. We have therefore put in place procedures and resources to manage the additional workload associated with the London Games both internally and with our partners: DCMS, the National Lottery Commission, LOCOG, the Olympic Delivery Authority, the Olympic Lottery Distributor and the BOA. We are pleased with the working relations that have been established with these organisations.

5. GAMES AND WAYS TO PLAY

5.1 The public can support London 2012 by playing in store, by subscription, online, through interactive TV, by text and at supermarket check-outs (“National Lottery Fast Pay”) and by playing across the game portfolio:

— Scratchcards: The first lottery game where all the Good Cause money raised went towards the 2012 Games was the Go For Gold scratchcard. Launched in July 2005, shortly after the Bid decision, it was the fastest selling £1 scratchcard since November 2002. This was followed by a number of other scratchcards and interactive Instant Win Games. Sales of these dedicated lottery games in support of London 2012 have made a strong start.

— Dream Number: The first hypothecated draw-based game went on sale on 13 July 2006. Overall odds of winning a prize are one in 10. There are seven different prize levels; you can win from £2 to £500,000. Since launch we have had over 2.4 million Dream Number winners.

— Interactive instant win games: As of 1 April 2006, all the games within the Instant Win Game portfolio, of which there are currently 45 games, are contributing to OLDF. Over the course of this financial year we plan to launch approximately 40 new games.

5.2 The plan assumes that Camelot will launch a range of further games to raise funds for the 2012 Games over the next seven years—draw-based games, one-off event games, scratchcards, interactive instant win games. We are also exploring opportunities for television game shows.

6. IMPACT OF LONDON OLYMPICS ON LOTTERY FUNDING

6.1 We are delighted to report that whilst exceeding our OLDF target for last year, Camelot was also able to mitigate any negative impact on the NLDF and the other Good Causes by delivering significant year-on-year growth across the games portfolio, delivering a net rise to the NLDF. This factor demonstrates our long-held belief that the best way to protect the NLDF from the cannibalising effect of the OLDF is to grow the overall size of the “lottery pot”. However, as the annual OLDF targets become more challenging, so it becomes impossible to eliminate entirely the impact of the OLDF on the NLDF.

6.2 In the event that Camelot is not awarded the third Licence we will remain dedicated to doing all we can to maximise returns to the OLDF, whilst mitigating the impact on NLDF during the handover period (which would fall between August 2007 and January 2009), as well as during the Licence competition, which naturally creates a number of unusual pressures on the business across more than three quarters of the current financial year.
6.3 However, it remains the case that the net impact on the other Good Causes is dependent on any operator’s ability to grow overall sales. Camelot is delivering its part of this challenge by ensuring that the lottery is in growth, aiming for the best possible combination of innovation, commercial and operational excellence, and that our own commercial performance is strong. For example we continue to run the most-cost efficient lottery in Europe, at the same time as innovating with new products and channels: 35% of sales revenues in the financial year ending 31 March 2006 came from new games (such as the highly successful EuroMillions) and new channels (such as our interactive channels, which represent the biggest interactive lottery in the world, and “National Lottery Fast Pay”, which enables players to buy their tickets at supermarket check-outs for the first time anywhere in the world).

6.4 However, our ability to innovate and drive sales also depends on policy factors that fall outside Camelot’s immediate control. These are outlined below under “Issues”.

7. Issues

7.1 We previously communicated that we need the Government’s help to deliver those policy and regulatory reforms that will help us increase the size of the “lottery cake” whilst protecting both the integrity of the lottery and the interests of our players. Progress on these policy challenges has been slow. The key policy risks and opportunities are set out below:

— **Gross Profits Tax**: The most significant opportunity to assist in growing overall lottery sales and returns to the NLDF and OLDF is by migrating The National Lottery to a Gross Profits Tax regime. It is estimated that this would result in an additional £50 million a year being generated for Good Causes, which would help minimise diversion from the NLDF. Unfortunately, the Treasury chose not to migrate The National Lottery to a GPT regime in the 2006 Budget. We will continue to push for this crucial reform and would be happy to provide members with additional briefing on this subject.

— **Lottery Style Games**: Gambling operators are free-riding on the back of The National Lottery’s success by introducing betting games that mislead consumers by using lottery-style imagery and styles of play. “Lottery style games” (LSGs) make no returns back to society through lottery duty or returns to Good Causes. We estimate that the market is worth £500 million a year, propelled by online gambling websites that raise nothing for Good Causes. Research on LSGs has showed that 90% of consumers believed they were participating in a lottery when in fact they were betting. As well as raising issues over regulatory demarcation, GamCare has publicly expressed concerns about LSGs, because they create a higher risk of under age play. During the passage of the Gambling Bill, DCMS indicated that it expected the Gambling Commission to deal with this problem, and gave them powers to do so. We believe the Gambling Commission should make prohibition of LSGs a condition of operators’ licences.

— **Society lotteries**: We are awaiting a Ministerial decision on prize limits for society lotteries. Camelot has pushed for the status quo on the basis that increased prizes would be damaging to The National Lottery and few society lotteries get near the current caps anyway (current top prize cap is £200,000).

— **Public Perceptions**: Revenues are likely to respond to public perception of the London 2012 Olympics—eg public feeling about progress, costs of construction and infrastructure developments.

7.2 We would welcome any support that the Committee could offer to help us to respond to these risks and opportunities and, in particular, our points on GPT and LSGs, which are clear priorities requiring action from the Government and Gambling Commission respectively. We would be happy to provide the Committee with further information on any of these issues or to provide the Committee with oral evidence.

8. Conclusion

8.1 Camelot is confident of delivering its Olympic funding plan targets. However, policy adjustments could be made by the Government and regulators that would enable the operator to maximize returns to Good Causes and reduce the impact of the OLDF on the NLDF.

9 October 2006
Memorandum submitted by The Five Host Boroughs

1. THE FIVE HOST BOROUGHS

The five Host Boroughs comprise the London boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest. The boroughs came together to support the London 2012 bid and remain committed to working together to secure a lasting legacy for local people, communities and business.

One of the four themes that underpinned London 2012’s vision for the Games as expressed in the Candidate File (Vol 1, Theme 1, p 17) was “benefiting the community through regeneration”. Specifically the bid states that:

By staging the Games in this part of the city, the most enduring legacy of the Olympics will be the regeneration of an entire community for the direct benefit of everyone who lives there.

The Olympic Park will become a hub for East London, bringing communities together and acting as a catalyst for profound social and economic change. It will become a model of social inclusion, opening up opportunities for education, culture and skills development and jobs for people across the UK and London, but especially in the Lea Valley and the surrounding areas.

The new facilities in the Olympic Park will be open to the whole community, not just elite athletes. This will lead to more opportunities for everyone to participate in sport and physical activity. This will create a more inclusive, more active community, leading to a fitter society and reducing health inequalities.

Securing this legacy for East and South East London is central to the ongoing commitment of the Host Boroughs and we welcome this opportunity to submit evidence to the Committee.

Notwithstanding the significant progress that has been made since the award of the Games, particularly on the part of ODA/LOCOG, many of the issues raised by the Host Boroughs at the last Committee hearing in January 2003 remain and must be addressed if the Games is to be the catalyst to regeneration and the creation of a lasting legacy.

The key issues raised by the boroughs identified the need to:

— provide the necessary physical infrastructure to sustain the long term legacy regeneration of the area;
— maximise the opportunity for job and business creation for local people through the construction and operational phases of the games and, critically, create the capability of skills, jobs and business opportunity post games;
— harness the talents and gifts of the diverse communities across the five Host Boroughs to build and sustain social cohesion; and
— create and deliver innovative programmes that engage our communities through sport, culture, education and health which enhances wellbeing and opportunity for all.

2. THE ROLE OF THE HOST BOROUGHS IN SECURING LEGACY

The Host Boroughs act as Lead Stakeholder on behalf of local people, communities and business. Uniquely we bring collective knowledge about the issues, concerns and aspirations of the communities we represent together with a local contact and network base through which we are a central conduit between our communities and the myriad of agencies and organisations now engaged in the Games. In particular we believe that our role is central to promoting engagement and inclusion of all our communities.

As “patrons” of the Games legacy for our communities we, as Host Boroughs, bring a collective, creative approach in developing and delivering real added value to the work of the various partners and agencies involved. The process of building the legacy has already begun and we are key players and catalysts in this process.

3. MAXIMISING THE VALUE OF THE OLYMPIC LEGACY

Central to maximising the value of the Olympic Legacy is ensuring that the physical legacy meets the needs of our communities and that they have been fully engaged in the process of its development. It is imperative that these plans are fully integrated into the wider proposals for the physical development of the Upper and Lower Lea Valley and the Greenwich Peninsula. Equally important is the creation and delivery of a socio-economic programme which delivers the opportunity and benefits for all anticipated in the vision. We believe that the Host Boroughs have a key contribution to make in ensuring that the commitments made at the time of the bid are delivered.
(i) Delivering the Physical Legacy

We have welcomed the revised masterplan developed by the ODA but remain concerned to ensure that the intent signalled by the accompanying legacy plan is realised. Specifically this must ensure that:

— the legacy venue infrastructure maximises the provision for community use and that this is fully incorporated into the base legacy provision with appropriate funding identified in the business case;

— the boroughs and our communities are fully engaged in the process to define the Olympic Park and wider Legacy plans to ensure that not only does it meet the needs of our communities but that they feel a real sense of ownership of the solutions;

— a vision for the legacy of the Olympic Park that recognises the need for wider cultural, leisure, tourism and events which use and engage appropriate partners in scoping them;

— the plans for Legacy are fully integrated into the wider regeneration strategies for the area, particularly Stratford City and that consideration of the Legacy plan does not stop at the boundary of the ODA’s responsibility (the “red line” boundary of the Olympic Park);

— those organisations who are responsible for elements of the delivery of the Legacy be it sporting or otherwise be held accountable for delivering on their commitments; and

— for those temporary facilities the opportunity should be taken to examine how they might be reutilised for the long term benefit of local communities.

(ii) Delivering the Socio-economic Legacy

As the Lead Stakeholder the Host Boroughs are central to the successful creation and delivery of socio-economic initiatives to engage with and revitalise opportunities for our communities. This can only be achieved in partnership with the many organisations and agencies involved at national, regional and local levels. Through our knowledge of the issues and aspirations of our communities we believe that we are best placed to lead and coordinate this work locally and are committed to taking this forward. An example of where this is already underway is the establishment of the Local Employment and Training Framework (LETF) which, in conjunction with partners from GLA/LDA/ODA/LOCOG/LSC/JCP and business, aims to maximise the opportunity for local people to secure jobs, business to win supply chain contracts and long term skills development. At the heart of this initiative is a Local Labour and Business Scheme, providing a jobs brokerage modelled on the successful scheme at Greenwich which has delivered over 7,000 jobs for local people since 1996 in connection with the Dome construction and the subsequent regeneration of the Greenwich Peninsula.

Elsewhere the boroughs have significant experience of working with partners to expand sports participation programmes, develop and support cultural programmes that celebrate the rich diversity of East and South East London and work in conjunction with health care providers. The recent exercise to develop London wide delivery frameworks for 2012 has emphasised the importance of recognising the cross cutting aspects of many of the initiatives, not just focussing on a specific aspect in isolation. Again this is an area where Borough can provide clear leadership.

There is potential to expand tourism and the visitor economy across the whole of the five Boroughs; Greenwich, in particular, possesses a rich cultural heritage based on the RA Barracks at Woolwich and the World Heritage site at Greenwich itself. There is significant scope to exploit these opportunities in the lead into, during and especially post Games to develop a wider visitor economy for East and South East London. A similar situation arises in respect of Canary Warf with its significant business visitor economy and the potential to expand that across the five boroughs in Legacy. The Host Boroughs will work closely with London wide agencies such as Visit London and the sub-regional forum, TourEast, to expand and sustain the visitor economy.

4. Paralympics

Boroughs place significant importance to the role that the Paralympics can play in engaging with those in our communities who are less able. We aim to harness the Paralympic Games as a celebration of individual achievement to act as an inspiration to building an inclusive, accessible legacy, whether that be through ensuring “access for all” in the design of the games and legacy infrastructure, supporting greater opportunity for participation in the sporting community legacy and most importantly addressing the barriers to economic activity that confront those with disability to ensure that they are fully represented amongst those who secure job opportunity in delivering the Games and in the economic legacy.

5. Funding the Games, Legacy and Ownership

The boroughs are concerned that as yet there remains no real clarity as to the proposed long term responsibilities for Ownership, Management and Funding (particularly revenue funding) of the Games Legacy. It is imperative that this is clarified at the earliest opportunity and that as the representatives of the communities most significantly impacted by the Games and the potential opportunities created we are
clearly engaged in this process. We do not seek the legacy ownership of the Park, nor individual venues, but it should be recognised that in legacy it is to Boroughs that our communities will turn to first if the anticipated legacy opportunities are not delivered.

Funding remains crucial to the ability to deliver a lasting legacy. Whilst acknowledging that budgets must exist to deliver the Games it is imperative that they are adequate to deliver the legacy benefits for the Boroughs and our communities as promised in the bid document. This must ensure that there is adequate funding for the provision in the base legacy scheme of appropriate community legacy facilities. In transforming the Games Park into the Legacy Park it is imperative that adequate funding is provided to ensure that design responses and facility provision again responds to the needs of individual communities.

All too often history shows that when pressure mounts on budgets it is the small but essential items which make the difference to local people that are the first to be cut. This must not be allowed to happen. Finally in terms of the long term vision it is far from clear that adequate funding exists to create the level of infrastructure investments necessary to create and sustain the vision being developed for the wider area. Boroughs are particularly concerned to understand how this will be secured and to ensure that the balance of the physical legacy is not distorted (through housing development for example) in order to fund the long term legacy.

In terms of the socio-economic initiatives proposed we welcome the funding initiatives that are underway (eg LETF), the recently submitted 5 Borough Local Enterprise Growth Initiative (LEGI) bid and the numerous other funding rounds and opportunities that are proposed, however given the nature of funding cycles these inevitably only cover short periods and give no funding certainty over the whole life of the project. Given the scale of the challenge faced to transform East and South East London through the Olympics and Legacy regeneration it is certain that the scale of interventions required to achieve the aspirations created in Legacy will require significantly more resources than currently proposed.

6. THE GAMES EXPERIENCE—A GAMES FOR LOCAL PEOPLE

A vital element of the success of the Games for the boroughs and our communities will be the ability of local people to participate fully in the Experience of the Games. First and foremost this must ensure that there is sufficient provision for affordable access to venues for local people—this will form part of the ticketing strategy for London 2012. The overwhelming majority of our population will still not be able to afford to attend individual events. We must ensure that the Games are “brought to them” through the use of major open spaces across the boroughs to broadcast events. We must involve our communities by ensuring the maximum opportunity for them to participate and benefit from the volunteering programmes and the development of programmes of culture and creativity which celebrate the diversity of our communities. Currently we do not believe that sufficient emphasis has been placed upon the importance of engaging local people in the Games Experience and this is an issue Boroughs will champion and can contribute significantly to the work to ensure our communities truly experience and are involved in the Games.

7. CONCLUSIONS

In welcoming London’s success in being awarded the 2012 Games the Host Boroughs are committed to working together to support London 2012 and all the strategic partners in ensuring that the Games are a success. For the boroughs and most importantly our local people, communities and business it is not just about the Games themselves and the opportunities that they present between now and 2012. It is about their catalytic effect in securing a lasting legacy to the benefit of our communities, about building capabilities and about integrating the legacy venues and park into the wider regeneration strategy. This is a unique opportunity to transform the physical environment, social and economic wellbeing of our communities and to engage with them in building a better future for all.

If the vision espoused in the forward to Building Success quoted at the beginning of this submission is to be realised then actions to create the Legacy cannot await the end of the Games. We can and must create opportunity now! As the lead Stakeholder for our communities we believe that as the Host Boroughs we can and must play a central role in defining, developing, delivering and fulfilling those legacy aspirations.

5 October 2006

Memorandum submitted by the the Greater London Authority and the London Development Agency

SUMMARY

1. The Mayor of London and London Development Agency (LDA) are leading players in the delivery of the London 2012 Olympic and Paralympic Games and their legacy and benefits for London. They are pleased to have contributed to excellent early progress in the delivery programme.
2. A lasting legacy of benefits for London and Londoners is central to the Mayor’s vision for London 2012. The Greater London Authority (GLA) has made rapid progress in forming partnerships and formulating plans to deliver those benefits, and a number of key initiatives are already underway or significantly developed.

INTRODUCTION

3. The Mayor of London, exercising the functions of the GLA, has a central role in the delivery of the London 2012 Olympic and Paralympic Games. The Mayor is a member of the Olympic Board (alongside the Secretary of State for Culture, Media and Sport, the Chairman of the BOA and the Chair of LOCOG), which co-ordinates the overall Games programme. The Mayor also part-funds the Olympic Delivery Authority (ODA) and is a signatory to the Host City Contract with the International Olympic Committee. As detailed below, the Mayor has also been made accountable for the delivery of the Games’ legacy and benefits for London.

4. The LDA is the Mayor’s agency for business and jobs, and is one of the nine English Regional Development Agencies (RDAs). The LDA has a number of specific responsibilities relating to the 2012 Games:
   — Leading the land assembly programme for the Olympic Park.
   — Leading, on behalf of the Mayor, the delivery of employment, skills and business benefits for London.
   — Working, on behalf of the Mayor, with the ODA, the London Thames Gateway Development Corporation, Sport England London and others to determine and deliver the long-term “legacy” uses of the Olympic Park and its new permanent facilities after the Games and maximise the regenerative impact of the Games on the Lower Lea Valley and wider Thames Gateway.

5. The Mayor believes that the programme to deliver the Games is progressing well, and has been highly impressed by the work of LOCOG and the ODA so far. He has also been pleased at the positive response of the International Olympic Committee to London’s early work.

LAND ACQUISITION AND REMEDIATION

6. In October and November 2005, the LDA made two Compulsory Purchase Orders (CPOs) to secure the land required for the 2012 Games and the long-term regeneration of the Lower Lea Valley:
   — The Undergrounding of Powerlines, Lower Lea Valley CPO was confirmed by the Secretary of State for Trade and Industry on 4 April 2006.
   — The Public Inquiry for the Lower Lea Valley, Olympic and Legacy CPO sat from 9 May to 4 August 2006; a decision is expected on behalf of the Secretary of State for Trade and Industry by the end of this year. It should be noted that the Lower Lea Valley, Olympic and Legacy CPO is one of the largest and most complex ever taken forward, covering around 2,000 land interests.

7. Although the LDA has initiated compulsory purchase proceedings to ensure meeting its obligations to deliver the land package for the Games, the preferred route of acquisition remains via private agreement. 93% of the land required is now within its control as a result of these agreements, 49% of the businesses to be relocated, representing 72% of the employees within the Park site, have confirmed a relocation site. The LDA is actively negotiating with and supporting remaining parties to identify suitable relocation sites.

8. Following confirmation of the powerlines CPO, work has now started to underground the powerlines across the Olympic Park. Although undergrounding the powerlines is an important part of the Games preparations, the undergrounding work is also very important to the long-term regeneration of the Lower Lea Valley.

9. Working closely with the ODA, the LDA recently let contracts for the demolition and remediation programme in support of the Games. Again, remediation is a key part of the longer-term regeneration project.

LEGACY AND BENEFITS FOR LONDON

10. A lasting legacy of benefits for London and Londoners is central to the Mayor’s vision for London 2012. He believes that the range of activity associated with the Games can make a major contribution to the social, economic and environmental wellbeing of London, and that there exists a powerful alignment between these potential impacts of the Games and his overall vision for the future development of the capital.

11. The Mayor believes that such benefits will not occur automatically. In order to make the most of the Games, the Olympic Board must establish dedicated programmes and initiatives aimed at mapping and capturing those benefits. This is reflected in the objectives and sub-objectives that the Olympic Board has agreed will govern the work to deliver the Olympic and Paralympic Games programme, where the need to secure these benefits is explicitly noted alongside the delivery of infrastructure and events themselves.
12. Each of these programme sub-objectives has been allocated to an organisation represented on the Olympic Board, and that organisation will be accountable to the Board for its delivery. The Olympic Board has agreed that the Mayor will be accountable for delivering the Games’ social, economic, environmental and sporting benefits for London; a full list of sub-objectives for which the Mayor is accountable is given at Appendix 1 (not printed here).

13. The GLA has co-ordinated the preparation of a detailed delivery plan for each of these sub-objectives, consultation drafts of which have been sent to key stakeholders in London (including the boroughs, the business community and community groups) as well as to organisations with specific interests in the relevant policy areas. Following this consultation process, the GLA intends to revise and consolidate the plans into a single regional plan that will guide all work in this area over the coming months and years.

14. As with much of the GLA’s wider work, the successful delivery of these benefits will rely on effective partnership working with key national and regional agencies, including the London boroughs, the LDA, the Learning and Skills Council, Visit London and Sport England. In some cases, these bodies are leading on the development of delivery plans and will play a leading role in implementing them and monitoring the results. GLA officials have also been working closely with colleagues in DCMS and across Whitehall to ensure that initiatives to secure benefits in London are fully integrated with programmes being co-ordinated by Government at a national level. Wherever possible, national and regional initiatives will be integrated with existing programmes in the relevant fields, making the most of the resources, networks and expertise that already exist.

15. Alongside the development of these delivery plans, the GLA and its partners have already launched or significantly developed a number of initiatives drawn from those plans which aim to map and deliver the potential benefits for London:

   - The London Summer of Sport 2006 is a joint initiative of the GLA and Sport England London, giving Londoners access to coached taster sessions in a range of sports at clubs across the capital. London Summer of Sport is due to run every year up to and beyond 2012.
   - The London 2012 Employment and Skills Taskforce for 2012 (LEST) has produced an Action Plan, with the overall objective of ensuring 70,000 people from across London get employment through the Games. The formal consultation process has begun on the LEST plan which is essentially built around three pillars—Employer Leadership, Linking People, Work and Training; and Communications and Information.
   - Plans are being developed for a Pre-Volunteer Programme (PVP) to encourage workless and socially excluded people to complete basic training (including in health and safety, customer care and service, languages and crowd stewarding) in order to pre-qualify for the London 2012 volunteering programme and potentially to receive a nationally recognised qualification. This offers an excellent opportunity to attract long-term unemployed and underemployed people into the labour market. The scheme is likely to begin in East London and will act as a pilot for a broader regional/national programme.
   - As part of the Local Employment Training Framework (LETF), a Local Labour & Business Scheme will be established to support residents and businesses of the five host boroughs in taking advantage of Games-related opportunities. Part of this service will be delivered on-site and will include one-to-one support, matching jobs coming forward with local job-seekers in the London Boroughs of Hackney, Newham, Tower Hamlets, Greenwich and Waltham Forest.
   - GLA experts have worked with LOCOG and the ODA to develop the strong commitment to sustainable development that underpinned London’s bid. This has informed the publication of a London 2012 Sustainability Policy Statement, the ODA draft Procurement Policy and the ODA Draft Sustainability Principles and Progress Report. Building on a commitment in the London 2012 Candidate File, the GLA has also established an agreed sustainability assurance role for the London Sustainable Development Commission (LSDC) and is in the process of drawing up the detailed assurance framework and recruiting a dedicated LSDC sub-group to lead this work.

16. In May 2006, a draft Opportunity Area Planning Framework (OAPF) for the Lower Lea Valley was launched by the Mayor of London, the Minister for Housing and Planning and the London Thames Gateway Development Corporation (LTGDC). The OAPF presents a vision of comprehensive social, economic and environmental change in the Lower Lea, and is a central element in delivering the long-term legacy of the Olympic Park and integrating that legacy with development in the surrounding area. A detailed Delivery and Implementation Strategy has been published alongside the draft OAPF, which will in turn be supported by phased investment plans currently being drawn up under the supervision of the LTGDC. Following consultation in mid-2006, the OAPF will be formally adopted by the Mayor.

17. After the Games the LDA will deliver the commercial and residential elements of the legacy Olympic Park, as part of the wider Lower Lea Valley regeneration plans. The LDA is currently working with the GLA, ODA and other stakeholders to develop the detail of the legacy Olympic Park development which will include commercial space, new affordable homes and open parkland as well as the permanent sports venues being built for the Games.
Costs and Funding

18. The Mayor and London Development Agency stand by the 2003 Memorandum of Understanding with Government ("the MOU") and the public sector funding package (PSFP) which it describes. The constitution of the PSFP appropriately reflects the fact that the Games are a national event, but one that will have particular benefits for London and Londoners. The Mayor supports the work currently being done with Government, the ODA and its Delivery Partner to review costs associated with preparations for the Games.

22 September 2006

Memorandum submitted by Greenwich Council

Greenwich Council supports the submission made by the five Host Boroughs, and the following commentary refers specifically to Greenwich's experience and expectations.

Greenwich has made great strides in the last fifteen years to recover from the economic decline that followed the cessation of virtually all of the borough’s manufacturing industry during the 1960s and 70s.

The Council has developed a partnership approach to regeneration, successfully bringing in hundreds of millions of pounds in both public and private investment. Focused initially on the waterfront area, the programme of regeneration has since expanded to ensure that other parts of the borough benefit from access to the new opportunities and improved infrastructure that are being created.

The development of the Millennium Dome served as a major catalyst in attracting investment to improve the borough’s transport and economic infrastructure, and Greenwich Council developed programmes to enable the local community to take advantage of these developments. Today we have significant regeneration projects which are actively delivering jobs, new homes and community facilities. We believe that the 2012 Games will act as an accelerator and an enabler to our ambitions for the regeneration of the borough. To achieve this requires the right mechanisms to be in place to facilitate this.

Our vision is that the 2012 Olympic and Paralympic Games will enable us to lever in additional economic and social benefits from regeneration for the people who live, work, learn in and visit Greenwich.

We are clear that the legacy for Greenwich from the London Olympics has already begun. Our Olympic venues are already in place, providing us with the opportunity to begin to optimise the benefits of the Games.

We have six specific key legacy priorities:

— to improve the economic base for the borough in terms of employment, training and business opportunities, and to deliver these benefits for local people;
— to enable greater access to the borough via improved transport routes and infrastructure;
— to increase the tourism economy in Greenwich and other parts of east and south east London;
— to increase participation by young people in sport and physical activities as part of a healthy living strategy;
— to develop competition-level facilities in individual sports using the Building Schools for the Future programme; and
— to improve access to sport for disabled people.

Along with these six key priorities we have a number of cross-cutting themes which will be used as a yardstick against which to measure progress:

— diversity, equality and social inclusion;
— environmental impact;
— sustainability and continuation; and
— partnership working across the borough.

Greenwich will host eight Olympic events and, with three main sites at Greenwich Park, Woolwich Barracks and The O2, the borough is well placed to benefit from the 2012 Games. Our unique situation of having such iconic and internationally recognised venues already in place, with World Heritage status for one, gives us an immediate legacy focus now.

With the experience we have had from hosting the Millennium Dome, with its immediate and considerable impact on employment and pathways into work, we fully intend to build on the good practice that has occurred here, whilst also learning from elsewhere.

We are working in partnership with the other four Olympic host boroughs, as well as with Government, with London-wide partners, with local venues and with a wide range of local stakeholders. This in itself represents an important legacy, through the partnerships and further opportunities for collaboration that will be created for the long-term.
We can already cite a number of achievements in delivering a legacy for the Greenwich community:

— a programme of activities to increase the participation of children and young people in sport, using our Olympic venues to inspire and enthuse our young people;
— the launch of a new cycle trail linking our three Olympic venues;
— the prospect of world-class sporting events taking place in the borough between now and 2012, including the Tour de France in 2007 and the World Gymnastics Championships in 2009; and
— a local labour and business scheme (GLLaB), already geared up to ensure local people and businesses can benefit from jobs and contracting opportunities as they come on stream.

Together with the other four Olympic host boroughs, we are working to create structures and programmes for ensuring local people and businesses benefit from these employment and business opportunities. This includes exploration of the City Strategy pilot as a key mechanism for supporting local people in this key area.

We are also developing proposals to:

— utilise our position as a pilot for Building Schools for the Future to provide competition-level sporting facilities linked to secondary schools in the borough;
— provide pre-training camp facilities in the borough;
— develop a volunteering programme; and
— develop capacity within the borough to sustain a raised level of sporting and cultural activity.

In addition, Greenwich is leading on behalf of the five host boroughs in developing a local employment and training framework to secure jobs for local residents. This will be launched in the next few weeks.

For Greenwich, the legacy from the London Games starts now, not in August 2012.

We believe that the Games, and the presence of the Olympic venues in Greenwich, can be used to promote tourism, supporting both Greenwich’s strategy for increasing overnight stays, and the London tourism strategy for raising the international profile of Greenwich and other parts of east and south east London.

We view the Games as an opportunity to create wider access to sporting facilities and to Olympic employment opportunities for disabled people; to engage local communities, and particularly young people, in sporting and cultural activities; and above all to inspire and raise the aspirations of young people in our borough.

5 October 2006

Memorandum submitted by Heritage Link

BACKGROUND

Heritage Link brings together 80 voluntary organisations concerned with heritage in England representing interests from specialist advisers, practitioners and managers, volunteers and owners, to national funding bodies and local building preservation trusts. Much of the historic environment is cared for—supported, managed or owned—by these organisations. They are supported by some four million members making it the biggest alliance of heritage interests in England.

1. FUNDING

The heritage sector is, naturally, concerned that the Olympics may have an adverse effect on the funding available for heritage projects, particularly through the Heritage Lottery Fund and the other non-Olympic lottery distributors. However, it is also hoped that some of the funding which may become available for the cultural programme will apply to heritage projects, particularly those which are tourism related. Heritage Link is waiting for information to become available on the various funding programmes before it is able to comment more fully on this, and in particular information on what funding will be available from LOCOG for external events in the Cultural Olympiad, if any.

2. LEGACY

For the heritage sector, this is perhaps the most important aspect of the period leading up to the Olympics and the years beyond 2012. For the Olympics to have a truly lasting social and economic impact, there need to be considerable benefits accruing both to the areas in which the events are staged and to other parts of the UK. This applies both in terms of the regeneration of existing buildings and also the quality of the new-build specifically for the Olympics.

The quality of design and construction needs to be addressed to ensure that all construction and refurbishment meets the highest possible standards.
2.1 *East London*

Looking at specific opportunities around the historic built environment, although the area of London where the main Olympic events will be staged is not noted for its historic buildings, there are nonetheless some significant individual buildings and streetscapes which should be targeted for restoration and regeneration work.

One such is the Abbey Mills Pumping Station in Newham, where a consortium of stakeholders including the owners, Thames Water, Heritage of London Trust Operations Limited, funders including the Architectural Heritage Fund and English Heritage, the Local Authority, Buildings Crafts College and Groundwork UK is already developing plans for the restoration and reuse of some of these magnificent buildings. There are opportunities for use of the Abbey Mills site around the Olympics, in particular for hospitality purposes, and this is being discussed with LOCOG and the ODA.

The streetscapes of East London also contain some fine historic buildings, including civic buildings, many of which are badly neglected, and the regeneration of these would be of considerable benefit to the local communities, in one of the most deprived areas of the UK. This will only take place, however, if it is recognised early on that this needs to be a priority of the work in the run-up to the Games.

The opportunity presented by London 2012 should enable the major heritage bodies, including English Heritage, to tackle the key Buildings at Risk on the register in the five London Boroughs mainly involved in the Olympics. Additional funding will be required, but this could become a special “Olympics theme” for funders such as the Heritage Lottery Fund. It is particularly important that those buildings on the major transport corridors are tackled so that they do not remain as a blight on the routes into the Olympic Park.

2.2 *Nations and Regions*

There are also opportunities to be exploited in the rest of the UK, particularly where events are being held or training camps will be based. Two of the main event sites are World Heritage Sites (Greenwich and Weymouth/Jurassic Coast) and as well as ensuring that these are properly managed and protected during the Games themselves, additional funding should be brought in to make the most of the extra visitors and to carry out restoration works where necessary.

3. **Skills Development**

It is also essential that the opportunities for developing skills, in the construction industry and in hospitality and marketing, are exploited to the full. There is a serious shortage of skilled craftspeople throughout the UK and the work around regeneration projects could provide considerable opportunities to address this issue. Similarly, skills training is needed within the hospitality industry to ensure that the major attractions, including heritage attractions, are fully geared up for dealing with additional visitors before, during and after the Olympics, and that the attractions themselves are presented as well as possible. Organisations involved with the Olympics should also be given encouragement and support in reaching a compatible level of technological development, particularly where they are dealing directly with the public—for example in taking bookings over the Internet—so that the Games and all the surrounding events are genuinely accessible worldwide.

4. **Engagement with the Voluntary Sector**

Concern is already being expressed by smaller voluntary sector organisations within the heritage and arts sector that they feel marginalised by the Olympics discussions. Heritage Link is in discussion with LOCOG to address this, but it is something which the Committee should be aware of; for the Games to be successful in reaching the widest possible communities engagement with smaller organisations will be essential, otherwise community groups may feel disenfranchised.

4.1 To this end, it is somewhat surprising that the heritage sector is not properly represented on the Creative and Cultural Forum, chaired by the Minister of Culture, David Lammy MP, which is meant to be steering the cultural sector’s response to the Olympics. The only representation is from the Heritage Lottery Fund, whilst the Government’s own heritage advisor, English Heritage, is not on the group.

*3 October 2006*
Memorandum submitted by the Institute of Professional Sport

1. BACKGROUND ISSUES

The Public Accounts Committee\(^1\) concluded that the national emphasis on sporting elites should not be at the expense of promoting wider participation. Sport is not just about medals or a celebrity culture, but about the benefits of taking part. To achieve the ambitions for a successful 2012 Olympic and Paralympic Games it will be important to maintain a balance between promoting as well as funding world class and mass participation activities.

In the 1980s Sport for All was the driving philosophy of the Sports Councils that drove mass participation activities with various campaigns such as What’s Your Sport? Since November 2004 the latest programme has been taking place under the slogan of “Active England Every Day Sport”.

If the Government is to invest in a public marketing campaign linked to the London 2012 Games to encourage community sport and physical activity then it must make sure that such campaigns are supported by attractive and welcoming sports and leisure facilities. Sport and recreation should be accessible to all. This will require large scale investment as highlighted in the Carter Review to the Chancellor of the Exchequer.

2. THE INSTITUTE OF PROFESSIONAL SPORT (IPS)

The IPS is the national association for Professional Players and is pleased to submit written evidence to the CMS Committee Inquiry into the London 2012 Olympic and Paralympic Games.

The Professional Players are the pinnacle of the country’s ambitions to develop participation levels at school, in the community and on the international stage. Such players are used as important role models both nationally and internationally to inspire more young people to get involved in sport.

For example the Professional Cricketers Association (PCA) and the Professional Golfers Association (PGA) bolster coaching and introductory lessons for children at schools and clubs. Among the wide-ranging initiatives funded through the PGA are the 268 Golf Foundation starter centres based at the UK’s clubs. Many clubs and schools also operate the Golf Foundation’s Tri Golf, which is a fun and easy introduction to golf. The Professional Footballers Association (PFA) instigated in the mid-nineteen eighties the National Football in the Community Schemes that has driven the co-ordinated approach to community football initiatives in recent years. Amongst other projects the PFA works with The Prince’s Trust on the TEAM programme that has reached 75,000 hard to reach young adults using established players as Ambassadors for the Prince’s Trust.

Players would share concerns therefore should young people be denied the opportunity to participate and progress in sport from the playground to the international arena. The young people today are the sporting future of tomorrow.

3. THE COST OF THE 2012 GAMES?

The funding for the London 2012 Olympic Games had a public sector funding package of £2.375 billion—including £1.5 billion from the Lottery—to fund facilities and athletes. The final package has been revised to take inflation and private sector funding into account\(^2\) though clarification should be sought into the costs of security and construction of new facilities.

The debate is now unfolding as to who will be responsible for securing the £100 million of commercial sponsorship for the Games.\(^3\) The danger is that the business sector will be challenged and cuts in sponsorship programmes at the community level may be experienced.

Measures were announced in the March 2006 Budget statement to exempt LOCOG from corporation tax with IOC revenues generated from the Games and non UK athletes to be exempt from tax.\(^4\) Comparable tax benefits would be welcomed by other sports bodies that host international events in the UK and that develop mass participation programmes.

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\(^2\) House of Commons 16 May 2006 Col 206WH.
\(^3\) Budget 2006 Press Notices 22 March 2006—Measures to support the Olympics.
\(^4\) Budget Notes BN 12–22 March 2006.
4. GOVERNMENT CHALLENGE FOR SPORT

The areas of responsibility between the different Government agencies charged with developing sport and healthy lifestyles participation is considerable. UK Sport states it is the lead agency for elite sport and the Home Country Sport Councils have responsibility for mass participation, as well as funding some of the elite sport programmes for the home nations. The Department for Education is developing its School Sport Strategy with DCMS. The Department of Health is funding programmes for participation in healthy lifestyles.

A joint report highlighted the current cost of obesity to the NHS at an estimated £1 billion a year, and the UK economy a further £2.3 to £2.6 billion in indirect costs. Furthermore, if the present trend continues, the report suggested that by 2010 the annual cost to the economy could be £3.6 billion per year.5 Further Research published in August 2006 predicts that the trend of obesity and overweight persons of all ages is set to rise by 2012. The data shows that persons not meeting recommended levels of physical activity are more likely to be obese than those who do physical activity.6

Greater resources therefore should be directed by Government at those governing bodies with affiliated community sports clubs and “open door policies” with links to schools to provide appropriate physical activity/sporting activities for persons of all ages and particularly the young. Such a policy would assist across other Government agendas such as social inclusion.

5. STAGING EVENTS—INCREASING PARTICIPATION?

The Game Plan strategy for delivering Government’s sport and physical activity objectives suggested a different view about hosting mega events. The strategy believed the Government should view such events as an occasion for celebration of success rather than a means of achieving other government objectives. In addition it stated that the benefits of hosting mega sporting events, whether economic, social or cultural are difficult to measure and the available evidence is limited.7

Another perspective was reflected in a paper “After the Gold Rush”8 for the Institute for Public Policy Research which concluded that staging the London 2012 Olympic by itself will not achieve Government’s objectives for increased participation rates in sport. Governing bodies and clubs should therefore work together and sporting role models need to be embedded in systematic and local programmes.

6. LOCAL AUTHORITY LEISURE CENTRES—COST OF UP GRADING

In 1975 many local authorities began to fund the construction of local authority sports centres that were considered important venues for driving up sports participation in the 1980s. Thirty years later in 2006 many of these facilities need refurbishment.

A research study “The Ticking Time Bomb” for Sport Scotland9 in 2000 highlighted the problem for swimming pools. The report said that the “key point from the study is, quite simply, that if Scotland wishes to retain its present level of public pool provision over the next twenty years there will be a need for massive re-investment in existing pools. This may be a grand total of somewhere around £540 million over 22 years”.10

The Department of Health in a Press Notice to get more people active endorsed London’s successful bid for the 2012 Olympics. It stated that the event will also be used to interest people in sport and promote physical activity across the country but recognised that limited access to leisure facilities and open public spaces can cause health inequalities.10

The Carter Report to the Chancellor of the Exchequer and the DCMS stated that there were 1,642 facilities in England that were in need of chronic investment. With a current average age of 25 years, the report said that the age of many is greater than their planned economic life span of 21 years.11

This view was reinforced in 2006 by the Audit Commission (England) which stated in its study that the London 2012 Olympics had further highlighted the public’s expectations for sports provision. The general stock of sports centres has deteriorated in quality and public expenditure has not kept pace with the deteriorating condition of facilities requiring some £550 million of investment to keep the stock in working order.12

7 Game Plan 2002.
9 http://www.sportscotland.org.uk/
10 Department of Health Press Notice “Helping people to be more physically active” 21 November 2005.
12 Audit Commission—Public sports and recreation services—Making them fit for the future—June 2006 and Parliamentary Answer HC 20 July 2006 Column 582W.
Despite the investment by the private sector in such facilities the participation in sports and leisure activities in Britain has declined over the last 15 years. Differences in participation rates between socio-economic groups are significant with those in the highest social groups participating twice as much as those in the lowest.

In July 2006 the London Assembly launched its report “Offside—The Loss of London’s playing fields”\(^\text{13}\) that highlighted some of the discrepancies in the planning system to save playing fields. The review also highlighted the significance of playing fields in London that will host the 2012 London Olympics. Sir Trevor Brooking at the launch of this report highlighted that 16% of the English population live in London but with only 3% of the country’s football facilities and pitches. The dearth of facilities is also seen in the following statistic: the national average age of players playing football from six to 44 years of age is 5.2% but in London this figure is down to 3.8%. This lower figure could be attributed to the lack of playing opportunities in London and the need to build and invest in the current facilities as well as protect playing fields.

In a Parliamentary reply it was recorded that the data on school playing fields was not good enough to accurately assess the proportion of schools that have playing fields where students can practice sports and participate in physical education.\(^\text{14}\)

7. **Voluntary Sports Clubs**

Voluntary sports clubs and sports grounds, including those that involve Olympic sporting disciplines, are also in need of refurbishment. The Football Association has indicated that it will cost £2 billion to bring the local authority facilities up to a reasonable standard.\(^\text{15}\) The Government’s Community Club Development Programme (CCDP) to fund improvements to governing body sports clubs is a welcome step in the right direction but requires increased support. A recent unpublished research estimate by the England and Wales Cricket Board has shown that £835,000 had been paid in VAT from its £9.4 million CCDP programme and the Rugby Football Union has indicated that in phase 1 of its programme that £1,344,499 was paid in VAT.\(^\text{16}\) The VAT payment for the CCDP represents a further tax to the existing 12 pence in the pound deducted on ticket sales from the National Lottery. The total Lottery duty to the Treasury in 2005-06 was calculated at £549,513,000.\(^\text{17}\)

The Lawn Tennis Association in previous evidence to the CMS Committee said that it would cost £1.2 billion to provide a similar number of indoor courts as in France.\(^\text{18}\) If Britain is to drive up sports participation rates in tennis, and other Olympic sports, as we progress towards the London 2012 Games then voluntary clubs will be expected to shoulder some of the responsibility.

The decision taken by the Government to fund through the Millennium Commission the UK School Games to inspire more junior sporting activities for London 2012 is welcomed. The involvement of the sports governing bodies with the British Olympic Association should be part of that delivery process.

8. **Conclusion**

The welcome but restricted resources from the National Lottery and the Treasury to fund the 2012 London Olympic Games is matched with aspirations to increase sports participation. This aspiration must be supported with greater targeted investment from Government to community sports clubs. Key to this funding dilemma will also be the need to ensure that Lottery funding for community sports development programmes is not diverted to fund the London 2012 Olympic Games.

9. **Recommendations**

- The 2012 Olympic Games should not divert funding from grass roots sport.
- Clarification is sought for the true cost of staging the London 2012 Olympics Games.
- Increased funds are required to refurbish sports clubs and community facilities.
- Such funds are in line with Government’s expectation to increase participation in the build up to the London 2012 Olympic Games.
- VAT charges on the Lottery funded Community Club Development Programme (CCDP) programme should be exempt.
- National sports governing bodies who stage international events in the UK should attract a similar tax status as announced for the London 2012 Games. Any tax savings to be invested in community sport.

16 September 2006

\(^\text{13}\) http://www.london.gov.uk/assembly/reports/environment/playing-fields.pdf
\(^\text{14}\) H of C 24 July 2006 Col 848 W.
\(^\text{15}\) Register of English Football Facilities 2002.
\(^\text{16}\) England and Wales Cricket Board and the Rugby Football Union August 2006.
\(^\text{17}\) HM Revenue and Customs Betting and Gaming Factsheet Bulletin 1 June 2006.
\(^\text{18}\) CMS Evidence Community Sport Ev 77—May 2005.
Memorandum submitted by the London Borough of Newham

The London Borough of Newham fully supports the submission to the Select Committee on behalf of the five host boroughs. We would like to add a number of points relating to issues specific to this borough.

Our current concerns relate to:

1. The Olympic Stadium Legacy;
2. Aquatic Legacy;
3. The relocation of the Bus Depots to West Ham; and
4. Cultural legacy.

BACKGROUND

The London Borough of Newham, alongside our partners in the Local Strategic Partnership, remains a passionate advocate of the 2012 Games. We have used the Olympic and Paralympic ideals and image to engage with our diverse community in new ways and with unprecedented levels of success. For example, our February 2006 consultation event, the Big Sunday, was attended by more than 32,000 residents, who came not just to find out about the Games but also to see how they could get involved.

Though our programmes have been designed to build public support for the Games, they play an important role in delivering the legacy benefits too. They have been tailored to bring forward many of the community benefits promised in London’s Candidate File, which said: “The key outcome for local people will be significant improvements in health and well-being, education, skills and training, job opportunities, housing, social integration and the environment”. It is our view that this is a promise that will not be delivered without the intervention of a multitude of agencies, including the local authorities, and crucially that these legacy benefits can be set in train now if all our programmes can be aligned at an early stage with those of the Olympic Delivery Authority and the London Organising Committee for the Olympic and Paralympic Games.

Evidence that this can be done is provided by the work that we have done locally in promoting sport. We have invested heavily in expanding sporting opportunities and ensuring, through the development of clubs, coaching staff and facilities that this can be sustained. By making the links with the Games and with careful targeting and attention to participation factors (pricing in particular) we have massively increased involvement in sport. For example, this summer, Newham young people took up over 50,000 places in our Summer of Sport programme. This is work for which the Council has achieved Beacon Status. More importantly, in addition to the more obvious sporting and health outcomes that we believe this programme delivers, there is evidence that our investment has helped to deliver significant additional benefits. For example, the number of young people reporting to Stratford Magistrates Court was down 25% last year, compared with a 1% drop across London.

We have no doubt, therefore, of the power of the Olympic and Paralympic Games to deliver significant legacy benefits, in a range of areas and we look forward to aligning our programmes to those to be developed by LOCOG/ODA.

Our concern is to ensure that this “soft” legacy (ie in sport, health, social cohesion etc) is augmented by an approach to the “harder” infrastructure that will help to sustain these benefits.

1. Olympic Stadium Legacy

Newham is committed to the delivery of a sustainable stadium in the legacy. Newham sits on the recently established stakeholder group and is now playing a full part in the work being undertaken on a feasible legacy use of the stadium. Our view on the Olympic Stadium legacy is that:

— The best way to achieve a sustainable stadium would be the regular use by a major football club as anchor tenant. Newham believe this could be a significant missed opportunity and should be investigated fully. We do not believe that use for football would necessarily conflict with other facility uses included in the 2012 Bid such as the London Olympic Institute, World Athletics Championships and so on. Stadia incorporating running tracks were used successfully throughout the recent World Cup.

— A key benefit of the relocation of West Ham United FC, in particular, would be the release of the current ground, located on Green Street. Such a relocation would drive the revitalisation of the area, while creating a higher quality, less traffic congested experience for those attending West Ham matches.

— The stadium must be sustainable and capable of holding future International events. We are concerned about the impact that reducing the number of seats, from 80,000 to 25,000, will create for future event bidding and staging. We recognise that a 45,000 seat stadium would cost more to maintain, but believe this adds to the need for an anchor tenant to take on these costs.
— If the stadium event capacity was retained at 45,000, with an anchor tenant, it would negate inevitable debate over Government meeting the costs for re-introducing new temporary seats to bring the stadium to 45,000 seat capacity if the UK was to win future major World, Commonwealth or European Athletics Championships. The alternative—financial commitment to revert the stadium to this scale for events from 25,000 capacity to 45,000 from Government as part of an events strategy—appears more risk laden and open to policy change.

— A 20 year events programme and major events bidding strategy must be secured by the relevant parties to provide planning of major events for the legacy stadium. This should be a key driver in determining the legacy capacity.

— There are opportunities to consider arts and culture uses, as well as use as a concert venue. Any commercial operation of the stadium as a music venue in the evenings should be balanced with community and borough uses, including hosting large-scale community based cultural events.

— Use of facility needs to be realistic, and we are concerned that ideas suggested to date for a “living stadium” need to be rigorously tested.

The current ODA commissioned feasibility study on stadium legacy is considered to be key to a successful conclusion on legacy use. We are working with partners to ensure this study assesses all options for a sustainable stadium. The study must be driven by the long term legacy and not by the Games.

We must develop a stadium, with realistic, relevant and sustained use, both from the local and regional communities on a day-to-day basis, as well as a major events location. Not achieving this will leave all concerned open to future criticism and continual review of viability and use.

2. Aquatics Centre Legacy

The aquatics centre has been developed from the original scheme presented at the time of the London 2012 bid. The majority of changes are sensible and make economic sense, while not fundamentally altering the functionality of the facility. The Games mode facility content is broadly as presented at the bid stage, and Newham have no significant issues with this design.

However, the legacy “base” scheme reported to the Boroughs in August 2006 did not include some elements of community legacy, most importantly leisure water. It is understood by Newham that the ODA are open to inclusion of leisure water, but that it is not currently included due to capital cost and site constraints.

Newham, supported by the other Boroughs, has consistently stated that we believe that the facility must include some leisure water in legacy mode.

The case for leisure water has been set by the Borough:

— A mixed leisure/traditional pool space is more consistent with Government policy shifts towards a focus on activity, rather than a narrower definition of organised sport. A mixed venue would engage recreational swimmers as well as “lane” or club swimming.

— Recent “Kids Swim Free” experience showed that the leisure pools were by far the most used. For example East Ham Leisure Centre—which include some leisure water features—attracted 65% of all free swims in Newham.

— The demographic make up of the local area. The area has a very young population. In Newham, 42% of the population is under the age of 25.

— Comparative water space in prominent 50m pool complexes shows a significant inclusion of leisure water, with Beijing including c 2,000 square metres of leisure water, Ponds Forge in Sheffield including 700 square metres and Manchester Aquatics Centre including 250 square metres.

— Stakeholder and Operator Views reflect the Newham view, with the former North East London Strategic Health Authority, University of East London and the current local operator (Greenwich Leisure Limited) in the 5 Boroughs indicating that inclusion of leisure water could improve local strategic relevance, use, finance and operational flexibility.

Newham are now working with the ODA to re-assess the options for leisure water, and are pleased that this work has been agreed and is progressing in a positive manner.

Newham recognise that the Olympic Board will need to make decisions regarding budget allocations. While the facility must clearly be fit for purpose for the 2012 Games, the priority must be to achieve a facility that meets the long-term need of the community. Newham consider it imperative that a budget for conversion of space to leisure water is included in the design and budget agreed by the Olympic Board.
3. **Bus depot relocation**

In January of this year, Newham was advised that of the three bus garages on Waterden Road Hackney, two were to relocate to the Parcel Force site at West Ham as the existing sites are required to lay out the Olympic Park.

The Parcel Force site is a key regeneration site with high public transport accessibility being located adjacent to West Ham Station. It is earmarked for substantial residential development (up to 3,000 units) and is key to securing the transformation of the Lea Valley as set out in the London Plan and the Council’s UDP.

Accepting the depots have to be relocated so the Olympic development can progress from next summer, Newham is concerned that placing the facilities on the West Ham site would be a poor use of this strategically important redevelopment opportunity and unacceptably constrain the development of the remainder of the site. About a 1/3 of the site would be needed for buses. It is understood that this view is shared with the LTGUDC at Board level.

Newham has therefore sought to identify an alternative site to meet operational needs without compromising regeneration opportunities. The Council has had only limited support/engagement from the other stakeholders (ODA, LDA, GLA and TfL) in this search.

**Alternative option**

Having considered and dismissed a number of possibilities, Newham believes a site at Beckton (PEZ 1, see plan) best fits the bill. TfL and the Olympic partners do not agree and they are refusing to resource a feasibility study of a proposal for Beckton. Newham considers an objective comparative appraisal considering the full costs and programme delivery implications is required for both options, to provide a transparent basis for the decision.

**Comparison**

The reasons why Newham believes Beckton rather that West Ham should be the relocation site are as follows:

- **The West Ham Parcel Force site is a valuable residential led mixed-use development opportunity.** Provision of a depot (garage and staff facilities plus overnight parking for 350 buses) would restrict adjacent land use. It would reduce the residential development capacity of the rest of the site (potentially a loss of up to 1,000 units) and reduce development value.

- With round the clock operation, a bus depot would be an un-neighbourly use for a neighbouring future residential development. Development of the rest of the site would limit the scope for future bus depot growth. Access to the local road network from the Parcel Force site is poor. Bridge height restrictions limit routing options for double-deckers in the immediate vicinity of the site.

- Major demolition work is needed to clear the existing buildings prior to site occupation.

- There appears to be no commitment from LDA to carry out a masterplanning exercise to inform a decision about where to locate a bus depot on the site so as not to constrain later mixed use development. Its location could also affect the design and implementation of other planned and committed infrastructure works on the land (undergrounding powerlines, Lower Lea Spine Rd, Stephenson Street access improvement, West Ham second station entrance) possibly making these more costly.

- The Beckton site on the other hand has been an unused brownfield site for many years. Surrounded by industrial uses and major roads it has limited redevelopment potential beyond industrial and possibly some leisure use.

- Bus use of the site would not pose problems for neighbouring uses.

- The Beckton site is adjacent to the A406/A13 junction with potential for fast and easy access in all directions. New road connections to the local road network would however be required.

- Unlike Parcel Force, there would be scope for future expansion and growth of a depot located on this site. Located on the route of East London Transit, Beckton would be well placed to meet growing demands for services in Thames Gateway and across the future Thames Gateway Bridge for routes south of the river.

- Beckton is in public ownership (LBN, LB Bromley on behalf of the London Boroughs) but unlike the Parcelforce site (owned by the LDA) it would need to be acquired for development.

- TfL have raised two substantial objections to use of the Beckton site. They are concerned that the land is contaminated with a history of methane generation and they also argue that mileage covered by buses running empty to and from the start or end of their existing routes would be significantly greater than that at Parcel Force with increased cost to the service.
Newham commissioned environmental consultants to consider extensive available documentary evidence on the Beckton site. They have advised a bus depot would be an appropriate end use for the site and that commonly adopted engineering solutions would deal with ground contamination, gassing and geotechnical issues without significant abnormal costs or impact on the development programme.

Transport consultants have reviewed the dead mileage issue too. Their conclusion is West Ham does have a small advantage for the present day bus network, but this advantage is eroded when future bus routes in Thames Gateway are considered and assuming operators carry out a review of routes and garages under their control and prior to relocating buses to the best garage base for each route.

Conclusion

Newham considers the case for West Ham reflects TfL operational requirements and the fact that Parcel Force is already in LDA ownership rather than a proper consideration of regeneration, operational and cost issues.

The Borough accepts neither Parcel Force nor Beckton as a straightforward development option but believes that Beckton is the better solution.

Given the lack of hard information about the programme and the cost implications (including development value foregone) of delivering a bus depot on either site, Newham has commissioned consultants to carry out a comparative study, taking regeneration and operational factors into account.

4. Cultural legacy

We are concerned that the opportunities for a wider cultural legacy for the park are currently being overlooked in the Legacy planning processes, and there is limited representation from cultural and creative interests on relevant legacy planning groups. It is important that we ensure the Olympic Park will provide a unique cultural destination beyond 2012, attracting a wide range of users and visitors, and contributing to the wider regeneration of East London.

The objective to “stage inspiring ceremonies and cultural events” during the Cultural Olympiad is a welcome one, which we hope local communities and arts organisations will have the opportunity to get fully involved with. The London Borough of Newham has worked with the other host Olympic boroughs to develop an Olympic cultural framework to achieve this aim, and has already piloted a programme of arts activities across the five boroughs under the banner of Fusion, with support from the Urban Cultural Programme.

We would like to ensure that 2012 planning does not lose sight of the ambition encapsulated in the bid to develop links between the arts and sport, increase cultural opportunities before, during and after the Games, leaving a strong cultural legacy for the Olympic Park, London and the country as a whole. Current legacy plans contain few references to important outcomes such as increased participation in culture, improved cultural facilities for local communities, or a raised profile for London’s cultural tourism offer or creative industries.

References to a public art legacy within the park are welcome, but there should also be consideration of a wider cultural facilities legacy for the Park, including cultural events and attractions to animate the park, attract visitors and increase access year-round cultural opportunities for local communities.

Cultural planning for the Olympics at a London level currently only identifies a narrow spread of stakeholders, largely excluding representation from local authorities and key local and regional cultural partners. The involvement of those agencies involved in long-term and grassroots development of the cultural sector is important if the Olympics delivery plan is to succeed in contributing to the sustainable growth of London’s cultural sector. Clearer mechanisms for the involvement of local authorities, sub-regional arts and cultural fora, and regional funding partners such as Arts Council London and MLA London would be welcome. We would particularly hope to see clear working relationships quickly established with the boroughs, linked to the existing sub-regional arts and cultural forums, and existing strategies such as the five borough cultural framework. We are sure this will impact on a sustainable legacy for the Olympic park, the development of a wider cultural and visitor offer, and will help maximise the long term economic benefits of incorporating creative industry uses and cultural facilities for local communities.

This is symptomatic of a wider concern that design for the Games phase is being progressed without sufficient regard for the implications for legacy uses and that without stakeholder and end user involvement from the earliest stages, the facilities as built may either preclude or make prohibitively expensive desirable and sensible legacy uses. Newham urges the Committee to make clear that this engagement is an essential prerequisite for sustainable Legacy arising from the remaining physical construction of the Games.

5 October 2006
Memorandum submitted by the Lottery Forum

1. The Lottery Forum comprises the Chief Executives of the Lottery Distributors that operate across England only, or across the whole of the United Kingdom. The Forum comprises Arts Council England, Big Lottery Fund, Heritage Lottery Fund, Millennium Commission, Sport England, UK Film Council, UK Sport and the National Endowment for Science, Technology and the Arts. The Olympic Lottery Distributor may also join the Forum.

2. The Chief Executives began meeting informally as the “Atrium Group” in 1995 to discuss issues of common interest. In July 2003 the Government asked the Atrium Group to take on a more formal role. The Forum now operates to promote joint working and co-operation across the member Lottery Distributors. There are sub-forums in the regions and separate Forums in Scotland, Wales and Northern Ireland.

3. This submission complements the submissions that relevant Lottery Distributors will be making separately, and which will set out in more detail information about specific activity they may engage in that is relevant to the Olympics, and any issues particular to them.

INTRODUCTION

4. The Lottery Distributing Bodies represented on the Forum welcome the award of the 2012 Olympic and Paralympic Games to London. Hosting the Games offers unparalleled opportunities to establish a lasting sporting, economic heritage and cultural legacy that can benefit all areas of the UK. The Games have the potential to bring benefits to many communities and can have a positive and fundamental impact on many of the social, economic and environmental challenges we face.

5. These opportunities resonate closely with the work that the Lottery Distributors on the Forum have been driving forward since the introduction of the Lottery, and the first awards made by distributors for the Good Causes in 1994. The Lottery has raised over £19 billion for distribution to Good Causes, and across the whole of the UK all the Lottery Distributors have made over 240,000 awards. Every constituency across the United Kingdom has benefited from at least ninety Lottery funded projects.

6. Individually and collectively, the projects supported by Lottery funding have changed the fabric of our society for the better. From a £5,000 award to the 13th Bromley Boys’ Brigade to buy new instruments for its award-winning marching band, The Pacemakers Drum and Bugle Corps; through to iconic projects like the Eden project in Cornwall, the Angel of the North in Tyneside, and Battersea Park in London, the Lottery has funded people, landscapes and buildings that have transformed our communities and the lives of millions of our citizens. And Lottery support made a crucial contribution to the hugely successful delivery of the sporting and community aspects of the 2002 Commonwealth Games in Manchester, and its ongoing legacy—an achievement which provided vital confidence and evidence for the bid for the 2012 Olympics and Paralympics.

7. In June this year, following a substantial public consultation exercise, the Secretary of State for Culture, Media and Sport announced that the Good Causes and the Lottery Distribution Bodies would remain unchanged for the next period of the Lottery, for the 10 years from 2009. This decision means that the Lottery Distributors on the Forum can begin to plan with confidence for the future, developing and implementing funding programmes that can build on the successes to date whilst adapting to and anticipating the changing needs and aspirations of our communities at national, regional and local levels.

LOTTERY ENGAGEMENT WITH THE LONDON 2012 OLYMPIC AND PARALYMPIC GAMES

8. The London 2012 Olympics and Paralympics presents one of the most significant factors the Forum Distributors need to address in looking to the next 10 years of their funding activity. The Forum Distributors are committed to working as closely as they can with the partners and stakeholders who will be driving the delivery of the 2012 Games to identify opportunities for complementary or collaborative working to maximise the potential benefits that the staging of a successful games can deliver.

9. The Sports Distributors will be making a significant contribution to the Olympics and Paralympics and their support amounts to £340 million of the £1.500 million Lottery contribution to the Public Sector Funding Package. This includes Sport England’s support for the velodrome and the aquatics centre, which will be key facilities during the competition and which will provide state of the art facilities for both elite and community use after the competition has finished. In addition UK Sport has established a comprehensive programme of support for the elite athletes who will represent Great Britain at the Games and hopefully win the medals that will excite and inspire the nation.

10. The Forum Distributors will be looking to see how they can develop synergies between the objectives they are required to achieve through Lottery funding and the sporting and wider heritage and cultural objectives that the London 2012 Games will be delivering, in the lead up to, during and after the period of the competition itself in July and August. Community groups and other larger stakeholders are already beginning to explore lottery funding opportunities specifically aimed at celebrating the Olympics. The Lottery Distributors are confident that their existing grant programmes and future ones leading up to the Games should be able to invest a significant amount of funding to promote community involvement.
11. As part of her announcement of the decision to maintain the existing Good Causes and Distributors for the 10 years from 2009, the Secretary of State for Culture, Media and Sport also outlined her priorities for Lottery Funding for that period. The priorities as announced were:
   — increasing participation in sport and culture for those who don’t currently benefit;
   — inspiring young people;
   — involving local communities;
   — supporting volunteers; and
   — encouraging new talent, creativity and developing new skills.

12. Following consultation with the Lottery Distributors, these will be formalised into revised Policy Directions for each of the Distributors, setting out the priorities they will be required to take into account when developing their funding programmes and making awards to projects. In addition to reflecting these priorities, in developing and implementing their funding programmes the Distributors will continue to seek to achieve an appropriate geographical spread across the regions of England and, as relevant, nations of the UK; to address the needs of hard to reach groups and communities, and those affected by socio-economic deprivation; and to further the aims of sustainable development.

13. Taken together, this statutory and policy framework sets the context within which the Distributors must operate. We believe that it provides a constructive basis for engagement with the partners involved in the delivery of the London 2012 Olympics and Paralympics, including the wider Olympic cultural programme, to identify opportunities to align future Lottery funding with London 2012 funding and activity to achieve shared or complementary objectives across the whole of the UK.

14. The Forum is keen to work closely with the London 2012 Organising Committee (LOCOG) as it now begins to develop its detailed Cultural Programme, building on Chapter 17 of the Candidate File. As it further develops its proposals and objectives, we hope to be able to build on initial discussions with LOCOG that began to identify a framework of themes and outcomes that might be common across the Forum Distributors and LOCOG. Representatives of Forum Distributors are on a number of the key working groups, particularly the Nations and Regions Group and its national and regional working groups, which have key roles in ensuring that the benefits of the Olympics are maximised across the whole of the UK and that communities are inspired and enabled to become involved in the Games.

**Charitable Trust**

15. In addition to looking to identify ways in which the Distributors can develop programmes that both support and exploit the opportunities that the Olympics will offer, three Lottery Funders that are members of the Forum (the Millennium Commission, Arts Council England and the Big Lottery Fund) will be providing grant to endow a charitable Trust to support a range of cultural and sporting initiatives associated with the London 2012 Olympic Games and Paralympic Games. The Millennium Commission has allocated £24 million for this purpose, whilst the Arts Council England and the Big Lottery Fund have each set aside £5 million. The Trust will also receive a further £6 million in Exchequer funds from DCMS, which will be ring fenced for the UK School Games.

16. The thinking behind the Trust is to create a fund which can help support cultural and sporting activities associated with the Olympics and which take place in the run up to 2012 right across the UK. The Trust will:
   — promote the Olympic and Paralympic ideals celebrating mind, body and spirit;
   — foster innovation and creativity;
   — strengthen the creative and technical skills base across the UK;
   — encourage a joined-up approach across sport, physical activity, culture and education;
   — offer young people and diverse communities the opportunity to fully participate in the build up and delivery of the Games in 2012; and
   — leave a lasting positive legacy of the Games for future generations.

17. This initiative reflects the aspiration that the Olympic Games and Paralympic Games should be a celebration of both sporting and cultural excellence. Until 1954 the Olympic Games included competitions for culture, eg literature, music and art. Nowadays, this aspiration is achieved by programmes of cultural events. Looking forward, the Distributors hope that in 2012 the UK will welcome the world to London to an excellent Games but it should also be an opportunity to showcase our world-class cultural assets and that richness of creative skills and cultural diversity that played a part in London winning the bid. It is hoped that the Trust will give communities all across the UK a chance to take part in cultural and sporting activities in the build up to 2012.
18. The funders have now selected a preferred candidate consortium. The charitable trust will be administered by a Corporate Trustee—probably a company limited by guarantee, which will be established this autumn. Once the Corporate Trustee has been established, a Trust Deed will be agreed which will set out the terms under which the charitable Trust will operate. The Trustee will develop a detailed application for grant.

19. One of the activities that it is envisaged that the Trust will support is the UK School Games from 2007–11. The first UK School Games was held in Glasgow in September 2006 with support from the Millennium Commission and the 2007 event will take place in Coventry.

20. It is anticipated that the Trust could be endowed by the year-end, and commence operations in the spring. Whilst the Trust will be able to fund activities that are not associated with the 2012 Olympics, it is hoped that its main area of activity will be associated with the Games. Accordingly the Trust will work closely with the London Organising Committee of the Olympic Games and Paralympic Games.

FUNDING THE LONDON 2012 OLYMPICS AND PARALYMPICS—IMPLICATIONS FOR THE LOTTERY

21. Forum Distributors look forward to contributing to the delivery of an outstanding Olympics and Paralympics, delivering a sustainable legacy across the whole of the UK, providing extensive heritage, cultural and sporting benefits long after the competition has finished. The Forum acknowledges the major benefits that staging the Games can deliver and that it is appropriate for Lottery funding to make a significant contribution to the costs of delivering a successful Games. Government has set out its funding arrangements for the Games. Currently, these provide for a Lottery contribution of up to £1.5 billion, comprising three main elements:

- £750 million from Lottery Games dedicated to the Olympic and Paralympic Games;
- £340 million from the Sports Distributors; and
- £410 million from the National Lottery Distribution Fund.

22. This represents a huge investment from Lottery proceeds over the next years. The ability of the Distributors successfully to plan and to deliver a full, balanced portfolio of funding investment over the coming years, covering all their areas of work, not just those that may have an Olympic relationship is dependent on their knowing, as far as possible, what their income will be. The Horserace Betting and Olympic Lottery Act 2004 makes provision for the Secretary of State for Culture Media and Sport to make Orders paying monies from the NLDF into the Olympic Lottery Distribution Fund (OLDF). The Government has confirmed that £410 million will be required from National Lottery Distribution Fund (NLDF), which is the source of Lottery income for the Forum members. This will reduce the sums available to NLDF distributors. Distributors will need to know soon how this will be done to enable them to plan their future funding programmes and to promote those programmes effectively with stakeholders and potential applicants. We look forward to working closely on this with the Department for Culture, Media and Sport.

23. The first Lottery games dedicated to the Olympic and Paralympic Games were launched in July 2006. Initial results from Camelot indicate that these games have been successful. This is encouraging. It is, however, very early in the process. There are two significant risk factors, directly related to the Lottery contribution to the staging of the London 2012 Olympics and Paralympics, which could impact upon the income levels that may be available to NLDF Distributors for them to carry out the full range of their work.

24. Firstly, the relationship between Lottery games raising money specifically to support staging the Olympics and Paralympics, and mainstream Lottery games, raising money for NLDF Distributors. Clearly, some of the money that will be spent on tickets for the hypothecated Lottery games will be money that otherwise could have been spent on the mainstream games. In its response in June 2003 to this Committee’s report on “A London Olympic Bid for 2012”, the Government stated that it calculated that around 50% of the £750 million raised by the Olympic games would be accounted for by diversions from mainstream games—representing some £55 million per year out of expected incomes of more than £1 billion per year. This clearly has an impact on income levels for the NLDF Distributors. Should the diversion rate be higher than the 50% assumed in current projections, this impact will be heightened and affect adversely the extent and range of funding programmes the Distributors will be able to deliver, including those aligned to the wider Olympic legacy initiatives. However if the Lottery becomes more successful and the total income grows, then the income of NLDF Distributors will be to some extent at least protected. We hope that the appeal of the Olympics can help the Lottery grow.

25. The second risk factor is the cost of staging the games. The current costing plans for the Games assume a Public Sector Fundraising Package (PSFP) of £2.375 billion. This comprises three elements:

- National Lottery £1.5 billion
- London Council Tax £0.625 billion
- London Development Agency £0.250 billion.
26. The Memorandum of Understanding between the Government and the Mayor of London sets out the arrangements that would apply should the shortfall between the total costs and the revenues exceed £2.375 billion. The Memorandum provides for further public subsidy to be met through a sharing arrangement with the Mayor of London and the National Lottery. Any requirement for additional Lottery funding would reduce the NLDF Distributors’ ability to deliver a full and balanced portfolio of activity.

27. It is entirely appropriate for Lottery funding to be used to support the cost of staging the Olympic Games and Paralympic Games. We appreciate also that, in a project of this immense scale and scope, the original cost plans are likely to be subject to revision as different stages of the work progress and issues emerge. It is the case, nonetheless, that the Lottery Distributors all have remits and objectives that extend significantly beyond the staging of the Olympics. The delivery of these remits and objectives, through the programmes and projects we fund, has a huge impact on the quality of life of communities and citizens throughout the UK. The overwhelming majority of the projects we have supported—large and small—would have had little or no prospect of success without Lottery Funding. Over 240,000 projects have been funded to date with £19 billion of Lottery money—and many thousands of worthwhile projects cannot be supported each year because of over-demand against the funding available.

28. The Forum knows that the bodies responsible for delivering the Games will do everything in their power to avoid any demands on Lottery funds, beyond those set out in the current funding arrangements for the Games. We look forward to working closely with DCMS to ensure that we are kept fully up to date, and can be involved in deliberations, about developments that have potential implications for the availability of Lottery funding. It is important that the ability of Lottery Distributors to continue to support, at an appropriate level, the full range of activities that make such a vital contribution to the well-being of our communities is maintained.

CONCLUSION

29. The England and UK-wide Lottery Forum believes that hosting the 2012 Olympic and Paralympic Games provides a unique opportunity to effect a radical transformation in the sporting landscape of the UK, and to generate significant improvements to the social and economic well-being of society. The Distributors on the Forum look forward to helping to shape and support the delivery of the Games and the wider sporting, heritage and cultural legacy, working collaboratively with stakeholders and partners to achieve common and shared objectives that meet the aspirations of our communities. There have always been competing demands on lottery funds as between good causes and in this respect the Olympics does not represent anything new. However it is important that an appropriate balance is struck between the Olympic Games and other good causes.

6 October 2006

Memorandum submitted by the Millennium Commission

1. The Millennium Commission assisted communities in marking the close of the second millennium and celebrating the start of the third. The Commission used money raised by the National Lottery to encourage projects throughout the nation which enjoyed public support and would be lasting monuments to the achievements and aspirations of the people of the United Kingdom.

2. The Commission expects to be dissolved before the end of 2006. It has decided that its last funding initiative should be related to the London 2012 Olympic Games and Paralympic Games.

3. There are existing Lottery programmes to support the creation of the capital infrastructure necessary to host the Olympic Games. There will also be Lottery support for supporting British athletes who aspire to participate in the Games. Mindful of the fact that the Olympics is both a sporting and cultural festival, the Commission decided that it could play useful role in supporting a range of cultural and sporting activities across the UK leading up to the London 2012 Olympic Games and Paralympic Games. The Commission was also mindful of the need to support projects across the UK which could be associated with the Olympics. We held early discussions with the London Organising Committee for the Olympic Games on the desirability of such a programme.

4. Therefore in February 2006, the Commission decided to invite applications from organisations or individuals willing to establish a new charitable Trust with the objective of supporting a range of sporting and cultural initiatives associated with the London 2012 Olympic Games and Paralympic Games. It was agreed that this scheme would be funded jointly with the Big Lottery Fund and Arts Council England. The Commission set a budget of £24 million from its residual balances. Both the Big Lottery Fund and Arts Council England have provisionally allocated a grant of £5 million. In March 2006, following an announcement by the Chancellor in the Budget, the Department of Culture, Media and Sport (DCMS) agreed to put funding of £6 million into the Trust. This contribution will be ring-fenced for the UK School Games. This brings the total grant available for the new Trust to £40 million.

5. Those willing to establish such a Trust were asked to bring innovative and imaginative proposals that:

— cover the whole of the United Kingdom;
will deliver a high profile, coherent programme of cultural and sporting activities at a local, regional and national level in the run up to the London Olympic Games and Paralympic Games in 2012 which:

— promote the Olympic ideals celebrating mind, body and spirit;
— foster innovation and creativity;
— strengthen the creative and technical skills base across the UK;
— encourage a joined-up approach across sport, physical activity, culture and education;
— offer young people and diverse communities the opportunity to fully participate in the build up and delivery of the Games in 2012; and
— leave a lasting positive legacy of the Games for future generations.

— minimise administration costs by inviting applications for grant rather than funding projects directly;
— have public support and are demand-led;
— are accessible to all;
— maximise the number of beneficiaries with the resources available by keeping overheads to a minimum;
— are open and transparent in its dealings with applicants and grant recipients;
— provide active support for applicants and grant recipients; and
— do not replace public expenditure.

6. Eleven proposals were received from organisations and individuals working in sport, culture and the arts. The majority were consortia bids. The funders have selected a preferred candidate to develop a detailed application for the £40 million grant. An announcement about the preferred candidate is planned for mid-October.

7. Before an offer of grant is made, the preferred candidate will need to demonstrate in their detailed application:

— the legal capacity to administer the Trust;
— the ability to attract or contribute funding to the endowment or the proposed funding programme, particularly from the private sector;
— capacity in grant making;
— capacity in investment management;
— credibility within the sectors the Trust will serve;
— robust finance and administrative systems or evidence that such systems can be developed and introduced; and
— the ability to work closely with the London Organising Committee of the Olympic Games and its sponsors.

8. It is anticipated that the Trust could be endowed by the end of 2006 and commence operations in spring 2007. A Trust Deed will set out the terms under which the Trust will operate. The Trust will be able to fund activities unconnected to the Olympics but its main area of activity will be associated with the Games and it is anticipated that the Trust will work closely with the London Organising Committee of the Olympic Games (LOCOG).

9. The Commission believes that the creation of a new charitable Trust offers the greatest potential for the funding to be used in imaginative and innovative ways and, therefore, of making a real difference to communities throughout the UK.

UK SCHOOL GAMES

10. One of the activities it is envisaged that the Trust will support is a series of UK School Games between 2007 and 2011. The UK School Games is a multi sport event for the most talented young people in the country of school age in an environment designed to replicate the feel of major events such as the Olympic and Paralympic Games. Competitors experience Opening and Closing ceremonies, medals and accommodation in a School Games village. The Games will cost at least £2 million per year. It is planned that part of this will be met by the Trust, part sponsorship and partly funded by the host city.

11. The Millennium Commission funded the first UK School Games held in Glasgow in September 2006. Organised by the Youth Sport Trust, the Games featured over 1,000 athletes taking part in athletics, swimming, gymnastics, table tennis and fencing, plus disability events in athletics and swimming. It is hoped that the number of athletes and sports will grow each year.
12. The Commission has also awarded a further £1 million Lottery grant to the Youth Sport Trust to develop the UK School Games from 2007 to 2011. The 2007 UK School Games will be held in Coventry. Cities across the UK have been invited to bid to host the UK School Games from 2008 to 2011 by 16 October 2006.

5 October 2006

Memorandum submitted by the Museums, Libraries and Archives Council

1. ABOUT THE MLA PARTNERSHIP

1.1 We are grateful for this opportunity to respond to the Committee’s inquiry. This response sets out the value museums, libraries and archives can bring to the Games and how such a contribution will provide a legacy for people across the UK and for the cultural sector as a whole. Our comments on funding relate in particular to the museums, libraries and archives sector.

1.2 The Museums, Libraries and Archives Council (MLA) and the nine regional agencies work in partnership to provide strategic direction and leadership for museums, libraries and archives across England. Together we work to improve people’s lives by building knowledge, supporting learning, inspiring creativity and celebrating identity. See appendix 1 for details of the work of the MLA and the MLA Partnership.

1.3 The Partnership acts collectively for the benefit of the sector and the public, leading the transformation of museums, libraries and archives for the future.

1.4 Our geographical remit covers England only but we work with our UK peers and partners and at an international level to best represent the sector.

1.5 In May 2006 MLA, Arts Council England, The National Museum Directors’ Conference, The Association of Independent Museums, The Group for Large Local Authority Museums, The Museums Association and The University Museums Group, came together to publish Values and vision: The contribution of culture which set out the values and visions of a range of cultural providers and identified the goals which would be achieved in partnership with the rest of the cultural sector by 2015 if there was sufficient investment in the sector. These were as follows:

— Public participation in cultural activity will be one of the country’s outstanding successes:
  — Over 85% of the adult population will attend, engage with or take part in a cultural event or activity each year.
  — 95% of all young people will attend, engage with or take part in a cultural event or activity each year.
— The national economy will benefit from the creativity of the nation.
— Learning opportunities will be offered to all by developing the cultural capital represented by our collections, our skills and our creativity.
— Britain will be the key destination in the world for cultural tourists.
— The experience of visiting a museum, cultural site or arts event will be as good as anywhere in the world.

This vision clearly aligns with the aims of the cultural Olympiad. Museums, Libraries and Archives are an important resource for delivering much of the Cultural Olympiad and securing its legacy.

1.6 The MLA Partnership recognises the importance of the Games and its legacy in achieving these goals. Our vision is that:

Museums, libraries and archives will ensure that the 2012 Olympic Games and Paralympic Games are an inclusive event. They will engage with an emerging generation of young people, celebrate diversity and help deliver the best ever Games, sustaining a legacy for people in all regions.

We will champion the development of collections, audiences and workforce so that the 2012 Games will be a transformational event for the sector and the country.

1.7 Supporting the sector in contributing to the delivery of the Games is a key part of our future Corporate plan and significant resources will be directed to developing our sector’s offer. The MLA Partnership wants to see the Games engaging people across the whole country and will be looking to broker engagement across the sector to ensure a truly national offer.

1.8 We have seconded a member of staff to the London Organising Committee of the Olympic and Paralympic Games to share the expertise of the museums, libraries and archives sector with those planning the Games. In October we are publishing a prospectus to engage the sector and consult on initial ideas for the sector’s contribution to the Games. MLA’s Chairman, Mark Wood, is also chairing the group tasked to scope the Five Rings Exhibition, looking at possible activities and costings.
1.9 MLA Regional Agencies are currently working with other partners, such as the Regional Cultural Consortia, in order to establish co-ordinated approaches to the Games and their legacy by the cultural sector. For example, MLA West Midlands is working with the Culture West Midlands to develop cultural themes for the region, which will have a tourism focus.

2. THE COSTS OF STAGING THE GAMES

The remarks made below are concerned only with the funding of the Cultural Olympiad and the role of the museums, libraries and archives sector.

2.1 London’s successful bid embraced the founding principles of Olympism linking sport, culture and education. Culture will feature in the 2012 Games in a way not seen at any previous Games. A lasting cultural legacy will be a defining feature of the Games and cultural institutions will have a key role in delivery and sustaining the legacy across the UK. To achieve this, there has to be long term investment in culture in the run up to the Games, and a deep commitment to sustaining the quality and availability of what has already been achieved.

2.2 We welcome the opportunity to support the Games and are already investing in some of the key institutions which will deliver a high quality Games. Institutions such as Birmingham Museum and Art Gallery, Bristol Museum and Art Gallery, Tyne and Wear Museums and the Museum of London have all received funding through Renaissance in the Regions. Renaissance is MLA’s programme for the transformation of England’s regional museums. It is the first central government investment of its kind for museums, and presents a structure through which a co-ordinated offer amongst regional museums could be developed and resources directed to support. It is therefore crucial that this existing investment is sustained, particularly as we enter a tight funding round in the 2007 comprehensive spending review. Now is the time to build on and develop this successful programme, which if cut will severely curtail the capacity of the museums sector to support and deliver the Cultural Olympiad and develop the UK tourism offer. It should be noted there is no national funding programme for archives, and whilst Framework for the Future offers a programme for public libraries its focus is on improving the library service and the repositioning of public libraries, and does not fund organisations directly.

2.3 Through the official Cultural Programme for the Games, the sector has already been identified as a key partner in delivery. For example, MLA is leading the scoping of the Five Rings Exhibition with partners from the sector. MLA will also be looking to enable the sector to take part in other elements of the official programme as these are developed. In order for these official programme elements to be a success, additional funding, from sources such as the Trust Fund to support sporting and cultural activity, will need to support these activities.

2.4 The Games presents many great opportunities, but we recognise it also presents challenges. It will require cultural services to respond while at the same time diverting the budget available to them. It will therefore be important to ensure there is sufficient funding available to stage a Cultural Olympiad which will impress both domestic and international audiences and therefore to find ways to bring in extra external funding for cultural events. Such funding must be available for development of services themselves as well as for activities and events, if a legacy of enriched cultural participation is to be achieved. With a high proportion of museums, libraries and archives funded via local government, it is also critical that local government is able to support the role of the sector in the Games and its potential legacy. Funds must therefore be channelled at local as well as national level, and there must also be mechanisms for independent institutions to access funds in order to engage with the cultural offer. The MLA Partnership’s Regional Agencies offers a mechanism to channel any funds made available.

2.5 If the cultural Olympiad, encompassing events across the four years between 2008 and 2012, is to be well co-ordinated, DCMS will need to take a cross-departmental and cross-cultural approach to funding, in order to ensure those within the cultural sector are not bidding against each other. This would support the aims of a co-ordinated cultural offer, which would leave a legacy of enhanced co-operation in the future across the cultural sector, and greater capacity to deliver co-ordinated programming.

3. MAXIMISING THE VALUE OF THE OLYMPIC LEGACY

3.1 With 7,500 museums, libraries and archives across the country the MLA sector has an immense reach and forms a national infrastructure which will be key to ensuring a successful Cultural Olympiad and preserving the legacy of the Games. Two thirds of the population visit museums, libraries and archives. With 285 million visits made to public libraries in 2003–04, over 13 million visits made to Renaissance Hub museums in 2004–05 and over two million people visiting an archive at least once a year, the sector offers a means by which the Games and its cultural Olympiad can touch the lives of everyone across the UK.

3.2 The Manchester Culture Shock programme (the North West Cultural Programme for the Manchester Commonwealth Games 2002) has demonstrated the reach such venues have alongside major sporting events. 10% of visitors to the 174 Culture Shock events were from outside of the region and a quarter from outside of Manchester. 39% were attending Arts venues for the first time, and 55% attending were non-white British compared to the figure of 15% at Arts venues in Manchester in 2000.
3.3 We believe the MLA sector has five key roles to play in the Games and its legacy: developing a world class welcome; building tourism opportunities; acting as knowledge and information sources for the Games; creating a record of the Games; and supporting the themes of the Cultural Olympiad.

1. Developing a World Class Welcome

3.4 63,500 people are employed in England’s museums, libraries and archives. Another 24,000 are employed freelance working for the sector and 22,000 work as volunteers. An important legacy of the Games will be the professional development of this workforce, ensuring a modern audience focused workforce to take forward the sector post 2012.

3.5 There are many ways in which we can prepare our workforce for the games and we would welcome investment in training the cultural sector to deliver the sort of high quality experience envisaged by the Organising Committee. For example:

   — It is estimated that 70,000 volunteers will be needed for the Games. Our sector is well-placed to recruit and develop many of these volunteers in the years before the Games. Volunteers have always been an important part of the museums, libraries and archives workforce and the sector is keen to ensure the Games is an opportunity through which this workforce can be expanded, particularly attracting individuals from communities who would not normally volunteer within the sectors’ institutions. Developing a diverse pool of volunteers will be crucial to provide a quality welcome to visitors, as well as providing opportunities for individuals to learn new skills and be a part of the Games.

   — The workforce could also be developed through an International Exchange Programme. The Exchange Programme would develop and strengthen relationships between UK and international museum, library and archive professionals to maximise opportunities for cultural participation leading up to, during and after London 2012. A legacy of enhanced cultural understanding, professional networks, new skills and friendships would be left after this project.

   — With the Paralympic Games being assigned an increasingly prominent share of the Games time and attention, it is an ideal opportunity to ensure that the sector further develops its services to be welcoming and accessible places for people with a range of disabilities. Training around disability awareness will be developed, and volunteers from disabled communities also encouraged. Physical infrastructure must also be considered if disabled visitors are to access our institutions, and the UK is to be promoted as an accessible country for disabled tourists.

2. Building tourism opportunities

3.6 Museums, Libraries and Archives form a key part of the cultural sector offer in any tourism strategy. Expenditure by international tourists to Australia who participated in cultural activity increased by over 30% following the 2000 Sydney Olympics. Seven of the top visitor attractions in the UK are publicly funded museums and galleries; 85% of overseas visitors come here for our museums and galleries, whilst within the UK, households spend, on average, £59 each week on recreation and culture—more than on any other commodities and services except transport.

3.7 As well as insuring a quality welcome, if the Games are to generate increased tourism on a lasting basis the exhibitions and events offered will need to be of the highest standard. We are already discussing possible exhibitions ideas beyond the official programme and how these can be developed to draw people to the regions, for example:

   — The West Midlands is looking at how it can raise its profile as a cultural visitor destination. William Shakespeare is already a major tourism draw but is not necessarily connected with the West Midlands in the minds of visitors. They are therefore looking at how this can be capitalized on as a broad cultural offer that includes performance but also the places and collections that relate to the playwright in the West Midlands such as those at the RSC, Shakespeare Birthplace Trust and Birmingham Central Library.

   — MLA London is supporting the Mayor of London’s Tourism Vision 2006–16. Spreading tourism benefits to the whole of London is a priority within Strategy, and MLA London is working with Visit London already to promote the sector in outer London boroughs with a new marketing campaign in 2007.

3. Knowledge and Information resource for the Games

3.8 The sector can play a vital role in the provision of information to enable people to engage with the Games. Public libraries, in particular, are already a key source of information and meeting places in communities. They are at the forefront of providing universal access to information technology and the internet, with over 30,000 computer terminals in public libraries with broadband internet access providing
over 68.5 million hours of internet use every year across the UK. They will be information hubs for activity related to the Games and provide a platform for offering the cultural programme through new technologies to the widest possible audience.

3.9 Through such a “community information portal” libraries will be able to showcase to a wider public their role as an information resource, leaving a legacy of improved information provision and new users with a greater understanding of the support libraries can offer them.

3.10 Museums, libraries and archives will also be key resources for developing content for digital resources around the Cultural Olympiad, supporting global links between, for example, schools and learning organisations via the web.

4. A record of the Games

3.11 The sector is uniquely placed to capture knowledge and experiences generated by the Games, both to stimulate community participation, and as a formal record.

3.12 A “Games Living Archive” could be developed by museums, libraries and archives, to trace the effect of the Olympics on people from all communities and from across all regions, from their initial hopes and feelings about the Games, to the events of the cultural Olympiad, the Games and beyond. This could enable local communities to record and share their own responses to the Games and support the official programme’s aspirations in this area.

3.13 After the Games, all knowledge and information generated will be housed in our sector’s institutions. Therefore museums, libraries and archives have a key stewardship role which must be supported and effectively co-ordinated. Through housing knowledge and information generated from the Games, the sector will be supporting the capacity of the country as a whole to learn from the experiences of 2012 and stage international events in the future.

5. Supporting the emerging themes of the Cultural Olympiad

3.14 The first theme of the Cultural Olympiad is to inspire and engage the youth of the World. Museums, libraries and archives inspire hundreds of thousands of children and young people every year. They fire the imagination and inform a wealth of creative responses including dance, music and poetry. They challenge children and young people to explore their own identities and connections, and to shape the cultural heritage of the future. The sector is already able to reach large numbers of young people. For example, in 2004–05, over one million school children took part in museum activities, and 845,000 visited a museum with their school.

3.15 Museums, libraries and archives therefore have the skills and track record of delivery in engaging young people. They will be a key mechanism for delivering the One Planet Education programme in partnership with schools, offering links across the world via the international collections they hold, and in supporting the World Festival of Youth Culture envisaged for the Olympiad. Discussion has already started around other ideas to run alongside the official programme, for example:

— Sporting Heroes—Developing engagement of athletes from previous Olympics and 2012 with their local museums, libraries and archives to engage young people with older generations.

— Sporting Fashions—The East Midlands is already looking at developing fashion-based projects including competitions for sportswear and sport-inspired clothing, involving HE and FE courses with museums, drawing on the region’s rich industrial heritage of clothing design and manufacture.

— Olympic Dimensions—Most people experience sport and the Olympic and Paralympic Games on television. However, museums, libraries and archives could be ideal locations to impart the physical scale of sporting achievement—simply by using identifying markers and displays throughout buildings, for example the height of a stuffed elephant might equal the men’s high jump record.

3.16 The second theme of the cultural Olympiad is “Celebrating World Cultures and the Diversity of the UK”. Museums, libraries and archives have an important role to play in promoting knowledge and understanding of diverse cultures and in fostering a sense of identity and understanding. They are ideally placed within communities to be open and inclusive spaces which inspire, engage and inform people from all backgrounds. Through Renaissance, regional museums reached over 800,000 new users in 2004–05, from communities who do not normally engage with museums. The MLA Partnership intends that the sector will become more responsive to the needs of people from diverse communities, providing everyone with opportunities to develop their knowledge, access information and build cohesion within their community.

3.17 The sector offers a key mechanism through which to celebrate the diversity of the UK, through the unique collections it holds from across the World. Such work offers a legacy of community cohesion and greater understanding of diverse cultures for all those taking part. As a result of the Culture Shock programme (the North West Cultural Programme for the Manchester Commonwealth Games 2002) there was an overall increase in organisations’ confidence about programming culturally diverse work and
attracting culturally diverse audiences. It is therefore important that the Cultural Olympiad builds on this experience and through investment in museums, libraries and archives, provides a permanent legacy of such organisations developing as audience focused institutions, which can continue to promote diversity.

3.18 Museums, libraries and archives will need to work with all parts of the cultural sector if the cultural Olympiad is to prove a success. Through working in a co-ordinated way the cultural sector will be in an improved position to demonstrate its united strength, value and capacity to deliver, putting it in a better position to co-ordinate on future activities and programmes.

4. CONCLUSION

4.1 Museums, libraries and archives offer huge potential for a lasting legacy to be derived from the Games. We will broaden our audiences through increased understanding and inspiration, and develop as institutions to offer world class services for those within the UK and beyond. Only if funding is appropriately channelled and the contribution of culture recognised as a vital component of any Olympic legacy, will the true impact of the Games be realised.

APPENDIX 1

MUSEUMS, LIBRARIES AND ARCHIVES COUNCIL: REMIT AND EFFECTIVENESS

HEADLINE ACHIEVEMENTS

i. Increased audience diversity in key regional museums with over 900,000 new UK-based adult users from C2DE and BME priority groups, exceeding the PSA target agreed with Treasury by 400,000 ensuring that museums are at the heart of the diversity and sustainable communities agendas.

ii. In the first year after the implementation of the People’s Network ICT centres in public libraries, 25,000 people had started a new course or gained an online qualification, thereby playing a key role in breaking down the digital divide.

iii. The People’s Network has also enabled more than 8,000 people gain a new job, often in areas where unemployment is a top priority, emphasising the impact our sector has on skills development in England.

iv. In 2004–05 over one million school children took part in museum activities with almost three quarters of teachers reporting their pupils learned new subject-specific facts, improving attainment levels and helping to build upon the Every Child Matters agenda.

v. The impact on the learning agenda has been demonstrated by Inspiring Learning for All the first comprehensive methodology to assess the impact of learning focusing on outcomes rather than process and now widely used across the cultural sector.

vi. Developed a radically new model for procurement in England’s 149 public library services saving up to £20 million a year for front line services, demonstrating that with effective leadership our sector can make real efficiencies.

vii. The modernisation of the sector to improve value for money through investment in strategic partnership to increase workforce competencies and workforce diversity (Clore Leadership Fellowships, Positive Action Traineeships and Sector Skills Councils).

viii. Formed strong strategic partnerships with the national museums and with Arts Council England to promote a new, shared vision for culture.

ix. Attracted around £25 million per annum in the acquisition of important items to museums, libraries and archives (Acceptance, Export and Loans Unit, V and A Purchase Grant Scheme, PRISM).

1. MLA is the lead body and strategic national development agency for the sector in England. Our strategic increase participation, modernise services, develop strategy and lead advocacy. Our work is at the heart of the increasing use and impact that museums, libraries and archives are achieving.

2. MLA was formed in 2000 as the strategic advisory body for museums, libraries and archives in England with a mandate to create regional agencies with the capacity to lead delivery regionally and contribute regional priorities and intelligence into the formation of national policy options. The national agency is accountable to DMCS for all funding, 90% of which is passed on to other bodies, including the regional agencies.

3. During the first three years of MLA the major programme achieved was the successful implementation of the £100 million People’s Network—30,000 public internet terminals in 4,000 libraries across—completed on time and under budget. That period also saw the production of the Renaissance in the Regions report and implementation plan, the Archives Task Force report and work with regional bodies to form the nine regional agencies.

4. More recently, funding to implement the recommendations of the Renaissance in the Regions report and Framework for the Future have led to major innovation programmes that have reached institutions in all of the English regions. Renaissance has been described in some detail earlier in this submission.
5. Framework for the Future is DCMS’ 10-year vision for public libraries in England. Since 2003, £9 million has been made available to implement the strategy that enables libraries to build on existing strengths and ensure they position themselves at the heart of the communities they serve. Public libraries are a valuable infrastructure, which have the potential to help local councils deliver their corporate agenda. The best libraries are doing so already through a range of innovative programmes. It provides a basis for authorities to prioritise and plan services to meet the needs of citizens, adapted to best suit local circumstance.

6. Through our management of the programme MLA has delivered:

- A 24/7 library service including access to an online information service, a wide range of electronic reference resources (with a single national licence negotiated by MLA) and an online book club.
- Direct support to improve 18 of the weakest library services.
- A national leadership programme for over 400 top library staff.
- A radical strategy to reform stock procurement and achieve over £20 million a year efficiency savings.
- £80 million investment in community engagement and library buildings from the Big Lottery Fund and allocated funding to authorities.
- Public Library Standards revised and updated to make them more relevant and accessible measure of library performance.
- Reading and learning programmes and marketing campaigns to increase the reach of public libraries.

7. In 2005 MLA’s Acceptance in Lieu team was significantly expanded with the transfer from DCMS of the Reviewing Committee for the Export of Works of Art and the Export Licensing Unit. This Acquisitions, Export and Loans Unit is highly regarded by the Art Trade; in the management of Export Licensing since in the 17 months since taking over the scheme from Government, performance has improved so that 100% achievement of service targets is now the norm rather than an unachievable target. The Government Indemnity Scheme (GIS) and Acceptance in Lieu (AIL) are both vital to the work of museums and galleries across the United Kingdom since without the Government indemnity for exhibitions supported by reliable security advice it would not be possible to put on high-value exhibitions.

8. MLA has achieved all of this not as a single organisation, but in close partnership with the nine regional agencies that it sponsors. In the past year, along with successful programme delivery, the ten organisations have undertaken a comprehensive performance review to make them fully fit for purpose. In line with the outcomes of a DCMS-led peer review in 2004 and with the requirements of the Gershon Review, the internal review has delivered:

- Agreed strategic priorities with DCMS.
- An effective MLA Partnership delivering a joint approach to policy, advocacy, innovation and implementation at every level—governance and executive.
- One corporate plan cover to which all 10 partners work.
- A radically restructured, fit-for-purpose national agency with fewer staff, but with a stronger focus on policy and advocacy, strategic marketing and a strong performance culture, while releasing increased resources for improvement and innovation through reduced staffing.

9. The review addressed governance, executive and operational systems and processes. Alongside new management arrangements, the implementation of the Partnership Corporate Plan and the re-allocation of resources to promote innovation and improvement in the sector. The review and the subsequent creation of the MLA Partnership provides far greater potential for future sector improvement:

- Increase in external funding as a percentage of the total annual budget. This figure was already high, but the reduction in staff numbers in the national agency and reviews of the structures of the regional agencies should continue to deliver higher levels of front line funding than Gershon calls for in 2006–07.
- The focus of the Corporate Plan around key strategic aims—participation, modernisation, strategy and advocacy now make it possible for the Partnership to produce co-ordinated bids to lever in additional funding to the sector. For example the Invest to Save Programme (cultural tariff and, building investment in culture into all new strategic development programmes) and the Big Lottery (bid to fund public libraries to develop bibliotherapy programmes).

10. There is now far greater capability to support and develop innovation, whether of strategic direction or new approaches to service, embedding the experience and evidence from local and regional work into national frameworks. Three current examples of this are the Partnership’s involvement with the DCMS National Strategy for Museums, where regional needs can be set clearly against those of national institutions; the recent signing of the Memorandum of Understanding with the Department for Communities and Local Government and the production of regional commentaries as part of the CPA/local government improvement regime and a dedicated fund—the Partnership Programme Budget—to enable new research and innovation to be supported—expected to be in excess of £1 million in 2007–08.
11. The organisational structure of the national agency is now shaped to focus core capacity to support planning processes across the whole Partnership and undertake regular performance evaluation. There are also teams to develop and promote policy options drive advocacy and deliver operational programmes such as Renaissance in the Regions, Framework for the Future, Digital Futures, Museum Accreditation and the Archives Development programme. There is a Marketing and Communications Team that supports all aspects of the Partnership and is critical to raising the profile of the MLA Partnership and the sector.

12. The regional agency infrastructure within the MLA Partnership provides the strategic regional network ensuring the effective and regionally sensitive implementation of strategies within the Partnership Corporate Plan. Through this lean and effective infrastructure the MLA Partnership has successfully delivered on each of the four shared strategic aims, maximising regional support and attracting considerable national and regional investment:

— Delivering the Renaissance in the Regions programme—setting the strategic framework, ensuring the engagement of the whole museum sector and the effective spread of benefits of the investment, supporting cross-domain co-operation and innovation, directly providing investment to the wider museum community eg through the Museum Development Fund (MDF) programme which typically generates x3 match funding.

— Effective planning, management, evaluation and advocacy of national programmes such as Strategic Commissioning, and Their Past Your Future.

— Development and implementation of performance standards for Local Government and the wider museums, libraries and archives sector; for instance the Accreditation Scheme that benefits nearly 2,000 museums nationally.

— Working with the unique local service infrastructure provided by museums libraries and archives in communities across the country, to promote the engagement of the sector in the key government community agendas.

— Leading the sector’s use of its collections and knowledge to contribute richly to the identity and diversity agenda.

— Strategic leadership and advocacy with Local Government influencing local policy and decisions in line with our strategic national objectives, supporting the improvement agenda (eg contributing to regional commentaries, CPAs, engagement with LAs and Local Strategic Partnerships). The regional agencies act as a two-way conduits between national and regional infrastructures to ensure effective policy and strategic development and implementation, and representation of the sector in local plans (for instance for growth areas).

— Advocating, explaining and promoting Government policy in ways that engage and influence local agendas. Helping the “voice” of government and providing accurate intelligence about Regional activity and issues to inform national, regional and local planning and policy.

— Regional connection to cultural and other bodies (eg NDPBs, GOs, Regional Assemblies, LSCs, RDAs, Cultural Consortia) to ensure an effective evidence base and representation of the sector at a regional strategic and decision-making level.

— Leading approaches to cultural developments in growth areas and sub-regional partnerships to support the development of sustainable communities. Supporting the sector as a prime asset to further sustainable communities and localism agenda as well as innovations in health, learning and skills.

— Building a dynamic and responsive, skilled sector workforce (paid and voluntary) through our workforce development and leadership programmes in areas such as Renaissance, securing LSC, SSC and FE/HE engagement with new vocational routes.

5 October 2006

Memorandum submitted by SkillsActive

BACKGROUND INFORMATION ABOUT SKILLSACTIVE

1.1 SkillsActive is an employer led organisation recognised and licensed by Government as the Sector Skills Council for Active Leisure and Learning. We have been charged with leading the skills and productivity drive within the Sport and Recreation, Health and Fitness, Playwork, The Outdoors and the Caravan Industries.

1.2 We are working with and for the sector to:

— Advise government and influence decision makers.

MLA has delivered a reduction of posts of 20 through the 2006 restructuring of national operations. In 2007–08 we will be managing Grant in Aid of £64.1 million with running costs of £4.15.4 million. In 2000–01—the first full year of MLA—the figures were £23.8 million and £3.9 million. The efficiencies already delivered are impressive.
promote the image of the sector to the public.
— ensure the quality of training and qualifications.
— help people find the jobs and training they need.
— help the industry attract and retain the right staff.
— attract funding to meet employers’ training needs.

1.3 SkillsActive is a registered charity and a membership organisation for employers and voluntary organisations in our sector. We receive funding for our core functions from the Sector Skills Development Agency, as a result of being licensed by government.

1.4 We work in close partnership with the Department for Education and Skills, the Department for Culture, Media and Sport, the Devolved Administrations and the Home Country Sport Councils to deliver our programme of activities. SkillsActive’s work is directed by a Board of Trustees, which meets every two months.

1.5 SkillsActive works with employers to set national occupational standards for training and qualifications in the sport and recreation, health and fitness, playwork, the outdoors and the caravan industries.

SkillsActive feel that it is paramount to use the London 2012 Olympic and Paralympic Games to address major issues on the government’s agenda, especially in terms of a lasting legacy for sport and recreation. Hosting the 2012 Games provides a major opportunity to raise the profile of sport and recreation throughout the UK and should leave London and the UK with a strengthened sporting infrastructure (particularly in the voluntary sector and community sector) and with a noticeably more active population. This is not purely about Olympic sports, but will impact on all sports across the board. Sport pervades all communities, and we must capitalise on the Games to provide greater access to sport and physical activity and use the opportunity to engage young people and those communities that are excluded. This emphasis addresses current thinking in the health agenda as we look to use exercise to move to a more preventative as opposed to cure-based medical system.

There are major implications for people working in the active leisure and learning sector that must be taken into consideration if we are to be successful in achieving the aims of the government and the Olympic movement. We feel that legacy has begun and plans to maximise on the opportunities laid before us need immediate attention. A clear voice and co-ordinated leadership for how we are to benefit from the Games for decades to come is paramount for our industry and that of UK plc as a whole.

1. **The costs of staging the Games and the methods by which the Games are being funded, including the mechanism for supplementing the existing package as set out in the Memorandum of Understanding between the Government and the Mayor of London**

SkillsActive’s primary concern with regard to the funding of the Games relates to the ongoing support for the development of sport and recreation down to grass roots level. We feel that lottery funding must be used to allow all sports to experience growth and reach out to a relatively inactive nation.

If sports are faced with reduced budgets, then a reassessment of their priorities will inevitably occur. SkillsActive has been working to engage National Governing Bodies in the importance of investing in their people, and each of the 31 priority sports is in the process of producing a workforce development plan in conjunction with the Sector Skills Council. There are clearly budgetary implications within these plans and we must ensure that any losses in funding terms do not threaten the commitment to workforce development.

2. **Ways of maximising the value of the Olympic legacy both within London and across the UK**

SkillsActive believes that the 2012 Games give our industry the opportunity it needs to establish itself as truly professional. Put simply, if the country does not have the people in place to deliver the Olympic objectives, legacy will not be achieved. This is not a simple case of ensuring supply answers demand in terms of vacancies—we must strive to create a competent and qualified industry where the public can engage in sport and active recreation, safe in the knowledge that they are in good hands, whether this be at a sports club, a gym, a play scheme or on an adventure holiday. Investment in skills, through a process of workforce development planning is, therefore, a pre-requisite for development of a successful legacy.

In order for this to happen, plans for legacy must be clear. SkillsActive welcome the elements of the DFES 2012 Olympic and Paralympic Delivery Plan that refers to skills employment and training (through sub-objectives 3.1.1; 3.1.4; 3.2.4) along with the London Employment and Skills Taskforce (LEST) recommendations. The LEST plan recognises the need to invest in the industry’s workforce in London through the development of the London Leisure Academy, which will act as a centre of excellence, sharing best practice with the London’s leisure training providers in for example coaching or stewarding. The centre will form a key part of the London regional hub of the National Skills Academy for which SkillsActive is bidding to develop and is being primed as a focus for sports industry skills development in London. The association of legacy and the 2012 Games with the Academy would further ensure its success.
SkillsActive’s Sector Skills Agreement (SSA) has shown that there is a need to address the skills and development of both paid and unpaid coaches, as worrying, less than four in 10 hold a coaching qualification. There are 1.2 million coaches in the UK, 81% (or 970,000) of which are volunteers with only 60,000 in full-time paid employment. We have already seen the creation of legacy in relation to coaching as industry consensus as to the crucial function that coaching has to play, not least in relation to legacy, has pushed this issue to a high political level. Through government involvement from both the Skills and Sports ministers, negotiations are now being finalised as to how coaching will become a priority for public funding through the Learning and Skills Council. Additionally, in light of the limelight being placed on sport through 2012, the LSC is supporting the role-out of the Advanced Apprenticeship to support the vocational and educational needs of aspiring competitors and the LSC London region has allocated £3 million in 2006–07 to Olympic related activities, increasing to £5 million in 2007–08.

We must use the opportunities brought about by the games to further address issues of up-skilling; not least, the development of the five million plus volunteers in our industry. Most sports and sports clubs rely on volunteers for their operation with only a few paid employees. As a nation we need to adopt a mindset that the sport workforce includes all those who are both paid and unpaid. Volunteers offer added value to sport but the key focus for the future is not necessarily their quantity (which is already established) but their quality. We must capitalise on 2012 to mobilise the voluntary workforce and give them the recognition they deserve through a qualifications system that considers their flexible needs and recognises the areas where training can genuinely add value. This wonderful resource is in place—the support structure around it must now evolve.

Leaving behind a lasting Legacy for the development of volunteers could feasibly be one of the key achievements that London 2012 will be remembered for.

Although the training and skills issues mentioned above will be essential in delivering legacy and increasing participation rates (and therefore improvements to the health of the nation) post-2012, they are requirements that must be addressed now. We need a skilled workforce to contribute to the success of various events and activities before the Games including the Olympic training camps, the National Schools Olympics, the World Gymnastic championships, the extended schools programme and a range of community activities, and not least, the trial events in 2011.

Although progress is being made in terms of Olympic legacy, along with the development of the workforce within this, SkillsActive believes that a more coherent plan for delivering what must be the key Olympic objective in terms of legacy—to “maximise increase in UK participation at community and grass-roots level in all sport and across all groups” (Objective 4.4) is required. Once plans are laid out for how this is to be achieved, presumably co-ordinated by Sport England on behalf of DCMS, it will be easier to identify how we must look to address the skills needs of those required to deliver.

3. Deriving lasting benefit for the nations and regions of the UK from the staging of the Games, in particular through encouraging participation in sport and tourism

The opportunity to improve tourism in Britain through 2012 is one that must not be missed. Not only will London and the UK feel the eyes of the world for the four weeks of competition, but it will change the way we are perceived as a visitor destination. SkillsActive welcomes the recently published consultation Welcome Legacy: Tourism Strategy for the 2012 Games from DCMS and believes that such planning will allow for focus and therefore vast improvements in certain areas—particularly customer service.

The Tourism Strategy for the 2012 Games is, however, one that needs to be replicated for sport. This is not to be a strategy that focuses simply on the four weeks of competition, but a much wider-reaching, UK wide plan that promotes flexible delivery, addressing, as stated above, how we can engage a greater number of people in active and healthy lifestyles. We must not presume that hosting the games will naturally inspire inactive individuals to change their ways; on the contrary, the viewing of such super-human feats as seen in the Olympics may deter your average citizen from engaging in activity. More rigorous planning is needed.

Such a strategy must consider how, on a regional and even sub-regional level, activity can best be promoted. What are the key factors in reaching inactive groups? What activities can be provided that will appeal to them? How can we keep those engaged in sport interested as they reach the infamous post-school drop off age? Secondly, we must have sufficient facilities to meet this demand. Are all individual’s within easy reach of leisure facilities through public transport? Are we making the most of the local landscape to provide sport and recreation opportunities? Do we need to upgrade existing facilities; how much capital expenditure does this need? What is the role of the private sector in this sense? Finally, as has been emphasised throughout this response—we must have the people in place to work at the places that are able to make that difference with the population.

SkillsActive feel that legacy for sport must become ingrained in regional and local government planning. The Games give sport the opportunity to convince Regional Development Agencies that it must become a priority and be central to developments. The example of the Greater London Assembly in London and its activities in terms of legacy and 2012 related activity is one that must be used as a benchmark across the UK.

13 October 2006
Memorandum submitted by Sport England

INTRODUCTION

1. Sport England is the lead agency for community sport in England and as such welcomes the Committee’s Inquiry into the 2012 Olympic and Paralympic Games. There has been much emphasis to date on Britain’s medal prospects in 2012, so the opportunity to focus on the work to build a powerful community legacy for sport, in London and around the country, is extremely timely.

2. We believe that hosting the Games in 2012 represents an unparalleled opportunity for sport at all levels. The power of a London Games to inspire a new generation in sport and the Olympic ideals lay at the heart of the vision outlined by Sebastian Coe in his presentation to the IOC in Singapore. Sport England shares this vision for 2012 and believes that the legacy extends beyond buildings and medals—though these are important—and lies in engaging millions of people in sport and active recreation.

3. Our target is to increase the number of people over 16 taking part in sport, including those from priority groups\(^20\) by 3% by 2008. Sport England embraces the opportunity provided by the Olympic and Paralympic Games and is providing funding to deliver the infrastructure and regional support needed in order to build a successful legacy for the community. Sustained funding in this area is necessary to ensure that the good work already undertaken is built upon and the maximum legacy benefits from the Games are realised.

4. Sport England therefore welcomes the Inquiry and would welcome the opportunity to present oral evidence to the Committee.

FUNDING THE GAMES

5. Sport England anticipates that submissions from LOCOG and the ODA will outline in detail the proposed funding for the Games. In addition, Sport England has contributed to a joint submission from the Lottery Forum on behalf of all Lottery Distributors. This section therefore deals principally with the Lottery funding from Sport England earmarked for the Games.

6. In total, £340 million of the £1.5 billion Lottery funding allocated to 2012 is due to come from sport distributors. The Sport England contribution to this is estimated at £295 million. This contribution is allocated to a variety of initiatives to achieve a balanced strategy: a world class environment to host the Olympic and Paralympic Games in London; the preparation of English and British athletes (up to the funding transfer to UK Sport);\(^21\) and the delivery of a community legacy to maximise the impact of the Games by increasing and widening participation. The community legacy allocation will be largely determined by local people based on local need through our Delivery System of County Sport Partnerships and Community Sport Networks. The breakdown of Sport England’s contribution is outlined below:

World Class Environment

Aquatics centre

7. A £40 million funding allocation has been made by Sport England towards the development of the Aquatics centre. £1.5 million from this allocation was drawn down during the bid phase to develop the project and demonstrate to the IOC London’s commitment to providing world-class facilities for the games. The remaining £38.5 million allocation from Sport England will be utilised to ensure the Aquatics centre provides a world-class facility for the London 2012 Olympic and Paralympic Games and a lasting legacy for all members of the community to participate in swimming and diving.

Velodrome

£10.5 million has been allocated by Sport England towards securing the velodrome development during the games and a lasting legacy for cycling following the games. An application to enable the release of funding is yet to be received.

Picketts Lock/Portsmouth Multi—sport hub

£7 million has been provided to Picketts Lock in the Lea Valley as a potential athletics training venue and £5.5 million to Portsmouth to create a multi sport hub (including a 50 metre pool) which again could be a potential training and holding camp facility.

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\(^20\) These are women and girls; disabled people; those from black and ethnic minority backgrounds and from deprived socio-economic groups.

\(^21\) Funding has already been allocated to Olympic and Paralympic success via the £10 million allocated towards achieving athlete success at Athens, plus £8 million towards Beijing in 2008 (up until 2006). £31 million to the English Institute of Sport to support the development of athletes for the London Games up to the transfer of responsibility to UK Sport in April 2006.
Community legacy—Building capacity and Talent Development

8. Sport England’s nine regions will be investing £183 million up until the Games to build capacity within the sport sector and support talent development. Sport England sees both activities as important in terms of increasing participation and ensuring a lasting legacy for the Games. Building capacity, for example through the placing of more community sport workers in community organisations enables new people to take part and helps retain existing participants in sport. Talent development contributes to participation levels through creating role models, and providing the aspiration, and motivation to enable existing and new participation to be sustainable in the longer term. High quality coaching experiences and club environments will enable people to be retained in sport, and retention is a critical component of building sustainable participation and a legacy for the Games.

Partnership Investment

9. Sport England, in partnership with the Regional Development Agencies (RDAs), has also contributed towards securing a network of regional Olympic coordinators to ensure that London’s bid proposals bring benefits to the whole of England. For example, in the East region £75,000 from Sport England and £75,000 from the East of England Regional Development Agency (EEDA) has been invested to fund an Olympic regional co-ordinator post for two years.

10. Other investment within the East region to ensure legacy benefits ranges from the allocation of £50,000 by Sport England to the development of a regional facilities study with EEDA to £30,000 invested in marketing and promotional activity such as a regional conference on training camps. In addition £1.3 million has been secured from the European Social Fund to develop skills within the sport sector to ensure the Games are successful and the legacy benefits realised.

11. A variety of other sport and physical activity projects have been supported throughout the English regions, and have to date been presented as the regional dividend to the 2012 Olympic and Paralympic Games.

12. It is important to note that Sport England has not established specific Olympic 2012 funded programmes but has identified opportunities where existing programmes and funding streams could be linked to London 2012. For example, as part of the Active England Programme there is funding support for an Olympic Action Zone in the London Borough of Newham.

Other Direct Investment by Sport England

13. Across all the regions Sport England resources in terms of staff time are being used to spread the Olympic legacy benefits. Some of the Sport England Regional Sport Board (RSB) members chair the nations and regions group within their regions. The South East and East RSB chairs are also represented on the national nations and regions group co-ordinated by LOCOG. Sport England representatives also are represented on a number of national and regional working groups involved in developing the delivery plans for each of the key sub-objectives.

Funding Impacts

14. It is anticipated that, if required, £410 million (of the £1.5 billion total from Lottery contributions) will be allocated to the Olympic Lottery Distributor from 2009 onwards from the existing Lottery distributors.

15. Depending on this allocation from existing Lottery distributors to this pot it is estimated that the reduction in funding to Sport England could be up to £60 million. Sport England’s share of ticket sales for the three years up to 2009 could also be £20 million lower than projected as a result of the money from tickets being diverted to the hypothecated Olympic Lottery games. Overall while we remain of the opinion that the Olympic and Paralympic Games will boost community sport, we also believe that this outcome can best be maximised by strong ongoing Lottery funding for sport.

Sustained investment in grassroots sport

16. The focus on sport in the years to 2012 has the potential to boost investment in sport from both public and private sources. Sport England welcomes the additional funding for elite sport, it is critical however, that increased emphasis on performance levels is not at the expense of sport in the community and that a substantial proportion of this investment is targeted at grass roots level. Medals alone cannot guarantee a sustainable legacy; rather we need the right physical and human infrastructure in place to ensure that increases in participation and the legacy benefits can be secured for future generations.

17. Sustained or increased investment in community sport from all sources (public and private) is required to ensure we can fulfil the legacy benefits outlined in London’s Candidate File. An Olympic Park Legacy Group has been set up to steer the legacy of the venues. Sport England, in leading the wider community legacy aspects, will co-ordinate and consult all relevant groups and stakeholders in delivering this work.
The potential power of branding

18. A step change in sport and people’s lifestyles is needed to gain real health and economic benefits. Partners are keen to use the power of the Olympic and Paralympic brand to galvanise people at the local level. Whilst we are aware of the critical importance of protecting the 2012 brand to facilitate income generation through sponsorship, clarification is needed around use of the 2012 brand by non-commercial partners. We understand that guidelines are under development and we look forward to early involvement in these discussions.

19. The issue of branding of Lottery funded Games projects also needs careful consideration as part of these discussions.

Impact on non-Olympic sports and disability sport

20. The ability of non-Olympic sports to deliver increased participation and success could be affected if their funding is reduced. To generate a step change in participation in sport and active recreation we need to appeal to a wide audience and support a broad range of activities. Similarly, one of Sport England’s strategic objectives is to widen access to sport by priority groups—including disabled people. The power of the Paralympic Games particularly is something that needs to be harnessed and embedded within all delivery plans.


21. Sport England is contributing fully to ensuring that hosting the Games in 2012 provides a lasting legacy for sport and the nation as a whole. This builds on the work of former Sport England Chair, Lord Carter of Coles, who chaired the Legacy Board of the 2012 bid team. Sport England supported the bid from its inception and has been a proactive participant in the London 2012 candidature file submission writing the legacy strategy flowing from the Legacy Board and Legacy Integration Groups. The 2012 community sport legacy is seen by Sport England as a means of pursuing long-standing strategic objectives, building on existing programmes and activities to add value.

Sport England’s responsibility for Government objectives

22. In order to maximise the benefits from this opportunity, Sport England is incorporating 2012 legacy activities within its delivery plan and is also taking on responsibility for specific government objectives.

23. Sport England has been tasked by DCMS to be the Lead Delivery Partner for the Sub Objective 4.4 “To maximise the increase in UK participation at community grass roots level in all sports and across all groups”. Within London Sport England has also been tasked by the Mayor to take lead responsibility for sub-objective 4.5 and share lead (with the LDA) on sub objective 4.7. Sport England has been involved in developing the delivery plans for the other sub-objects around health, education and volunteering.

Delivery and business planning

24. In order to achieve the above objectives Sport England is embedding the Olympic legacy within its next delivery plan phase. This will build on the Community Sport Legacy strategy prepared to support the bid and embed the recommendations and priorities within Sport England’s 2008–12 delivery plan. This is currently being planned alongside the review of the National Framework for Sport in England and subsequent regional plans for sport.

25. Alongside facilities development, the legacy strategy recognised the need to develop capacity through the volunteer, coaching and club infrastructure, and develop opportunities for active recreation, as well as progression through to talent pathways. Key also is the integration of development programmes with accessible facility, school and university provision with community opportunities.

26. The strategy also drew on the identified gains of integrating sport with other regeneration and community strategies with mutual outcomes benefiting health, the volunteer-base, educational and training opportunities, the skills base and community cohesion. The key areas of the strategy that Sport England is developing, are outlined below along with a few of the targets identified in the London delivery plan for sub objective 4.5, currently out for consultation. These themes have been taken up by the five Olympic Park boroughs in developing their joint Five Borough Sports Development Strategy and it features in a number of emerging strategies across London.

— Access—Making opportunities for sports participation more widely available. Interventions being explored in the run up to 2012 include a Street Games programme and a sport scheme to regenerate brown field land for sporting use. Lessons learnt from the recent evaluation of Sport Action Zones will also be used to ensure that investment in improving access can have maximum potential in London and across the whole of the country. eg Growing the number of events in the London Summer of Sport by 10% per year.
— **Club**—Building the organisational capacity for long-term retention of participants through improved opportunities for progression and competition. Interventions being explored include expanding the network of quality marked clubs and establishing 2012 Community Sports Clubs linked to legacy venues in partnership with wider community networks. Proposals linked to the implementation of the new duty on Local Authorities to provide a “four hour offer” could also be used to expand the number of clubs as more casual safe and enjoyable places for people to take part in sport, eg 25 new multi-sport environments in place by 2009.

— **Capacity Building**—Building the human resources for the sector, focusing on leadership, skills, and workforce development, with a particular emphasis on volunteers and coaches; and incentivising organisational development and collaboration. Early proposals being explored include a volunteer accredited skills programme and working with Olympic sports to recruit Volunteer Coordinators leading up to the Olympic and Paralympic Games, eg 392 new Community sport coaches by 2007.

— **Talent**—Building clear pathways that support the identification and development of talent. Proposals being considered include a new National Sports Club Network across thousands of clubs and new talent development programmes with governing bodies and other partners.

— **Fit**—Building physical activity levels in the community at large. This will be led by the Department of Health and we will ensure the health benefits through increased participation in sport are maximised. Interventions being explored include extending the Active Work Places initiative (well@work) eg 50 new employers in London involved in the Active workplace initiative by 2009.

27. In addition to the above themes, the Youth Sports Trust and others are leading work to increase the take-up of sporting opportunities by five to 16 year olds. Interventions include developing links between schools and clubs, developing a new inter-school competitions, providing sports leadership and volunteering opportunities for young people and holding a UK School Games each year in the run up to 2012 to showcase emerging young talent.

28. With regard to the sub-objective 4.7, Sport England with the LDA are developing the delivery plan and have established an Olympics Park Legacy Group to ensure the legacy briefs for each venue are developed and legacy benefits truly maximised. Hosting the games will leave an extended integrated physical legacy within the Olympic Park comprising a stadium, aquatics facility, velopark and hockey stadium. Alternative uses for the venues post—Games needs to however be built into the legacy planning now such as the re-use of these venues in hosting innovative sporting events. For example the recent Paralympic World Cup was held in the former Commonwealth Games venues in Manchester. Similarly the Olympic stadium will form the home for the proposed London Olympic Institute, bringing long term performance sport support, research and medical facilities to the venue.

29. Sport England is also building in performance measurement into the legacy initiatives to gauge the real impact of the Olympic and Paralympic Games in helping to drive up participation. A key measurement tool will be Sport England’s Active People survey undertaken in 2005–06 and planned to be repeated in 2008–09 and in 2011–12. This will give a picture of participation levels at a local authority level for the very first time and will demonstrate whether participation levels in England have increased.

30. These initiatives and their subsequent impact however, can only be achieved if this is done in partnership, with appropriate levels of funding support from all sources.

3. **Potential Benefits of 2012—Nations and Regions**

31. We believe that the increased emphasis on sport and physical activity the Olympic and Paralympic Games brings has the potential to contribute beyond sport alone. If we maximise the legacy of the Games by increasing participation this will also help achieve wider socio-economic outcomes such as: boosting the economy; support the ongoing work on the Respect drive in helping to build stronger, safer, sustainable communities; improve our nation’s health and well-being; support the development of our children and young people; and drive regeneration. These are outlined below.

**Widening access**

32. The Olympic and Paralympic Games have a unique appeal to people around the world, irrespective of their faith, nationality, race, sex or background. The Paralympics additionally showcase the extraordinary talents of many athletes with a disability, providing inspiration to many others.

33. As such the Games have immense potential to support the ongoing work to reach out to a number of groups who are currently under-represented in sport and physical activity, and who are therefore missing out on sport and its benefits.
Economic Benefits

34. Sport can be a powerful tool to enhance the physical fabric of communities, stimulating the local economy and improving the image of towns and cities to tourists and outside investors.

35. The increased ability to attract national/ international sporting events around the country will also ensure not only sporting benefits but economic benefits to other regions are realised. As the Commonwealth Games in Manchester showed real economic impact can be gained through large scale events.

Economic Benefits of the Manchester Games

The Manchester 2002 Commonwealth Games contributed significantly to the economic vitality of the city. An evaluation of the impact identified that as a result of the Games:

- 6,500 jobs were created.
- 300,000 additional visitors were attracted to Manchester.
- £670 million of additional inward investment for Manchester was generated.
- A 150 acre derelict site was regenerated and 72,000 m² of employment floor space was created.
- Approximately 250 companies have realised an additional increase of £22 million in their turnover, as a result of trade development and supply chain initiatives linked to the Games.
- New transport links were put in place.
- New neighbourhood facilities and outreach sports programmes were provided.

36. Hosting the Games in 2012 will also enhance our appeal as a destination to a worldwide audience of billions, and showcase London’s strengths as a tourist attraction. Work to capitalise on this in the run-up to 2012 is happening around the country. While the priority focus has been on London as the bidding City, a key strength of the bid was the significant buy-in from other parts of the UK who note and welcome the opportunities to showcase not just London but the whole of the UK as a tourist destination, pre, during and post Games is significant. “The cultural assets and activities we offer are crucial to the identity and attractiveness of South West England. They are one of the reasons why we attract 26 million visitors a year. South West England has a huge amount to contribute to the London Olympics in 2012”, South West Regional Development Agency.

37. Many regional Sport England offices with their respective RDAs are developing sport tourism strategies which will help attract visitors pre and post the Olympic and Paralympic Games.

Educational and skills achievement

38. Sport can also play a key role in raising standards in school, improving the basic skills of young people and helping to improve physical co-ordination, concentration, communication skills, self-confidence and a sense of fair play.

39. Sport can provide alternative learning options and “a hook” through which young people can be engaged in learning activity outside the school environment. An example of this is the “Playing for Success” initiative which aims to raise educational standards by setting study support centres in professional football clubs and other venues, using sport as the medium to support work in literacy, numeracy and ICT.

40. The Olympic and Paralympic Games can act as a catalyst engaging young people into training and employment throughout the UK.

Healthier communities

41. The role of sport in promoting physical and mental health is increasingly recognised, and 2012 has played a key role in helping to raise the profile of sport and promote a public health message.

42. The Chief Medical Officer’s 2004 report “At least five a week”, sets out the evidence of the impact of physical activity on health, for example reducing the risk of cardiovascular disease, diabetes, some types of cancer, obesity, hypertension, osteoporosis, musculoskeletal problems and mental health problems such as anxiety and depression. Research also demonstrates the intellectual, spiritual, emotional and mental health benefits that people gain from participating in sport.

43. The Choosing Health Physical Activity Plan published by the Department of Health, acknowledged the role the Olympics can play in promoting more active lifestyles. The opportunity to use the Olympic message and idea to promote health and physical activity across the UK is starting to be recognised and championed by government and other public bodies.
Volunteering

44. The involvement of local people as volunteers in decision making and management of sports activities and facilities, provides individuals with a greater sense of empowerment and ownership. The London 2012 Olympic and Paralympic volunteering strategy has drawn on the experience of the successful Manchester Commonwealth Games volunteer programme and other volunteer initiatives which Sport England has been involved in. Sport England has inputted into the development of this strategy and our represented on the UK wide Voluntary Strategy Group led by LOCOG.

Stronger, safer and sustainable communities

45. Sport can be a powerful tool to engage all sections of the community and break down barriers between them. It contributes to strengthen community involvement, engagement, identity and pride, improving community cohesion, reducing crime and anti-social behaviours and improving the quality of the built and natural environment and creating a sense of place.

46. Sport helps young people to feel involved in their local community and to associate themselves with the people and area in which they live. Local sports activities, festivals and competitions generate a sense of identity and pride. Sport can provide a medium through which young people can have a say on what takes place in their community instilling a sense of community ownership and pride.

47. Sport also has a powerful ability and excellent track record in bringing people together, including those from diverse backgrounds and from different ages. The Olympic and Paralympic Games, as expressed by the IOC’s ideals and by Seb Coe in Singapore and are perhaps the greatest embodiment of this potential to unite nations and communities through sport.

48. Linking activities around 2012 to local initiatives and existing programmes such as Positive Futures, a Home Office programme run by Crime Concern to reduce crime, give young people skills and combat anti-social behaviour through sport, could support existing work to bring communities together. The Olympic and Paralympic Games presents a powerful platform for this that is particularly timely in light of growing inter-community tensions in some areas, nationally and internationally.

Conclusion

49. The Olympic and Paralympic Games affords a huge opportunity to increase participation in sport and achieve the associated wider socio-economic benefits outlined above.

50. Through its work to increase and widen participation, Sport England is at the forefront of ensuring that a lasting community legacy is derived from the London 2012 Games. Investment in the Olympic and Paralympic Games and community sport, must reinforce each other and build on existing work in this area by all partners. This is critical if we are to maximise the benefits of the Games for sport and the nation as a whole.

6 October 2006

Memorandum submitted by Sports Coach UK

Background Information

Sports coach UK is dedicated to guiding the development and implementation of a coaching system, recognized as a world leader, for all coaches at every level in the UK. We will work with our partners to achieve this by promoting:

— professional and ethical values and inclusive and equitable practice;
— agreed national standards of competence as a benchmark at all levels;
— a regulated and licensed structure;
— recognition, value and appropriate funding and reward; and
— a culture and structure of innovation, constant renewal and continuous professional development.

Introduction

Of the three issues the Committee is considering, we will confine our comments to issues two and three, as the Olympic legacy and increasing participation in sport are two areas we are already engaged in and committed to. In our judgement, the London Games provides a fantastic opportunity to create a step change in the role, function and perception of sport and especially sports coaching throughout the UK.
The Games will provide the policy imperative and media interest in both performance and participation that can and will transform the sporting landscape. Sports coach UK is excited about and committed to working in partnership with other agencies to deliver a lasting Olympic legacy and derive UK wide benefits from hosting the Games.

WAYS OF MAXIMISING THE VALUE OF THE OLYMPIC LEGACY BOTH WITHIN LONDON AND ACROSS THE UK

Sports coach UK believes that the primary way the value of the Olympic legacy can be maximised within London and across the UK is through the delivery of a world-class sports coaching system across the UK. Sports coach UK is developing a UK Action Plan for Coaching, in partnership with the four home nations, and sports national governing bodies. The plan will provide an overall direction for coaching in the UK against measurable targets. It will also provide a framework against which Governing Bodies of Sport and the nations and regions in the UK can plan, implement and review their own strategies. Delivering the UK Action Plan for Coaching will maximise the value of the Olympic legacy throughout the UK.

— The UK Action Plan for Coaching will deliver five key outcomes for sport in the UK over a three, seven and eleven year timescale:
  — Enhance the quality and quantity of coaching.
  — Increase the number of qualified coaches leading to.
  — Sustained and increased participation in sport.
  — Improved participation in sport, underpinned by.
  — The establishment of coaching as a profession.

— Preparation for 2012 demands the immediate coaching requirements for the Olympic and Paralympic games are addressed. Coaching will play a significant role in contributing to a lasting and UK wide legacy from 2012 and potentially from 2014 if the Glasgow Commonwealth bid is successful.

— The UK Action Plan for Coaching will mobilise the training and deployment of quality coaches, which will peak in 2012. Hence from playground to podium, quality coaches across the UK will be inspiring children, players and athletes in every sport, in every region.

— The Action Plan will identify measures to maximise coaching for people with disabilities. These measures will be driven by a close working relationship with the British Paralympic Association and other agencies, to ensure that the 2012 legacy is fully inclusive.

— The further development of the coaching system within the UK will ensure that sport is well positioned to contribute to a number of key government objectives relating not just to the Games, but to quality of life; health; education; social inclusion; and the respect agenda.

HOW THE NATIONS AND REGIONS OF THE UK MIGHT DERIVE LASTING BENEFIT FROM THE STAGING OF THE GAMES, IN PARTICULAR THROUGH ENCOURAGING PARTICIPATION IN SPORT AND INCREASING TOURISM

The 2012 Games are already, and will continue to create a sense of excitement about sport. However, this excitement has to be juxtaposed with the damning statistics of a population living increasingly sedentary lives, risking their health through poor diet. For some people, the combination of the Olympic “fever” and the provision of an understanding coach, will unlock their inactive lifestyle.

The UK Action Plan for Coaching will deliver increased and sustained participation in sport, which can be measured by recruitment, participation and retention rates in key target groups in regions, home country and UK wide. Such improvement will be delivered through an enhanced quality and quantity of coaches.

It is proposed that sports coach UK will establish a network of Regional Coaching Centres in England, which will drive the regional coaching agenda and provide support for coaches. The devolved administrations are also exploring the creation of national coaching centres. It is also intended to put in place a UK Coaching Centre of Excellence which will provide education and support for coaches working with high performance athletes or playing leadership roles in working with children and developmental athletes. These developments will occur in the coming 12 months, in the context of the full implementation of the UK Action Plan for Coaching.

RECOMMENDATION

— The deployment of this new cadre of trained, quality coaches should be registered and/or licensed using the concept of “legacy” branding. This will create tangible, branded outcomes, which will continue to be a force for good in sport and in society throughout the UK long after the Games have finished. Moreover, as the home nations and national governing bodies have been instrumental in the development of the UK Action Plan for Coaching, support for this proposal should be readily forthcoming.

4 October 2006
Memorandum submitted by the Tourism Alliance

1. INTRODUCTION

The Tourism Alliance was established in 2001 with the support of the Secretary of State for Culture, Media and Sport as the voice of the UK tourism industry and now comprises almost 50 Tourism Industry Associations that together represent almost 200,000 business of all sizes throughout the UK (See Appendix 1 for a full list of member organisations). The Tourism Alliance’s mandate is to work with Government on issues relevant to the growth and development of tourism and its contribution to the economy and it is therefore responding to this Select Committee Inquiry in that capacity.

2. PUTTING THE OLYMPICS INTO CONTEXT

Before addressing the questions posed by the Committee in this inquiry, it would be worthwhile putting the impact of the 2012 Olympics on the UK tourism industry into some perspective.

Tourism is one of the UK’s largest industries, employing 2.1 million people and generating some £74 billion per annum for the UK economy. On a global level, the UK’s inbound tourism industry is the fifth largest in the world and, within that, London is one of the top destination cities receiving 13.9 million overseas visitors in 2005 who spent £6.9 billion in the city.

It is predicted that the total number of overseas (inbound) tourist visitors who will visit London in relation to the Olympic and Paralympic Games in 2012 (including competitors, officials, media and spectators) could be up to 300,000 (three times the number of people who visited the 2000 Olympics in Sydney). There will, of course, be an unknown number of domestic tourists. It is anticipated that around 90% of all tickets will be sold to UK residents. The pattern of event attendance has not yet been estimated, so the actual number of visits, or length of stay profiles are not known.

At 300,000 visitors, the number of overseas tourists who will visit London for the Olympics will represent just over 2% of the total number of overseas tourists who currently visit London and just 1% of the 30 million who currently visit the UK. In, fact, if UK inbound tourism grows at the world average of 4% between now and 2012, the 300,000 visitors will represent just 1.6% of all visitors to London and 0.8% of all visitors to the UK.

London is a large city, and a global tourism destination. The resident population is about twice that of Sydney and ten times the size of Athens. London has a large tourism capacity. In fact, on normal day at the time of year when the Games will be held, there would be 425,000 overseas tourists in London anyway. Most inbound Olympics-related tourism will be in substitution for leisure and business tourism that would otherwise occur. Indeed, even domestic Olympics-related tourism is likely to be displacement from normal domestic tourism, rather than additional as, at the time of the Games, regular leisure visitors are deterred and many residents choose to go away. LOCOG and TfL have estimated the maximum daytime traveller requirements during the Games will very well within normal daily capacities, especially as the Games will be held during a school holiday period.

More importantly, the experience of previous Games is that potential leisure and business visitors will perceive that London and the UK will be “overrun” with Olympic-related visitors in 2012 and will choose to visit another destination that year.

If only 5% of “normal” visitors were to stay away in 2012, overall tourism expenditure in London and the UK would fall by, respectively, £300 million and £800 million (in 2005 terms). In addition, if a further 5% of UK domestic visitors decided to avoid a holiday in the UK that year, this would reduce tourism expenditure by a further £1.35 billion (again in 2005 terms).

This means that, in addition to considering how the nations and regions of the UK can derive lasting benefit from staging the Games, the Committee should give consideration to ways of ensuring that the Olympics do not impact upon “normal” tourism. Britain should be the first Olympic host to comprehensively plan to mitigate the potential negative effects on regular tourism.

3. MAXIMISING THE VALUE OF THE OLYMPIC LEGACY

As seen in the previous section, the additional tourism volume and value directly related to the Olympic Games is relatively low. Indeed, Price Waterhouse Cooper’s Olympic Games Impact Study that was commissioned for DCMS in 2005 predicts that this benefit will be just £66 million.

The main tourism-related benefit on hosting the Olympic Games is, therefore, associated with the media coverage that the Olympics will receive. VisitBritain and Visit London, in their publication, Tourism Opportunities and Objectives, predict that there will be up to 20,000 press and media representatives attending the Games and that the global TV viewing audience for the 2012 Olympics will top four billion people. Most of the press and media will be “non-accredited” with LOCOG/IOC and will be here to experience and report on London and the UK.
Indeed, DCMS consider that up to 80% of the legacy benefit to be derived from hosting the Olympic Games (£2 billion) will be as a result of increased tourism generated as a result of this high degree of international media exposure.

This, therefore, is the main way that the nations and regions of the UK will derive the maximum lasting benefits from staging the 2012 Olympic Games—by the Government investing in a tourism strategy that utilises the media exposure to generate a step-change in inbound and longer term improvement in domestic tourism. The Olympics represents a truly once in a lifetime opportunity to showcase London and the UK to the world. If we are able to develop and implement a marketing strategy that successfully leverages-off this coverage, the long-term benefits to the UK tourism industry will be considerable.

To help realise the target of generating an additional £2 billion in tourism revenue as a result of hosting the Olympics, DCMS has launched the consultation document, Welcome Legacy: Tourism Strategy for the 2012 Games.

While there is much in the document that, correctly, looks at improving the quality of tourism products and services and improving skills in the sector, the Tourism Alliance has concerns that if the resultant Strategy reflects just these topics, there will be no chance of it achieving the potential tourism legacy from hosting the Olympics.

The concerns that the Tourism Alliance has relate to:

1. Funding of the strategy.
2. Ownership of the strategy.
3. Timing of the strategy.

1. Funding of the Strategy

While the Welcome Legacy consultation document emphasises the need for new initiatives to be developed to improve quality and skills within the sector and the need for marketing to be targeted and well resourced, there is no mention in the document of any funding being set-aside to actually implement the resultant strategy.

Indeed, there seems to be a lack of realisation within DCMS that additional funds need to be committed, particularly to international marketing and media support, if the £2 billion target in additional expenditure is to be achieved.

Despite DCMS’s claims that tourism is both essential to the national economy and an important component of their remit, the Department’s funding of the sector over the past nine years has been inadequate. The following table shows that although total DCMS funding has increased by 61% over the last nine years, the amount of funding that has been allocated to VisitBritain has only increased by 9% and even then, there has been no increase whatsoever in the funds (£35.5 million) allocated to VisitBritain to market the UK overseas.

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<tr>
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<td>Arts Council</td>
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<td>Museums, Libraries and Archives Council</td>
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<td>20,850</td>
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<td>English Heritage</td>
<td>116,256</td>
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<td>DCMS (admin and research)</td>
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<tr>
<td>Overall DCMS Budget</td>
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</tr>
</tbody>
</table>

(1) Does not include a second request for resources of £2.6 billion in 2005–06 for BBC Home Broadcasting.

The tourism industry is, therefore, highly sceptical that there will be any change in DCMS’s ongoing position of not increasing funding for marketing Britain overseas. Indeed, as part of the current Comprehensive Spending Review, VisitBritain has been asked to prepare budgets based on a 7% reduction in funding.

As the Comprehensive Spending Review will apply to GLA allocations from 2008–09 through to 2010–11, a cut in funding will make it almost impossible for VisitBritain to even maintain routine overseas marketing activity in the lead-up to the 2012 Olympic Games, let alone undertake the additional marketing activity required to achieve the Government’s £2 billion target.
DCMS therefore needs to ensure that the CSR includes an increase in funding for VisitBritain so that it can undertake effective overseas and domestic marketing campaigns in the lead-up to the Olympic Games.

Indeed, a funding commitment is needed from DCMS before the outcome of the 2007 CSR as funds will be needed to undertake initiatives prior to 2008–09.

2. Ownership of the Strategy

Since DCMS was formed in 1997, it has developed two nation tourism strategies—Tomorrow’s Tourism and Tomorrow’s Tourism Today. Neither of these strategies has been particularly effective in developing and growing the tourism industry in the UK. In fact, rather than revenue from the tourism industry growing to £100 billion by 2010 as envisaged in the Tomorrow’s Tourism Today strategy, the latest UK Tourism Survey Figures suggest that the revenue generated by tourism in the UK is actually decreasing.

While the decline in tourism revenue can not be blamed on DCMS, the situation has not been helped by the fact that the Department has failed to take ownership of the previous strategies and many initiatives that they contained have not been implemented.

The failure of these strategies to achieve their aims shows that a strong degree of ownership and leadership is required to ensure that the recommendations contained in the 2012 strategy are implemented successfully. This is exacerbated, not helped, by the organisational aspects of the Olympics (IOC, LOCOG), its facilitation (ie, ODA, TIL, Mayor, DCMS, BOA) and the complex and diffuse situation of devolved tourism responsibility to the home nations, London, the English RDAs, Local Authorities, and the industry—especially since the abolition of the English Tourist Board and the cohesive network that existed previously.

If DCMS is serious about the £2 billion target, then either it, or any structure that it develops to implement the strategy, needs to truly take ownership of the strategy and have sufficient resources allocated to make sure that it is successful.

Combined with being responsible for implementing the strategy, there is a requirement to monitor its effectiveness, both in implementing the strategy’s initiatives and in those initiatives delivering the expected benefits. Again, it needs to be clear who is responsible for this monitoring and sufficient resources need to be allocated to this task.

3. Timing of the Strategy

It needs to be recognised that none of the components of the Olympic Games delivery structure (ie, LOCOG, the ODA and the Nations and Regions Working Group) have tourism development as part of their remit, nor do they have the authority to create and deliver the legacy benefits. Therefore, the ability of the nations and regions to achieve the potential tourism legacy from hosting the Games is dependent upon the Welcome Legacy strategy and the arrangements that are put in place to implement the strategy.

However, the timing of the development of the Welcome Legacy strategy is such that it will probably be mid 2007 before it is finalised and the agreed structure for implementing the strategy can be established. With the build-up to the 2012 Olympics starting the moment the Beijing Olympic finish in 2008, there is a concern within the tourism industry that there are a number of decisions that need to be taken now if the tourism benefits associated with hosting the Olympic games are to be maximised.

4. Co-ordinating Tourism Activities Nationwide

The Alliance believes that there must be a cohesive arrangement, that will stand the increasing pressures as the Games approach, and can ensure the optimum co-ordination of programmes and clarity of communications through the UK’s tourism entities. The two key players are Visit London and VisitBritain. They, jointly, must be central to the achievement of co-ordinating the marketing and industry actions around the Olympics both domestically and overseas.

We suggest that Visit London and VisitBritain should form a joint “unit” to fulfil these tasks, and take ownership of the strategy, reporting primarily to DCMS’ Tourism 2012 group. This unit needs to be in place, fully resourced, with linkages through to Visit Scotland, Visit Wales, the RDAs and RDPs and with a clear and agreed marketing strategy well before the Beijing Games finish.

We envisage that a mutual unit could achieve this efficiently, with seconded staff from both parent organisations and others, probably reporting primarily to DCMS’s Tourism 2012 group. This unit would initiate such industry partnerships and working groups as are necessary and establish an overall Olympics Tourism Forum, and complement LOCOG’s Nations and Regions Group in its general liaison role. It would not be a separate NDPB, but could be governed by a Memorandum of Agreement between its partners. It would not be an executive agency, all programmes being carried out by its constituent, and other, entities.

While the Olympic Games are predominantly London-centric, the greater long term benefit from Olympics-motivated Tourism will be Britain-wide. The media and word-of-mouth opportunities presented by the Games will to a great extent only reflect the experiences and information that are conveyed to the
media. This requires a comprehensive co-ordinated programme of overseas promotion and PR support, providing media with collateral material that reflects the diverse and very attractive tourism products of all the home nations and regions. Programmes of media hosting must be developed, to take them to appropriate destinations and give them experiences that correlate with the media that they are working for, to ensure the most effective response, that will play to the interests of their diverse audiences.

Much more collaborative work is required to develop regionally differentiated images, itineraries and products that are adapted to the audience profiles in each source market. This must be backed up by direct marketing and advertising in which VisitBritain, Visit London and others enlist maximum participation from industry partners, but it must have adequate public funds, to create strong images and market presence, for at least five years, from 2010 to 2015. During this time programmes should be monitored to demonstrate and improve the return on investment and determine refinements.

In the run up to, and during, the Olympics the approach to benefiting the whole of Britain is rather different. Whilst the Torch Relay and Training Camps attract a lot of interest they are unlikely to create much net tourism benefit. Furthermore, there are negative impacts on inbound tourism and Domestic tourism to London, as a result of wishing to avoid perceived overcrowding and this is where there is some scope to draw attention to the fact that most of the country will be open for business and pleasantly free of Olympic crowds and pressures.

So far as Olympics-related tourists are concerned, the profile is very specific, based on the evidence of past Games: namely they come for a fixed purpose and time (e.g., officials, guests hosted by sponsors, families of competitors) and most will not have the time in their itinerary for add-on stays, or day trips away from their Olympic accommodation base. The programme of media awareness and promotion mentioned above will however also impact on Olympic-related tourists, and the availability of good value, easily booked and purchased, add-on opportunities and outings will have some success.

Once potential visitors become more aware of out-of-London trip opportunities, the long term demand will rise. This could be greatly assisted by the proposed new Olympics “unit” developing in partnership with regional tourism authorities and destinations, a comprehensive range of easily purchased themed routes, trips and features, as the basis of gateway demand-management in the future. In the past, London has wanted to keep and hold inbound visitors for as long as possible. However, London’s accommodation and services are and will remain comparatively expensive, and at times at full capacity. Moving people out of London to spend some time less expensively around Britain, frees the bedspace for another visitor to London. This should be the basis for pro-active participation by London in gateway collaborative activities, beyond their formalised, co-operative, role.

4. Recommendations

The Tourism Alliance recommends that:

1. DCMS, as part of the development of the Welcome Legacy strategy, include initiatives designed to ensure that there is no downturn on “normal” inbound and domestic tourism during 2012.

2. DCMS and HM Treasury make a commitment, as an outcome of the 2007 Comprehensive Spending Review, to allocate funding to fully implementing the Welcome Legacy strategy, recognising that to optimise Olympics-related tourism and to achieve the potential targeted £2 billion increase in tourism revenue from Olympics-motivated tourism, adequate public funding must be invested, especially (but not exclusively) in marketing and media support in source markets.

3. DCMS must allocate sufficient additional funding to VisitBritain to allow the organisation to prepare effective overseas and domestic activity to commence immediately after the 2008 Beijing Games, before the CSR funds Welcome Legacy funds become available in 2008–09.

4. One organisation take ownership of the Welcome Legacy strategy, co-ordinate communication and marketing/branding, with sufficient resources and authority to be able to implement the strategy and monitoring its effectiveness. The two key partners must be Visit London and VisitBritain.

5. The unit responsible to co-ordinating the marketing to London and the UK in relation to the 2012 Games be established as soon as possible.

APPENDIX 1

TOURISM ALLIANCE MEMBERS

FULL MEMBERS

Association for Tourism in Higher Education.
Association of British Travel Agents.
Association of Leading Visitor Attractions.
Association of Licensed Multiple Retailers.
BACTA.
British Association of Leisure Parks, Piers and Attractions.
British Beer and Pub Association.
British Educational Travel Association.
British Hospitality Association.
British Holiday and Home Parks Association.
British Institute of Innkeeping.
British Resorts and Destinations Association.
Business in Sports and Leisure.
Business Tourism Partnership.
Camping and Caravanning Club.
Confederation of British Industry.
Confederation of Passenger Transport UK.
Country Land and Business Association.
Cumbria Tourist Board.
Destination Performance UK.
East of England Tourist Board.
English Historic Towns Forum.
English UK.
English Association of Self Catering Operators.
European Tour Operators Association.
Heart of England Tourist Board.
Heritage Railway Association.
Historic Houses Association.
Historic Royal Palaces.
Holiday Centres Association.
ILAM.
National Caravan Council.
National Trust.
Outdoor Industries Association.
South West Tourism.
The Bed and Breakfast Association.
The Caravan Club.
The Tourism Society.
Tourism for All.
Tourism Management Institute.
Tourism South East.
UKinbound.
Visit London.
Visitor Attractions Forum.
Yorkshire Tourist Board.

ASSOCIATE MEMBERS
Local Government Association.
SouthWest RDA.
VisitBritain.

13 October 2006
Memorandum submitted by the Tourism Management Institute

EXECUTIVE SUMMARY

The Tourism Management Institute is the professional body for destination managers. This memorandum has been specifically prepared for the Select Committee Inquiry following e-mail consultation of TMI's 350 members, and concentrates on issues relating to how the nations and regions of the UK might derive lasting benefit through increasing tourism, ie point three of the Inquiry.

The key messages from TMI members are:

— There is a variety of capital investment projects currently under consideration which would both achieve short term benefit for the Olympics and longer term benefits for residents and visitors.

— It is vital to promote the diversity of the nations and regions of Britain, whether in developing overseas marketing campaigns, encouraging Olympic visitors to return, or non Olympic visitors to come in 2012. The benefits will only be spread through the nations and regions if potential visitors are made aware of what is available and encouraged to book at an early stage.

— Providing a world class experience is key to encouraging repeat visitors. Failing the introduction of mandatory registration and inspection of accommodation establishments, there must be significant efforts to ensure consistency in the application of quality standards and incentives to encourage greater participation in quality assurance scheme. Work must start straightaway to improve customer care, engage more of the industry in quality assurance and train up frontline support and volunteer staff to deliver the best possible visitor experience. This should be supported by moves to counteract the image of the tourism industry as a low paid, low prospect career option.

— Non Olympic visitors must be made aware that the rest of Britain is open for business as usual during 2012, and potential Olympic visitors reassured that Britain still offers value for money. This can be built on by publicising many other big ticket events in Britain.

— Although this phase of the Inquiry id not addressing transportation issues, a fast, efficient and most importantly joined-up public transport infrastructure is vital to achieving short and long term benefits from the Olympics throughout the nations and regions of Britain.

— It is clear from members' responses that information and communication flows are vital to ensuring that opportunities are taken up and consistent messages conveyed, both to the tourism industry within Britain and to potential visitors at home and abroad. TMI is working in cooperation with the Tourism Society, Destination Performance UK, the Institute of Leisure and Amenity Management and the British Resorts and Destinations Association to liaise with the Department for Culture, Media and Sport and contribute to the flow of information from the centre to destination managers at local, sub regional and regional level.

1. The Tourism Management Institute (TMI)

1.1 The Tourism Management Institute (TMI) is the professional body for destination managers. Its 350 members are in the main practising tourism destination managers in national, regional, sub regional and local tourism and destination management organisations, from VisitBritain to local authority tourism teams. Affiliate members include a number of higher education tourism and destination departments, and suppliers of services to destination management. Further details about TMI can be found on the Institute's web site, www.tmi.org.uk

1.2 This memorandum has been specifically prepared for the Select Committee Inquiry following e-mail consultation of our members. Responses were received from members in Regional Development Agency tourism teams, local authority tourism officers, academics and consultants from a range of destinations across England, Wales and Scotland. It specifically addresses issues in relation to point three of the inquiry, ie how the nations and regions of the UK might derive lasting benefit from the staging of the Games, in particular through encouraging participation in sport and increasing tourism. Members were asked to consider six questions, and their responses are summarised below.

2. In your destination or region, what types of capital projects should be invested in to achieve a short term benefit for the Olympic Games and a long term benefit for the region and tourism

2.1 Responses from our members indicate that London 2012 Games are seen as an opportunity for capital investment both for the short term benefit of the Olympic Games and for the longer term benefit for their region’s residents and visitors. Investment is being sought or planned for a variety of sporting facilities which will support the Olympic Games as potential training facilities for the Olympic athletes and then provide a lasting benefit for residents and tourists: water sports facilities (Weymouth), athletics track and community stadium (Gloucester), Olympic size and standard swimming pool (Sunderland). Others referred to seeking investment to bring existing facilities to world class standard to provide training facilities in the run up to 2012 and then attract future events and tourists thereafter.
2.2 In one region, the West Midlands, the higher education establishments are in the very early phases of working to co-ordinate capital investment in new sports facilities to avoid duplication.

2.3 Destinations such as Blackpool, Brighton and Manchester emphasized the opportunities for investing in further facilities to support business tourism, such as redevelopment of the Brighton Conference Centre, reference to a Blackpool casino, and a North West regional conference centre. Although we recognise that the Select Committee is not considering transport related issues at this stage, it is worth noting that improvements in transport infrastructure in support of developing business tourism have been cited in response to this question.

3. What steps should be taken to encourage greater levels of participation in quality assurance schemes, customer care and training initiatives to ensure that visitors who come for the Olympic Games go away with and disseminate an image of Britain as a world class destination?

3.1 TMI members have two key concerns: firstly, the need for a consistent approach to the enforcement of existing quality assurance schemes, preferably with mandatory registration of accommodation; and secondly, the importance of customer care skills across all sectors of the industry and all frontline and support staff is such that these skills should be taught very early.

3.2 TMI is represented on the national Quality Steering Group and recognises that there have been improvements to the voluntary schemes in recent years. However, many TMI members consider that the only way to achieve significant improvements in accommodation standards is through mandatory registration with minimum standards for accommodation establishments, and over the years, the Institute has raised this with successive Tourism Ministers.

3.3 If the opportunity to introduce mandatory registration or minimum standards is not to be taken up, TMI members consider that much more could and should be done to incentivise tourism operators to participate in the quality assurance schemes. For example, more destinations should be encouraged to operate inspected only policies, and give priority promotion to quality assured accommodation and attractions. More should also be done to raise awareness of the quality assurance schemes among the visiting public and encourage them to ask for, or insist upon, quality assured accommodation and attractions, in turn creating more awareness of the need for minimum standards among the tourism industry.

3.4 In terms of customer care, TMI considers that the Welcome suite of training courses represent a sound basis on which to build. Welcome International should be developed to incorporate a specific Olympic focus, and Welcome training should be rolled out to support services as well as to frontline services. There are numerous examples of good practice, where destinations have delivered this type of training to taxi drivers, street cleaners and other support staff, taking the core training and adapting delivery to suit local circumstances and requirements, such as Hull, Birmingham, Liverpool and Windsor.

3.5 TMI members are concerned that the tourism industry is still seen as low paid and therefore unattractive. If quality standards are to be raised, it is important that work begins now to emphasise training for quality and customer care. The customer care training programmes for the Sydney Olympics for volunteers and professional staff totalled over one million hours. If we are to achieve this, we must start now rather than relying on a just-in-time approach. Starting now will deliver not only for the Games, but will develop the quality of welcome for all Britain’s visitors. This will also require a variety of different means of delivery, to suit the variety of different circumstances. Projects such as the Vocational Management Training for Tourism in Europe project (VocMat), in which TMI is participating, are addressing some of these delivery issues, as well as providing training at management level.

4. How should VisitBritain’s overseas marketing of the Games be designed to help build an attractive long-term visitor brand for Britain?

4.1 The key for most TMI members is to focus on the regions of Britain, to encourage visitors to discover more than London. Overseas marketing should concentrate on the cultural, heritage and landscape diversity to be found throughout Britain, supported by easily bookable regional product.

4.2 There should be a focus on linking the spiritual and physical benefits of sport and the aspirations of the Olympic movement. Britain should be promoted as clean, efficient, modern and a place of physical and spiritual well being. Intangibles such as warmth of welcome and the spirit of place must be key elements of these messages, particularly in view of Britain’s recent rating in a survey of 35 nations carried out by VisitBritain (Sunday Telegraph, 10 September 2006, p 11). This must be supported by the measures to improve customer care noted above.

4.3 Whilst there is some doubt as to how many visitors who come for the Games themselves will extend their stay, it is vital that they have the knowledge and opportunity to book extended packages from an early stage. This means that regional and national tourism bodies need to work with accommodation, attraction and transport operators to put bookable packages into the market place. One respondent makes the point that transport operators are only interested in selling the return fare so are unlikely to promote extended
stay unless it involves travel to another European country; it is therefore vital that British accommodation and attraction operators are encouraged to work with the transport carriers to develop packages to encourage longer stay and retention of spend in Britain.

5. What steps should be taken to encourage visitors who come for the Games to make return visits to Britain in future years?
   
   5.1 The key messages here are providing an excellent experience, promoting the variety and diversity of experiences on offer elsewhere in Britain, and capturing contact data for effective follow up after the Games.
   
   5.2 Providing an excellent experience is very much allied to the issues of customer care, quality assurance and training discussed at section 3 above.
   
   5.3 It will be hugely important to ensure visitors to the Games leave feeling that there is so much more to Britain that they can see and do on a return visit. This is obviously closely allied to the general overseas marketing messages referred to at section 4 above. In practical terms, this should include ensuring good promotion of the regions at the various Games venues both to visitors and the media, providing information packs to Games visitors promoting the diversity and breadth of things to see and do across Britain, and building on the Games to attract people to return for other big ticket events such as the Commonwealth Games.
   
   5.4 It is vital that contact details for as many Games visitors as possible are captured on a database so that a full follow up campaign of thank you e-mails, latest offers and so on can be conducted to entice visitors to make repeat visits and discover the rest of Britain.

6. What steps should be taken to encourage non Olympics, ie regular visitors, to continue to come to Britain in 2012?

   6.1 The answer to this lies very largely in reassuring non Olympic visitors that Britain is open for business as usual, that it still provides value for money, to counteract fears that accommodation will be scarce and over priced, and that away from London and the Olympic venues, there is a wealth of attractions to be found. Again, the overall message is that there is so much more to be discovered in the regions, and this needs to be promoted effectively.
   
   6.2 There is a good opportunity to promote packages using regional points of entry, such as regional airports and ferry ports, selling the benefits of easier access to the regional product. This will need balancing with messages to reassure visitors to London that outside the immediate Olympic period, the London airports will be no more crowded than usual.
   
   6.3 It will also be important to stress that other things are happening in 2012 and the Olympics are but one part of a year long calendar of activity. Much more emphasis will need to be given to promoting events in the regions.

7. How should London’s gateway role be developed in the run up to 2012 to help spread the benefits of the Games throughout the nations and regions of Britain?

   7.1 Use the opportunity to take press visitors on trips to other parts of the country to underline the messages about the diversity of Britain and ensure that there is plenty of opportunity for raising the profile of the regions throughout the Games themselves, perhaps through an Expo. There should be emphasis on iconic images of attractions throughout Britain, such as the Eden Project, the Angel of the North, Ironbridge, and so on.
   
   7.2 Whilst the current phase of the Inquiry is not considering transportation issues, it is vital that fast, efficient, convenient transportation is available to allow visitors to reach other parts of Britain from London. Ease of access must underpin marketing messages and product packages to spread the benefits beyond London.
   
   7.3 There are opportunities for developing themed packages, either two city packages based around themes such as culture, food and drink, party cities, or off peak city and country packages (weekday stays in the countryside and weekend stays in the capital).
   
   7.4 If there is insufficient money to support joint marketing campaigns between London and partners elsewhere, then it will be important to concentrate on providing pre-booking information to enable potential visitors to create their own packages.

3 October 2006
Memorandum submitted by Tourism South East

INTRODUCTION TO TSE

Tourism South East is a Company Limited by Guarantee formed from the merger of the South East England and Southern Tourist Boards in 2003. We are a not-for-profit enterprise, acting as the regional tourism agency for tourism, working closely with our public sector and commercial partners in the region. We are funded by grants from the regional development agency (SEEDA) and from membership subscriptions from 58 Local Authorities and from 2,000 Commercial Members. Part of our remit is to act as a the voice of tourism for the region.

SUMMARY OF MAIN POINTS

Our submission is fairly brief, though backed up with appendices (not printed here) should the committee wish to consider these in more detail:

1. Research suggests that the main economic benefit from holding the Olympics is to be derived from the tourism sector. Evidence sourced by Visit Britain estimates that 50–75% of the income generated from recent Games has come from tourism growth.

2. The UK is poorly placed to capitalise on this with patchy funding and poor integration. Despite the fact that tourism generates turnover of £75 billion pa and supports close to two million jobs, the Government is equivocal about the value of the sector:

   — Funding for VisitBritain has not been increased since 1997, and we are informed that they face a potential funding cut of 7% for next year. This is at the time when critical investment work in overseas markets needs to be actioned so that the country is able to harvest the benefits in 2012 and beyond. This is short-sighted.

   — The South East region, being next to London has the most to offer to visitors regarding the Olympics. However, due to regional funding policies we have significantly lower resources. Funding tends to prop up smaller tourism economies rather than invest in the tourism engine-rooms. Appendix 3 (not printed here) shows the effect of regional policy on tourism funding. The measure of investment per head of population employed in tourism is instructive.

3. There is an opportunity to boost high-value business and conference tourism to the UK in the next four to five years prior to the games. It is important for the SE region that up-dated facilities are provided in Brighton without delay. London also needs a new facility. The Conferences and Meetings industry is international in nature, and we are not competing effectively with overseas alternatives.

4. Some believe that it is unlikely that the Quality Assurance targets suggested by DCMS will be achieved in the timescales. Some of our partners believe that serious consideration should be given to statutory registration of accommodation to ensure that a minimum standard is achieved in order to trade. This does not mean statutory grading or assessment which could remain voluntary. There are early indications that web-based information is superseding the need for formal classification and grading systems.

5. As the South East is a region of entry to the UK (Ports, Airports and the Channel Tunnel) we are concerned to ensure that the infrastructure, entry systems and procedures, and the quality of the welcome are all first class. We cannot say this at the moment.

6. In general the SE has a deficit of infrastructure investment, especially in transportation, which could be improved given the stimulus of the Games.

7. In most circumstances the expertise generated around a big event like the Olympic Games evaporates after the closing ceremony. We would like to see some effort made to retain expertise and bid for other major international events. TSE and Sport England SE have recently launched a Major Sports Events Strategy and appointed a co-ordinator to attract significant events to the region.

8. Local government in the SE is concerned to ensure that the 2012 Games live up to their promise to be the “green games”. Attached as Appendix 2 (not printed here) is a paper provided to us by West Sussex County Council, which illustrates the issues for local Authorities and their main priorities. (Please note that this part of the submission is confidential unless advised by WSCC).

9. Skills are a key issue to ensure that the South East can gain a lasting legacy from the Games:

   — Inspiring young people: We are working to ensure that young people (particularly those currently aged 14–19, who will be 19–24 come 2012) have the opportunity to develop skills relevant to the tourism industry/visitor economy sector and understand the potential of a career in this field.

   — Skills for business: Coordinated activity to address tourism related skills would maximise the potential tourism related benefits that DCMS recognise. We would highlight the potential of “Welcome Host” to support the development of customer service skills, so critical to this area.
— Action for communities: There may be potential to engage people in supporting local visitor attractions through volunteering. We should encourage this and promote skills development and employment opportunities to these volunteers. This may be a useful mechanism for targeting individuals who may not respond to more traditional learning and employment opportunities.

10. TSE is responsible for the national Welcome Host programme of customer care training. We are working closely with British Colombia (the venue of the 2010 Winter Olympics to ensure consistency of customer service to international standards. Appendix 4 (not printed here) gives more information about Welcome Host.

11. We do not expect the 2012 events themselves to generate huge amounts of additional business for the South East region, largely due to the effect of substitution, except in a number of transport corridors which offer fast transit to the main venues. These are:

— The Kent corridor centred on the new high-speed rail links;
— The M23 corridor, including Gatwick;
— The Surrey/North Hampshire, East Berkshire and Southern Buckinghamshire arc; and
— The area around Eton Dorney for the canoeing and rowing events.

12. The larger gain will be from re-positioning the Britain brand as a whole and London and the SE in particular, in the media and reaping the benefits over the 2008 to 2016 period. We expect 80% of the long-term benefit to accrue to London, 10% to the SE, and 10% to the rest of the country.

5 October 2006

Memorandum submitted by Tower Hamlets Borough Council

1. The London Borough of Tower Hamlets supports the joint submission to the Select Committee Inquiry from the five Host Boroughs. This submission provides additional material and context about the particular aspirations of Tower Hamlets.

The London 2012 Pledge

2. The London 2012 Candidature File listed four key priorities of staging the Games (p 15):

— Putting the needs of athletes first.
— Harnessing London’s passion for sport.
— Creating a legacy to transform sport in the UK.
— Regenerating east London communities and their environment.

3. The London 2012 Candidature File went on to pledge to the International Olympic Committee the boldest and most comprehensive Games legacy of any host city to date. The significance of this commitment should not be lost in the breadth of interest across the country in the Games and the potential benefits of being a host city and a host nation. The following are direct quotations from the Candidature File (Vol 1 Theme 1—Concept and Legacy, pp 23–25):

— By staging the Games in this part of the city [East and South East London], the most enduring legacy of the Olympics will be the regeneration of an entire community for the direct benefit of everyone who lives there.
— The Olympic Park will become a hub for east London, bringing communities together and acting as a catalyst for profound social and economic change.
— Staging the Olympic Games in the Lea Valley will stimulate a vital economic regeneration programme in London’s poorest and most disadvantaged area.
— The Olympic Park will provide local people with significant improvements in health and well-being, education, skills and training, job opportunities, cultural entitlements, housing, social integration and the environment.
— The Olympic and Paralympic Games will also promote accessibility and inclusion, important objectives in such a diverse city as London. In particular, it will accelerate the development of accessible facilities for disabled people.
— The Games will also strengthen and enrich cultural activity, building on the rich heritage of east London and providing new opportunities and facilities for the creative industries.
— The biggest economic legacy from the Games will be the creation of wider employment opportunities and improvements in the education, skills and knowledge of the local labour force in an area of very high unemployment. The nature and range of those skills will enable residents of the Lower Lea Valley to have a stake in the economic growth of their region and begin to break the cycle of deprivation in the area.
4. Tower Hamlets, one of only five Olympic Host Boroughs and the only Borough to host the headquarters of the Olympic agencies delivering both the Games and the regeneration legacy, has a once in a lifetime opportunity to grasp the benefits, described so clearly in the Candidature File, that such an event can bring for the area, its communities, its young people and its workforce. And whatever the potential material gains for the Borough everyone in Tower Hamlets should have the opportunity to experience in one way or another the greatest sporting event on earth. Fundamentally, the Borough’s strategy is to leverage the Games for local benefit and to enable the greatest number locally to simply enjoy the experience—and in the process make a step change towards achieving key goals for the Borough of increasing and sharing prosperity, of making better places and of bringing our communities closer together. In helping to deliver the Games we also seek to raise our game as a council, a Borough, a partnership and a community.

5. Tower Hamlets view, along with the other five Host Boroughs, is that legacy is not a distant future but is happening now. A key concern of the Borough is that the institutional structures put in place to deliver venues and stage the event itself have omitted giving clear and direct responsibility for the regeneration legacy for the “east London communities and their environment”.

THE TOWER HAMLETS REGENERATION CHALLENGE

6. Tower Hamlets is a youthful and growing Borough. It has comparatively high unemployment and low rates of owner-occupation compared with the rest of England and Wales. It has generally poor health indicators but rapidly improving schools. Tower Hamlets remains a Borough with high levels of deprivation.

7. Tower Hamlets had a total population of 196,106 at the last Census (2001). Since the 1991 Census, the Borough’s population has increased by 17.9%. The current population estimate is 209,300 (ONS Mid Year Population Estimates 2004). By 2016, the population is projected to increase to between 259,500 and 300,500 (DMAG, GLA 2005). It is the fastest growing Borough in London. Tower Hamlets has a very youthful population, with over 34% of the population aged between 20 and 34 years of age and 28% under 20 years of age.

8. Tower Hamlets is a highly diverse Borough. The distinctive feature is its large Bangladeshi community, which represents 33.4% of the resident population. Black Africans make up 3.4% and Black Caribbean 2.7%. The White population is 51.4% of the total and 65.3% were born in the UK. Those born outside the EU make up 30.8% of the Borough. The main religious groups are Christian, 38.6%, and Muslim, 36.4%.

9. Tower Hamlets is wealthy and poor at the same time. Despite having a centre of global finance within its borders, many of its residents remain deprived. The employment rate in 2004 was only 54.1% for Tower Hamlets compared to 69.1% for London as a whole. Around 11,000 working age people in the Borough are unemployed. There are 17,750 young people aged 16 to 19 in Tower Hamlets, over 1,200 are not in education, employment or training. Overall, the unemployment rate is 12.7%, which is almost double the Greater London rate of 7.1% and much higher than the UK rate of 4.8% (Annual Population Survey 2004–05).

10. Average earnings of Borough residents are slightly higher than the London average—£551.30 per week compared to £527.00. However, the picture is dramatically different for employees working within the Borough, which includes those who are resident in other areas—£727.20 per week compared to £555.80. This is the Canary Wharf effect. No other London Borough has a higher median weekly wage except for the City of London.

11. On the positive side, schools in the Borough have been improving significantly. The percentage of pupils achieving five or more grades A*–C in 2005 was 50.9% in Tower Hamlets (England average 57.1%). The proportion of Key Stage 4 pupils achieving at least one qualification was 96.8% (England average 97.4%). Schools in Tower Hamlets continue to improve and have gained national recognition for their excellence. The educational attainments of the Borough’s 11 year olds are now in line with the national average; six out of the 15 secondary schools are producing GCSE results above the national average.

TOWER HAMLETS APPROACH TO THE OLYMPIC LEGACY

12. In September 2006, the Borough’s Corporate Management Team approved the Tower Hamlets Olympic Programme and Legacy Strategy. This strategy aims use the opportunities presented by the Olympic and Paralympic Games to address multiple deprivation and especially worklessness and improve quality of life for all—and to ensure that the benefits accruing from these programmes are sustained in the long term.

13. To achieve our goals requires high level skills of strategising, project formation, coordination, influencing and programme management. The “legacy” of the Games is much discussed. What needs to be grasped is that there is no consensus across the large number of agencies as to what precisely that legacy will be and that what is clearer already is that faced with rising infrastructure budgets, looming deadlines and increased security concerns the wider ambitions for legacy will come under pressure and some will fall by the wayside. In that context it is vital that each Host Borough has a clear idea of the Olympic Programme and Legacy it wants to achieve from—and indeed contribute to—the process and also what it wants to achieve working collaboratively with stakeholders and partners.
14. For Tower Hamlets, legacy is not just about buildings and infrastructure vital though it will be to get those things right on our doorstep. It will incorporate programmes for increased jobs and training, business opportunities, corporate social responsibility, physical activity and health. It will be about enhancing the image and the reality of where we live and work. It will be about combating worklessness and creating new opportunities for young people. But it is also about building new civic pride and a shared identity in diverse communities as the people who collectively helped put on the “best games ever”. The potential exists in this process to change the area and the life chances and experiences of many. The first step is to understand that this will not happen automatically. The Olympic opportunity for Tower Hamlets needs to be seen and seized. This is the real challenge of 2012 Games.

THE VISION

15. To be truly relevant to the area and be sustainable the vision for the Olympic Programme and Legacy Strategy must link with the Tower Hamlets Community Plan. The Community Plan is a plan for the future of Tower Hamlets. It describes the kind of place that the people who live and work in the Borough want it to be. The London 2012 Olympic and Paralympic Games are now part of the Borough’s future. The Community Plan aims to make Tower Hamlets by 2010:

— A Better Place for Living Safely—reducing crime, making people feel safer and creating a more secure and cleaner environment.
— A Better Place for Living Well—improving housing, health and social care and promoting healthy living.
— A Better Place for Creating and Sharing Prosperity—bringing investment into the Borough and ensuring that all residents and businesses are in a position to benefit from, and contribute to, growing economic prosperity.
— A Better Place for Learning, Achievement and Leisure—raising educational aspirations, expectations and achievement, providing the widest range of arts and leisure opportunities for all and celebrating the rich cultural diversity of local communities.
— A Better Place for Excellent Public Services—improving public services for local people to make sure they represent good value for money and are provided in ways that meet local needs.

16. The London 2012 Olympic and Paralympic Games provide a unique opportunity for the Borough. This opportunity can be expressed in three principles that are fully aligned with the Community Plan. These are:

— A Borough for Creating and Sharing Prosperity—bringing investment into the Borough and ensuring that all residents and businesses are in a position to benefit from, and contribute to, growing economic prosperity as a result of the Games.
— A Transformed Physical Environment—ensuring that the alluring physical transformation anticipated in the Olympic Park is matched with the physical transformation of key areas within Tower Hamlets.
— A Socially Cohesive Community—celebrating the rich cultural diversity of local communities; strengthening community networks and organisations; and enabling the community to develop as a whole.
— The London 2012 Olympic Games and Paralympic Games Experience—providing every Tower Hamlets resident with an opportunity to have a Games experience, whether participating, volunteering, or being a spectator.

17. The Tower Hamlets Regeneration Strategy has four major priorities:

— Developing the economy.
— Developing people.
— Developing places.
— Developing marketing.

18. This Legacy Strategy has a strong fit with the Regeneration Strategies priorities. The Legacy for Employment and Prosperity aligns with “developing the economy”. The Legacy for Sport and the Legacy for Community-Well Being fits with “developing people”. A Legacy for Regeneration and Environment is consistent with “developing places” and, finally, Experiencing the Games is a wonderful opportunity to showcase Tower Hamlets in “developing marketing”.

19. Overall the Legacy Vision for Tower Hamlets could be expressed as:

“To transform the long term regeneration prospects for Tower Hamlets while maximising the sporting, economic and environmental benefits of the Games for the well being of its People”.

LEGACY CHALLENGES IN TOWER HAMLETS

20. The London 2012 Olympic and Paralympic Games present an enormous opportunity for Tower Hamlets. The key challenge is to develop ambitious plans and programmes that capture this opportunity and enhance the existing regeneration programmes in the Borough—also to get the programmes up and running and generate a strong momentum. The scope of these programmes is wide and it will take considerable skill and powers of coordination to secure the results that are widely expected. Some of the opportunities for legacy actions recommended in this strategy are:

— Promoting a new image of Tower Hamlets as a thriving and culturally diverse global-city district with enterprise, culture, activity and inclusion at its heart.
— Bringing the many communities of Tower Hamlets closer together through culturally enriching Games’ experiences and healthy living programmes.
— Securing the physical and transport transformation of the Borough as befits a successful Olympic environment to include new affordable housing as a legacy.
— Securing jobs, training education and tackling anti-social behaviour through diversion activity.
— Promoting sports and physical activity in the lead-up to the Games, improving health and well-being.
— Ensuring the Lower Lea Valley becomes a vibrant thriving new community that meshes in with the surrounding established neighbourhoods.
— Putting in place a Greening Tower Hamlets 2012 Project, including Plant 2012 Save 2012 trees.
— Developing an Olympic Boulevard project in conjunction with adjoining boroughs.
— Launching Canary Wharf Challenge (possibly named Globalcity Challenge) to get young people out of the cycle of worklessness with an Olympic Opportunity Young People’s Mentoring Programme.
— Supporting businesses around Brick Lane to gain the most out of the 2012 Games.
— Marketing Tower Hamlets—especially its street markets.
— Making Tower Hamlets a 2012 Games Site in its own right—through exciting cultural programmes we can all play a part in.
— Hosting a National Olympic Team, their families and friends.
— Making sure all those who want to volunteer have a role in the Games.

DELIVERY ISSUES

21. The Borough recognises that the task of co-ordinating and organising the delivery of the Games is complex. The series of Delivery Plans prepared under the auspices of the Mayor of London address 43 Olympic and Paralympic Programme Objectives. The response of the 5 Host Boroughs to these frameworks documents highlighted the need to recognise that the Olympic and Paralympic Games take place within and amongst the diverse communities of East London. As the elected local authorities, the 5 Boroughs’ role in delivering these benefits should be better reflected. In particular, the 5 Boroughs/Local Government are nowhere indicated as “Lead Stakeholders”.

22. In establishing the institutional structure for delivering the Games, it is acknowledged that ODA and LOCOG have an obligation to have regard to the national and regional context. In specifics, the London Development Agency has the primary focus for delivering the employment and skills legacy for London as a whole. Nowhere in the institutional framework is an agency charged with sole responsibility for delivering the regeneration legacy for East and South East London as pledged in the Candidature File. While there is an expectation that the benefits deriving from the Games will be delivered and the promises made in the Bid honoured, this is not reflected in the current institutional arrangements.

23. Furthermore in delivering the “best Games ever”, Tower Hamlets would like to see greater emphasis on social inclusion/community cohesion and local people from East and South East London experiencing the Games.

24. Social inclusion and community cohesion. The Bid was explicit in highlighting the role of the Olympics in supporting social inclusion and community cohesion (Vol 1, Theme 1, p 19):

The Olympic Park will become a hub for east London, bringing communities together and acting as a catalyst for profound social and economic change. It will become a model of social inclusion, opening up opportunities for education, cultural and skills development and jobs for people across the UK and London, but especially in the Lea Valley and surrounding areas.

25. The promotion of social inclusion and community cohesion may be implied in a number of the Mayor of London’s Delivery Frameworks (eg Employment and Skills, Health, Education, Volunteering, Sustainable Communities). However, rather than being considered a “cross-cutting theme” with the
potential to get lost in specific programmes, it would be preferable to have a dedicated Framework focussed on these important aims. This is all the more warranted given the diverse nature of the five Boroughs and the importance of these issues in individual Boroughs’ Community Plans.

26. Experiencing the Games. In Tower Hamlets’ own strategies around Games legacy, it is increasingly being recognised that there is a high risk of local people being excluded from a direct Games experience. This may be due to the cost or availability of tickets or the lack of supporting events locally. It is an aspect of the Games that Tower Hamlets is seeking to address. The Live Site in Victoria Park is an important aspect of achieving this objective, but also are policies on ticketing and volunteering. A London Framework on engaging the widest possible audience locally to experience the Games, in all their dimensions, needs to be considered.

6 October 2006

Memorandum submitted by UK Sport

1. INTRODUCTION

1.1 UK Sport is the Government agency charged with leading sport in the UK to world-class success. Primarily this means working with our partner sporting organisations to deliver medals at the Olympic and Paralympic Games. We are currently investing an average of £100 million a year of Exchequer and National Lottery funds in our sports and athletes as we seek to achieve success at both Beijing and in particular the London Olympic and Paralympic Games in 2012. The funds allocated to this purpose are drawn from our existing share of National Lottery income and are additional to and distinct from the £340 million of National Lottery funds already allocated to the funding of the Games themselves.

1.2 UK Sport also has responsibility for sport-related activities best delivered at a UK level—such as running the UK’s National Anti-Doping Programme and promoting British sporting activity and influence overseas.

1.3 UK Sport is also the agency appointed by Government to co-ordinate the bidding and staging of major sport events in the UK. Given the focus of this inquiry specifically away from the performance of British athletes and onto the economic, social and cultural benefits of the Games, it is this area of our activity that is specifically highlighted in this submission.

1.4 The National Lottery funded UK Sport World Class Events Programme (WCEP), in place since 1997, has helped ensure the successful delivery of over 100 international events of European or World level across the United Kingdom. It currently receives £3.3 million of Lottery funding per annum, drawn from UK Sport’s total allocation of 3.8%.

1.5 Since the inception of the WCEP, 26 senior World Championships have been secured for the UK. Events secured and staged in recent years with UK Sport support include the World Badminton Championships (Birmingham), European Cross Country Championships (Edinburgh), UEFA U19 Football (Northern Ireland) and the recent World Rowing Championships (Dorney Lake, Eton).

1.6 Alongside bidding for established calendar events, the WCEP takes an innovative look at event development and staging. The WCEP was instrumental in providing the strategic thinking and funding for the establishment of the Paralympic World Cup, an annual multi-sport event staged in Manchester. This event helps fill a gap in the competitive calendar for Paralympic athletes between the four yearly Paralympic Games. Partnership funding has leveraged a dedicated Disability Sport Development Officer employed by Manchester City Council.

1.7 Having worked with 25 different sports (including Olympic, Paralympic and non-Olympic sports), and over 100 events of different scales and complexity, UK Sport has developed a unique knowledge and experience relating to bidding, hosting and evaluating the impact of events. The benefit of this experience can be demonstrated in the robust scrutiny and selection of events securing WCEP support which has resulted in a 75% success rate for UK Sport supported bids.

1.8 UK Sport’s objective is to ensure only the highest quality of events are staged in the UK and that the business planning and event delivery bring the event in on budget with no financial loss as had been the case before the advent of the programme. Our investment is intended to leverage the potential that events have in furthering the development of sport and providing economic, social and infrastructure benefits to the host community/region. An example of this is World Indoor Athletics Championships held in Birmingham in 2003, which were hailed by Lamine Diack (IAAF President) as “Excellent. The best ever” resulting in the IAAF adopting the event planning model developed by the organisers with UK Sport support as the model for all future IAAF indoor championships.
1.9 UK Sport has developed a standard model for assessing the economic impact of sport events to enable accurate comparisons across events and locations. The results of this research has demonstrated that, from 10 of the 11 Lottery funded events studied in July 2004, for every £1 of lottery support, additional expenditure in host economies amounted to £7.23. Applying this ratio across the lottery funds invested gives an economic impact of over £100 million.

1.10 UK Sport was instrumental in leading the Arup Olympic 2012 Feasibility Study which resulted in the government giving its backing to the bid. Following the awarding of the Olympic and Paralympic Games to London, UK Sport undertook a major review of all Olympic sports’ event strategies and refocused them to ensure that they fulfilled performance and capacity building needs for 2012. This strategy was considered by the board of UK Sport who doubled the WCEP budget in order to deliver this vital ingredient in preparing for 2012. The strategy has identified 145 events (not including Olympic test events), potentially including 28 World Championships and 27 European Championships to be staged throughout the UK up to 2012. This strategic plan will ensure that the “right” events are secured, in suitable years and in the most appropriate locations.

1.11 For the purpose of this submission UK Sport would like to focus on two of the topics highlighted in the Committee’s Inquiry announcement.

2. **Topic 1: Ways of Maximising the Value of the Olympic and Paralympic Legacy Both Within London and Across the UK**

**Topic 2: How the Nations and Regions of the UK Might Derive Lasting Benefit from the Staging of the Games, in Particular Through Encouraging Participation in Sport and Increasing Tourism**

2.1 The World Class Events programme has for many years provided a vehicle for the UK to demonstrate its ability to successfully stage major events and to “raise the bar” in their delivery. The staging of such events during the bid for the 2012 Olympic Games provided an opportunity to showcase to IOC members, International Federations and indeed a global audience the capacity and capability of the UK. The World Indoor Championships in Athletics was critical in demonstrating to the IAAF that the UK was serious about major athletic championships after the debacle of Picketts Lock. The Rowing World Cup, held at Dorney Lake in May 2005 was the first time that this event had been held in the UK, and it took place successfully at a proposed London 2012 venue, in the presence of several IOC members and an influential international federation.

2.2 A strategic and extensive major events programme has a key role to play in the delivery of a successful Olympic Games. Events are crucial in ensuring that the UK has a body of trained and experienced judges and officials, and also a pool of knowledgeable and enthusiastic volunteers. Events also provide a learning curve for the sports and key partners involved in their delivery, with UK Sport in a unique position to ensure lessons learned and best practices are shared across sports. For performance, staging events is critical in developing the best team and providing high class competitive opportunity for our athletes and exposing them to the challenges they will face in the Olympics and Paralympics.

2.3 The Rowing World Cup (noted above) was a precursor to the Rowing World Championships held at Dorney Lake in August 2006, with over 1,000 athletes competing from a record number of countries—a 28% increase on athlete numbers from the 2005 World Championships. Denis Oswald (FISA President) acknowledged the quality of the World Championships, saying “I have a feeling that Eton has set a new standard for the World Championships”.

3.1 **Venues:**

3.1.1 Olympic venues outside of London are already benefiting from the interest generated by London 2012 through the WCEP. Evidence of this has been seen at Weymouth, where the National Sailing Academy hosted this summer the 2006 Volvo Youth Sailing ISAF World Championships, the third most important event in world sailing, and the European 49er Championships. Both events secured a record breaking entry. The Youth Championships were acknowledged by ISAF as “the largest and best event, and I have to say best ever, youth championships to date”. In the build up to London 2012, there are plans to stage further events at Dorney (Rowing and Flatwater Canoeing), the National Sailing Academy in Weymouth, and the new canoe slalom facility at Broxbourne. These are aside from the Olympic test events that are planned.

3.1.2 As importantly, our events strategy aims to see 28 world and 26 European championships come to UK between now and 2012. These events will be staged across the country ensuring that existing facilities are used and that appropriate enhancements are made to them. These communities will be able to share in the preparations for 2012 and the role events play in making us “Games ready”. Further, the strategic plans of the sports are for a rolling ten-year period. This means that we are already looking beyond London 2012, and the WCEP post-Olympics will specifically enable a number of new and enhanced facilities to continue to be used for sport at the highest level.
3.2 Training Personnel:

3.2.1 UK Sport has encouraged sports to see the WCEP as a vehicle to mobilise and ensure the continued development of personnel and officials so that, come London 2012, the UK has a strong base of experts to offer for selection for positions such as competition managers, venue managers, judges and officials. The programme can play a significant role in helping LOCOG deliver its ambition of fielding 60% of Olympic officials from the UK, unlike Athens where it was 30%. This is aside from the huge volunteer base (approximately 70,000 people) which will be required by LOCOG. The WCEP always seeks ways to recruit and train new volunteers and to transfer them into the sport system. Practical experience of an Olympic discipline in a world level event will help ensure that the volunteers working for London 2012 are among the best prepared and best ever.

3.2.2 The staging of major events around the country through the WCEP establishes geographical pockets of high-quality trained sports personnel who will be well-positioned to help run the Games, thereby helping regions to “access” the Games through the supply of experienced sports officials, stewards etc. The recent staging of the World Youth Sailing Championships, for example, not only provided a wealth of experience for the National Sailing Academy, but also for teams from the Welsh Yachting Association and the Scottish Sailing Institute who were involved in the running of the event.

3.2.3 Post London 2012, the WCEP will continue and it is hoped the benefits that have been seen to flow from event staging will encourage other cities and regions to seek to stage events. This ongoing programme will provide extended opportunities for the people involved in the Games, ensuring retention of our high-quality sports personnel who are first engaged and subsequently can further develop their skills through world-class events.

3.3 Public Access to the Games:

3.3.1 The WCEP strategy encompasses major events in all of the 2012 Olympic sports (except football and tennis), and several Paralympic sports. The comprehensive nature of this approach will allow audiences across the UK (live at the events and through TV and radio) to experience and access sports and disciplines before the Games, and provide media interest to ensure that the public are continually “signposted” to the Olympic Games in 2012. This is especially important for the lesser known Olympic sports that will appear in London 2012.

3.3.2 As well as seeking to attract established World and European Championships to the UK, the impact of London 2012 has been for sports to take a creative look at their calendars to identify new opportunities. The Paralympic World Cup in Manchester is one such example as already referenced. The new “Sail for Gold” event supported by the WCEP is another example, whereby the UK is seeking to establish a new annual event for all Olympic sailing classes ensuring the highest standard of ongoing competitive opportunity and utilising the Olympic facilities at Weymouth on an ongoing basis.

3.3.3 Following the Olympics and Paralympics, the programme of World Class Events being staged throughout the UK will give an enthused and interested public the continued opportunity to watch elite sportsmen and women compete in a wider variety of sports. All UK Sport funded events also have a developmental element, through which additional opportunities for people to take part in sport will arise. This is a central objective of the programme in seeking partnership funding and using the “glitter” and community pride quality of a major event to attract people into sport or sport related activity they had not previously considered.

3.4 Spreading the Sporting benefits across the UK:

3.4.1 The WCEP ensures a strategic oversight of the distribution of major events across the Home Countries, for example the Sudirman Cup (World Team Badminton Championships) 2007, will be hosted in Glasgow and the UEFA U19 Football Championships took place in Belfast last year.

3.4.2 In addition, the WCEP takes major world-level events in Olympic sports to communities outside of the major cities. 2007 will see the hosting of events in Dover (Archery World Cup), Hartpury (World Paralympic Dressage), Fort William (World Mountain Bike Championships), Pwllheoli (World Cadet Championships, Sailing) and Strathclyde (World U23 Rowing Championships).

3.4.3 Development plans running alongside events in the WCEP give people across the UK an opportunity to try new sports, and become further involved. Before and after the World Indoor Athletics Championships, almost 10,000 people in the West Midlands were targeted by UK Athletics to become more involved with athletics using the opportunity to be part of the championships as the hook. Prior to the World Rowing Championships, young people were recruited and trained to act as Junior Officials during the event.

3.4.4 These development plans also look at helping to bring through the next generation of elite sportsmen and women. Hosting the European Eventing Championships at Blenheim last year enabled Great Britain to enter additional riders over and above the national quota. As a direct result of this, Zara Philips was entered as an individual and won gold, and has subsequently gone on to win gold at the World
Championships in Germany. In Scotland, hosting the European Cross Country Championships (at which GB won the women’s team gold for the first time) has seen women’s endurance running flourish. Almost half of the 2006 Scottish Commonwealth Games Athletics team were endurance athletes.

3.5 **Spreading the wider benefits of events across the UK:**

3.5.1 UK Sport have commissioned a number of economic impact studies on WCEP funded events to demonstrate the commercial and tourism benefits events can bring to the UK, and across the UK.

3.5.2 A study undertaken at the WCEP funded European Eventing Championships 2005, held at Blenheim, revealed an economic impact of £2.1 million. More than 22,500 commercial bed nights were generated in Oxfordshire.

3.5.3 Many of Britain’s top sporting events are broadcast around the world, generating a showcase for the UK. The 2006 Visa Paralympic World Cup highlights package, for example, was distributed to 125 countries and provided a positive association between Manchester and top class Paralympic sport. This is in addition to exposure from the internet, newspapers and radio coverage.

3.5.4 Examining broadcast coverage within the UK also demonstrates the power and reach of World Class Events. The World Amateur Boxing Championships, held in Belfast in 2001, achieved a cumulative audience total of 6.6 million in the UK, which included 330,000 young people under the age of 16.

5 October 2006

**Memorandum submitted by VisitBritain**

1. **INTRODUCTION**

1.1 VisitBritain, Incorporated under the Development of Tourism Act 1969 as the British Tourist Authority, promotes Britain internationally in 36 markets and England domestically to the British. England is also marketed in four European countries (Germany, France, the Netherlands and Ireland) where England is a particularly strong brand. We are responsible for both the visitbritain.com and enjoyengland.com visitor-oriented worldwide websites and jointly fund the Britain and London Visitor Centre (BLVC) in Lower Regent Street, London.

1.2 VisitBritain is grateful for the opportunity to share information and views for this important inquiry into preparations for the London 2012 Olympic Games and Paralympic Games. There are key issues in the visitor economy that VisitBritain would wish to be borne in mind.

1.3 It is estimated that there are over two million tourism-related jobs in the UK as a whole, some 5% of all people in employment. Tourism is one of the largest industries in the UK, accounting for 3.5% of the UK economy and worth approximately £74.2 billion in 2003, with most tourism spending in Britain being made by the British. Of the £74 billion, around £14 billion is foreign visitor spend. The current deficit, however, in the balance of tourism payments, is close to £18 billion. For every £1 spent by a visitor to Britain from abroad, £2.32 is spent by a British visitor abroad.

1.4 We have kept this memorandum as brief as possible and would welcome the opportunity to provide oral evidence to elaborate on those areas of the visitor economy that most interest the committee.

1.5 VisitBritain is an Associate Member of the Tourism Alliance and we endorse close consideration of the separate submission made by that body.

2. **OUR JOURNEY TOWARDS LONDON 2012 HAS BEGUN. . .**

2.1 For easy reference, we enclose with our submission copies of our leaflet “Our journey towards London 2012 has begun. . . Tourism opportunities and objectives for London 2012”. Members will note that 50–70% of the net economic benefit of staging the Games measured over a seven to 10 year period could accrue through tourism. This could amount to a potential benefit of at least £2 billion for the visitor economy from overseas visitors, plus a potential even greater benefit to the domestic visitor economy. However it must be noted that to achieve and surpass this figure a considerable amount of investment and effort will be needed.

2.2 Paramount to our thinking is the maximisation of the Olympic and Paralympic legacy for the whole of the country. As mentioned in the introduction, we have a tourism deficit of nearly £18 billion—despite a doubling of inbound visitors in the 25 years between 1979–2004. Foreign tourists are not staying as long as the used to and are more likely to stay with friends or relatives than they did in 1979. Average visitor stay is down from 12.5 to little over eight nights. Spending by overseas residents has gone down in real terms from £740 to £470 per trip. So the doubling in tourist numbers has led to a mere 3% real terms increase in tourist spending. This is not enough to satisfy our ambitions.
3. **Key Learnings**

3.1 In the period following London’s successful bid to host the 2012 Olympic and Paralympic Games, VisitBritain have ensured that as much learning as possible has been gathered from previous Winter and Summer Olympic and Paralympic Games, as well as other major international sporting events.

3.2 During 2006, learning expeditions have been made to Sydney and Melbourne during the Commonwealth Games and Turin during the Winter Games. An initial trip to Beijing has also been made with a view to the Summer Games in 2008. Further contacts have been made with individuals who were present at Sydney 2000 and Athens 2004. All of this learning has informed the formulation of VisitBritain’s strategy for London 2012.

3.3 While the Games are expected to bring many participants, sponsors, officials and spectators to our shores, the predicted volumes of this Olympics-related tourism are within usual levels of peak time tourism demand. The biggest potential lies in Olympics-motivated tourism, i.e., additional business events in, or tourist visits to, Britain as a result of heightened awareness of the destination generated directly or indirectly by the hosting of the 2012 Games. Tourism must be placed at the very heart of the Olympics and Paralympics experience.

3.4 The biggest tourism opportunities include:

- Aligning and developing the British brand to appeal to new and younger markets—and capture from them a positive view of Britain that lasts a lifetime.
- Building on the immense media coverage for Britain and London that the Olympics will generate to raise the profile of Britain and enhance awareness of the country’s diverse tourism offering.
- Winning more international major events, conferences and conventions.
- Attracting new partners and sponsors to the tourism sector.
- Improving the welcome that business and leisure visitors receive in this country, transforming the quality of British tourism’s accommodation and visitor attractions, and increasing productivity and skills in the industry.
- The development of sustainability and accessibility in the visitor economy (e.g., less than 1% of accommodation providers participate in the National Accessible Scheme in 2005).

3.5 VisitBritain has extensive and expert marketing experience. We recognise the importance of market targeting and market knowledge. Fieldwork from February 2006 using the Anholt-GMI Nation Brands Index has provided us with excellent research data with which to target potential visitors and manage expectations. We enclose copies of this Olympics Analysis for the Committee.

3.6 The importance of the Games to VisitBritain’s activities in emerging markets such as Russia, China and India can not be overstated. Often Britain is seen through the lens of period drama or in the pages of Dickensian novels wrapped up in smog. These markets were among the most likely to agree that “I’m more
likely to want to visit Britain in the next few years because London will host the 2012 Olympics”. This statement indicates a willingness to come to Britain, however it does not necessarily mean that they will. Visible marketing activity will have to be carried out in these markets to ensure that they do choose the UK ahead of competitor destinations, a task which will be made easier by good awareness and understanding of the Britain brand work being undertaken with our public diplomacy partners.

4. VisitBritain’s Partnership Work

4.1 Since winning the bid to host the Olympic and Paralympic Games in 2012 VisitBritain has been working to ensure that tourism is well represented in the wider 2012 structures. VisitBritain is represented on the Nations and Regions Group, along with the Devolved Administrations and the RDAs, and the Tourism 2012 Group, which advises the Minister for Tourism. VisitBritain also maintains very close operational and strategic relationships with DCMS and Visit London on matters relating to the Games, as well as an excellent relationship with London 2012.

4.2 VisitBritain has spent much time attending and speaking at events in London and throughout the regions to raise awareness of the benefits of London 2012 for the visitor economy as well as managing and aligning expectations with achievable outcomes. In 2006 events addressed by VisitBritain have ranged from the Local Government Association Tourism Forum held in Norwich in March (“2012. Maximising the benefits around Britain: key issues for tourism”) to the British Resorts and Destinations Association Annual Conference in Folkestone in June (“2012 events and the wider & longer term benefits for UK plc”) and the Visitor Attractions Conference in October (focussing on the Cultural Olympiad and Quality). VisitBritain also supported the 2012 Roadshow, organised by DCMS and London 2012 in July, speaking at several events throughout the regions.

4.3 The 2008 Beijing Olympic and Paralympic Games will be pivotal for Britain in the lead-up to 2012. VisitBritain will be aiming to promote London and Britain as host destination of the next Games and build relationships with key partners in Beijing. 2008 also marks the beginning of London’s Cultural Olympiad as well as the year Liverpool will be European Capital of Culture—VisitBritain is establishing a partnership with those responsible for devising and delivering the Olympics cultural programme to ensure synergy within our overall tourism marketing strategy. VisitBritain will also be looking to maximise the opportunities presented by the torch relay in 2012 to achieve positive media exposure of Britain as a visitor destination.

4.4 The Games have already shown their ability to act as a catalyst to progress partnership initiatives. VisitBritain currently chairs both the Public Diplomacy Partners Group (with members including the Foreign & Commonwealth Office, UK Trade & Investment, British Council, etc), which is now developing the Britain brand proposition to capitalise on the exposure Britain will receive in the years around the Games, and also the Welcome to Britain Group (with members including BAA, HM Revenue and Customs, UKVisas, etc), which is looking at how to improve Britain’s welcome with a view towards 2012. Britain will play host to an influx of visitors in 2012 and world media attention will be on us—providing a world-class welcome will be critical not only to the success of the Games but also to our long-term reputation for customer service.

4.5 VisitBritain has worked closely with VisitScotland, Visit Wales and the AA to harmonise quality grading schemes (ie the star ratings awarded to accommodation providers). Improving quality in the industry is a key focus of our partnership work, as accommodation has to meet the needs of visitors with a first class quality system by 2012. Our current estimate is that just over 50% of known accommodation stock is assessed and our target is to have 80% assessed by 2010—a challenging but achievable goal. VisitBritain will also work to encourage the industry to improve disability access and create skills based training opportunities relevant to the industry.

4.6 The 2012 Games will also provide a catalyst for developing green tourism, and they will give us the opportunity to expand and introduce sustainable tourism as a viable option in the British visitor economy with the industry.

4.7 A successful legacy from the Games for the visitor economy will also be dependent on maximising the benefits from a whole host of new non-tourism commercial partners with whom VisitBritain aims to successfully develop long-term strategic partnerships. To this end VisitBritain and Visit London have created a Brand Partnership Unit (BPU), founded on the principle that London and Britain represent world-class brands and therefore valuable assets for these partners.

5. Conclusion

5.1 As can be seen above, an integral part of the development of VisitBritain’s strategy will be the engagement with industry in getting the maximum value for money by combining funding for common objectives. VisitBritain has extensive experience of working with public and private sector partners over many years to deliver joint marketing campaigns and this public/private partnership will provide the foundation for achieving a £2 billion legacy for the visitor economy across Britain from the London Games in 2012.
Annex

OLYMPIC ANALYSIS USING THE ANHOLD—
GMI NATION BRANDS INDEX WAVE 2

FIELDWORK FEBRUARY 2006

What is the Nation Brands Index?

The NBI is a syndicated consumer quantitative research survey—a joint production between GMI (an American market research agency) and Simon Anholt (a world renowned expert on nation branding).

Each quarter, a worldwide online panel of consumers is polled on their perceptions of the cultural, political, commercial and human assets, investment potential and tourist appeal of 35 developed and developing countries. This provides a clear index of national brand power, a unique barometer of global opinion.

In addition to understanding UK as a nation brand, VisitBritain also add our own questions each quarter, to focus on tourism issues.

About the Methodology

It is an online panel survey—using samples from GMI (one of the world’s largest actively managed consumer panels). The sample sizes in each market range from 300 to 1,000 (but most of our key markets are 1,000 sample size). There are 35 markets included now—and they give their opinion on the same list of 35 markets. The rankings given here are out of 34 as each country also rates itself and we have excluded these from the rankings.

We have detailed information on the size and demographic detail of each panel from which the NBI samples come. Panels are representative of the online population of each market not the general population.

Most participants have NOT visited the UK so these opinions are based on Perceptions and imagined visits not experience. The sample is not made up of classic Britain “best prospects” but general representatives of that country.

The Anholt-GMI Nation Brand Index (NBI) for Wave 2 2006 included bespoke questions added by VisitBritain to measure perceptions of Britain as a holiday destination. The same questions will be asked on an annual basis in order to monitor changing opinions. One of these perceptions regards the upcoming 2012 Olympics to be held in Britain and it is this response that we shall be analysing in this document.

Respondents had to answer the following statement on a scale from 1 to 7, where 1 is totally disagree and 7 is totally agree:

I’m more likely to want to visit Britain in the next few years because London will host the 2012 Olympics

The average response given for this question was 3.86 with most respondents giving a score of 4. The frequency graph below illustrates the spread in numbers of respondents on the scale from “Totally Disagree” to “Totally Agree”.
From the chart we can see that the majority of respondents (27%) neither agreed nor disagreed with the statement, suggesting the Olympics in 2012 will have no bearing on whether they will visit Britain or not. The next most frequently scored on the scale was 1—Totally Disagree (17%). These respondents are definitely NOT more likely to want to visit Britain in the next few years because London is hosting the 2012 Olympics. However, of those who actually said they would be likely to visit the UK if money and time were no object, 29% said that they were more likely to visit because of the Olympics (giving a score of 6 or 7).

There is no difference in the agreement of those that have visited the UK and those who haven’t, suggesting that the Olympics appeals to both groups equally. There are also no differences between the age groups with same age-group proportions existing between those who disagreed (giving a score of 1 or 2) and those who agreed (giving a score of 6 or 7).

Another VisitBritain bespoke question asked respondents to state whether certain experiences had ever influenced or inspired them to choose a holiday destination. One of the questions asked whether sport or a sporting event held in a country had ever inspired a visit to that country.

24% of the respondents said they had been influenced by sport or a sporting event held in the country they had chosen to visit. The top 10 countries with respondents who said they’d been influenced by sport were as follows:

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<th>Rank</th>
<th>Country</th>
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<td>1</td>
<td>Indonesia</td>
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<td>2</td>
<td>Malaysia</td>
<td>38</td>
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<tr>
<td>3</td>
<td>South Africa</td>
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<td>4</td>
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<td>10</td>
<td>Argentina</td>
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Indonesia was the country with the highest proportion of respondents who said they had been influenced to visit a country because of sport or a sporting event held in that country (42%).

The Venn diagram below illustrates the proportions of respondents who said whether they were likely to visit Britain because of the 2012 Olympics (with a score of 1 or 2 for “disagree” and 6 or 7 for “agree” and ignoring the respondents who scored in the middle) and whether they had ever been influenced to visit a country because of sport or a sporting event.
17% of the respondents said they would be more likely to visit Britain because London is hosting the 2012 Olympics AND had also been influenced by sport or a sporting event previously when planning a visit abroad.

47% of the respondents have never been influenced to visit a country because of sport or a sporting event and are less likely to visit Britain because of the upcoming 2012 Olympics.

In conclusion we have the following points:

— The majority of respondents (27%) neither agreed nor disagreed that the Olympics in 2012 will have a bearing on whether they will visit Britain or not.
— Of those who actually said they would be likely to visit the UK if money and time were no object, 29% said that they were more likely to visit because of the Olympics.
— There is no difference in the agreement of those that have visited the UK and those who haven’t, suggesting that the Olympics appeals to both groups equally.
— There are also no differences between the age groups.
— 24% of the respondents said they had been influenced by sport or a sporting event held in the country they had chosen to visit.
— 17% of the respondents (who scored 1, 2, 6 or 7) said they would be more likely to visit Britain because London is hosting the 2012 Olympics AND had also been influenced by sport or a sporting event previously when planning a visit abroad.
— 47% of the respondents (who scored 1, 2, 6 or 7) are not likely to visit Britain because of the upcoming 2012 Olympics and had never been influenced to visit a country because of sport or a sporting event.

13 October 2006