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Committee

London 2012 Games : the next lap

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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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Summary

A new Olympic cycle begins in September this year after the Closing Ceremony at the Beijing Games. Next time it will be London's turn. Work will already have begun on building venues; and, by the end of the year, a framework for legacy management of the Olympic Park will be nearing completion. The decisions which will shape the Games and their legacy will mostly have been taken and the project will move into a new phase.

We find much to commend in what has been achieved so far. There are signs that Games organisers are working to a realistic timetable and that they are making strenuous efforts to fulfil the vision set out in the bid. The LDA has completed the land assembly process—bringing the land forming the Olympic Park site under public sector control—within budget and without significant delay. On the financial side, LOCOG has already negotiated the majority of its top-tier domestic sponsorships before the Beijing Games have taken place. No previous Organising Committee has made comparable progress.

There is now a final figure for the budget for the Games: £9.325 billion, far higher than the estimated £3.4 billion at the time that the bid was submitted. Although it is not surprising that early assessments underestimated the final costs, such a radical revision of cost estimates has been damaging to confidence in the management of the overall programme. It has also exposed the Government and Games organisers to the charge that the initial bid was kept artificially low in order to win public support. However, we are reassured that the National Audit Office has concluded that the new budget represents a significant step forward in putting the Games on a sound financial footing. Difficult decisions on the budget for the Games have been taken, and these should now be supported. The priority now should be to keep costs down: the mark of success in financial management of the Games will be to have kept expenditure to a level comfortably below the £9.325 billion ceiling.

Although the figure for “programme contingency” for the Games is £2.747 billion, this excludes £973 million in contingency provision which has been built into individual project budgets. The true total for contingency is £3.72 billion, which includes £238 million for security contingency. The remainder—£3.482 billion—is available to the ODA and forms 62% of its base costs. Given the enormous size of this figure, we recommend that a substantial proportion of the programme contingency should be regarded as untouchable before 2011. Any unspent contingency to be funded from Lottery revenue should be returned for the benefit of non-Olympic Lottery distributors. We also recommend that the National Lottery Distribution Fund should be the primary beneficiary of any sums within Government departments' budgets earmarked for contingency but not spent.

The Government is banking on receipts from sales of land and property on the Olympic site and elsewhere after the Games to reimburse Lottery distributors for some of the income diverted and the London Development Agency for its costs. We have concerns about whether the confidence shown by the Mayor of London's Office and by the Minister for the Olympics that £1.8 billion or more will be raised from land sales is justified, given the downturn in the property market. We do, however, welcome the steps taken to ensure that Lottery distributors will gain the lion's share of receipts from land sales, once the

London Development Agency has recovered its costs of acquiring land and paying compensation. The Memorandum of Understanding governing the share-out should, however, make clear that the amounts involved will be indexed for inflation. This will preserve the real value of the returns to the Lottery, as—under current plans—assets may take until 2030 to be realised.

Significant efforts have been made by LOCOG and the ODA to involve sports governing bodies and other interested parties in discussions on the design of main venues in the Olympic Park. With the exception of the governing body for shooting, they appear to have won support for their proposals. We regard it as highly regrettable that the site chosen for shooting events—the Royal Artillery Barracks at Woolwich—is not one which commands the support of any of the constituent bodies of British Shooting. More should have been done to explore alternative sites before the decision to select the Royal Artillery Barracks was taken.

The Aquatics Centre, at £303 million, will cost more than four times the forecast provided in the Candidature File submitted in 2004. The concept of the Aquatics Centre might be spectacular and eye-catching; but it appears to be over-designed and will be an expensive way of providing the facilities for water sports needed during and after the Games. We are also concerned that the ODA only managed to attract one firm bidder to construct the Centre. In our opinion, the history of the Aquatics Centre shows a risible approach to cost control and that the Games organisers seem to be willing to spend money like water.

We are uneasy that decisions are being taken on design and contracts are being let for construction before a legacy operator or owner has been confirmed. While the priority is to ensure that venues are built in good time for the Games, it must be recognised that the ODA runs the risk of building structures which need significant expenditure in post-Games conversion if they are to be attractive to future tenants or operators.

The London Development Agency is now leading work on a strategy for legacy use and management of the Olympic Park and the sporting, residential and commercial venues which will remain in the Park after the Games. Decisions on the intensity of development and the nature of housing on the Olympic Park site will have long-lasting consequences. The Mayor's Office acknowledged to us the importance of a sustainable legacy for the Olympic Park; that acknowledgement must be respected as the years pass and as the pressures to extract maximum value from sales of land and property increase. Conservative assumptions should be made on the commercial potential of sports venues after the Games, and the Government should remain open to the establishment of a trust, or similar vehicle, perhaps with funding pooled from the Exchequer, local authorities, the London Development Agency and others, to cover the revenue costs of sporting facilities in the Olympic Park after the Games have finished. Contracts to operate sporting facilities after the Games should specify that affordable access should be provided for local residents and for exclusive use by sports clubs.

There has been a great deal of talk about the Games' potential to build levels of participation in sport on a lasting basis. The profusion of commitments, promises and plans for using the potential of the Games to increase participation in sport being developed is bewildering. But, disappointingly, none of what is proposed amounts to a single, comprehensive, nationwide strategy. We are disheartened that the Department for

Culture, Media and Sport has not acted upon the recommendation made in our previous report on preparations for the games, that it should publish a plan “as soon as possible” on how to achieve the maximum increase in UK participation at community and grass-roots level in all sport and across all groups.

Spin-offs from the 2012 Games alone cannot bring about the fundamental change in behavioural patterns needed to bring about an increase in participation in sport. The Games can, however, provide an opportunity to promote the image of health through sport and can generate a higher level of commitment of public sector funding and private sector sponsorship for sporting events and facilities. The Games will also provide a window during which the public is more receptive to efforts by Government and local authorities to increase participation. Much more can and should be done in schools, starting with the Host Boroughs, to encourage participation in sport and an immediate legacy for the Games.

UK Sport, the publicly-funded agency for elite sport, has set aspirations for performance by UK teams in both the Olympic and Paralympic Games at Beijing (eighth and second place respectively in the medals table) and in London (fourth and second place respectively). Britain’s recent success in the World Track Cycling Championships notwithstanding, we may struggle to achieve these targets. We do not see a clear rationale for concluding that the performance by the UK Olympic team at Beijing (or indeed in London in 2012) is likely to outshine by any significant margin performance by the UK in recent Olympic Games. However, we strongly welcome the significant increase in funding which was awarded as a result of UK Sport’s aspirations. On balance, we believe that the very ambitious aims for performance in the London 2012 Olympic Games will be good for British elite sport.

We are not confident that the aspiration of second place for the Paralympic team in London in 2012 “whilst aiming for the top spot” is well-judged. The strength of competition at Paralympic level is intensifying, but the structures which would allow the British Paralympic team to keep pace, by providing a clear pathway for the development of potential, appear not to be in place.

The Government intends that £100 million for elite sport should be raised from the private sector, yet it may be prove very difficult to raise, as no private sector sponsor will be able to cite any association with the London 2012 Games, in order to protect LOCOG’s sponsors. The effect is to introduce an element of uncertainty into a long-term funding programme, hobbling financial planning. We believe that it will turn out to be a misjudgement and an unwelcome diversion of effort.

We are concerned that the decision by the British Olympic Association to set up an elite performance scheme which is separate to that run by UK Sport suggests a lack of faith in existing structures, despite the Programme’s “complementary” label. We would feel able to be more supportive had the BOA worked together with UK Sport to improve existing performance programmes.

We welcome the discussions taking place to grant an exemption from the firearms legislation to allow talented pistol shooters to train in the UK under tightly controlled conditions, and we hope that this can be achieved as soon as possible.

We also call on the Department to make representations to the International Paralympic Committee to lift the ban on allowing athletes with a learning disability to compete in the Paralympic Games.

1 Introduction

1. This is the second Report from this Committee to examine the preparations for the London 2012 Olympic Games and Paralympic Games. In January 2007, we published a substantial Report on the funding of the Games and their potential legacies—sporting, economic and regenerative. One year later, we are returning to the subject, drawing on oral evidence taken from November 2007 to January 2008,¹ together with written evidence submitted in response to a press notice issued by the Committee on 16 October 2007. This Report also takes into account information published by the Government, the London Organising Committee for the Olympic Games and Paralympic Games (LOCOG), the Olympic Delivery Authority (ODA), and others, during the past twelve months.

2. We have undertaken two visits which have helped in forming our views. In November 2007, we held a private meeting with key figures in LOCOG and the ODA at the London 2012 offices at Canary Wharf, before travelling to the site of the future Olympic Park in East London. In June 2007, while in Canada (principally for meetings relevant to a separate inquiry, into public service content) we took the opportunity to meet officials from the Organising Committee for the Vancouver Winter Games in 2010, as well as representatives of the government of British Columbia, the host province.

3. Our earlier Report was published at a time of considerable apprehension and uncertainty about the costs of the Games and how those costs would be met. The bid to host the Games had been won only 18 months earlier, and while work to assemble the land and the project planning was well advanced, few of the “milestones” marking the various stages of the programme had been passed.

4. This Report is being published at a time when the climate is quite different: difficult decisions have been taken on how much the Games should cost and how that cost should be met; signs of progress in preparation of the site are very visible; and the contracts for constructing venues and infrastructure are either being let or are to be let shortly. The programme overall is running according to timetable, if not marginally ahead of it.² **We commend LOCOG and the ODA for what they have achieved so far. There are signs that the London 2012 Games programme is working to a realistic timetable and that strenuous efforts are being made to fulfil the vision set out in the bid. However, a lot of thinking still needs to be done, particularly on how to extract the maximum legacy value; and we continue to have serious reservations about the costs of the Games and their impact upon Lottery distributors.**

5. In this Report, we do not attempt to provide a commentary on every aspect of the London 2012 Games programme. We dwell at some length on the financing of the Games, the legacy use for individual venues, progress in defining and delivering the benefits for sport throughout the country at all levels, both in the years leading up to the Games and in

¹ Witnesses included the national governing bodies for cycling, swimming and athletics, UK Sport, LOCOG, the Olympic Delivery Authority, the British Olympic Association and the British Paralympic Association, the Mayor of London's Office, the London Development Agency, the Five Host Boroughs, Greenwich Leisure Limited, Sport England, Gerry Sutcliffe MP, Parliamentary Under-Secretary of State at the Department for Culture, Media and Sport, and the Rt Hon. Tessa Jowell MP, Minister for the Olympics and London.

² Q 81

the Games' aftermath, and prospects for performance by British athletes at the Beijing and London Games. We plan to examine in a future Report the extent to which expectations of benefits from the Games in the nations and regions are likely to be met.

2 Funding the Games

6. One of the most significant steps taken since the publication of our last Report on the 2012 Games was the announcement on 15 March 2007 of a final figure for the costs of the Games to the public. That figure, including contingency, is £9.325 billion. It breaks down as follows:

Table 1: Funding package for the London 2012 Games

		£m	£m	£m
<i>Total Funding Package</i>				9,325
Less Non ODA costs				
	Elite and Community sports	290		
	Paralympic Games	66		
	Look of London	32		
			388	
	Security	600		
	Security contingency	238		
			838	
<i>Total Non ODA</i>				(1,226)
<i>Total Available for ODA</i>				8,099
ODA Base costs inc VAT			5,590	
Contingency released			500	
<i>Total ODA before unallocated contingency</i>				6,090
<i>Contingency remaining</i>				2,009
<i>Maximum funding available for ODA</i>				8,099

The costs of actually staging the Games do not appear in this Table: they are to be borne by the private sector and through sponsorship. We consider this element later in the Report.³

7. At the time that the bid to host the Games was submitted, the estimated cost to the public sector was approximately £3.4 billion:

³ See paragraph 60

- £2.375 billion from a Public Sector Funding Package, to fund the work of the Olympic Delivery Authority (ODA), the statutory body responsible for building the permanent venues and infrastructure needed for the Games; and
- £1.044 billion from the Exchequer for wider regeneration in the Lower Lea Valley.⁴

It was estimated that a further £738 million would be forthcoming from the private sector, as a contribution to the costs of facilities and infrastructure.⁵

8. The Annual Report on the London 2012 Olympic and Paralympic Games, published by the Department for Culture, Media and Sport in January 2008, cited reasons for the difference between the initial estimate of cost and the current budget of £9.325 billion. Those reasons, as described by the Department, are:

- A new provision of £2.7 billion contingency to manage programme and unforeseen risks. This was over and above the project contingency included at the time of the bid;
- an increase in core Olympic costs of £1.1 billion resulting primarily from the appointment of a delivery partner, additional inflation, and leveraging contribution to the cost of the Olympic Village;
- a contribution for VAT and corporation tax. At the time of the bid it had been uncertain whether the ODA would be liable;
- an indicative provision of £0.6 billion for policing and wider security included in the wake of the events of 7 July 2005; and
- a reduction of around £600 million in the anticipated private funding directly available.⁶

9. The budget for the Games has been extensively analysed by the National Audit Office (NAO),⁷ and the Committee of Public Accounts has published a Report largely based upon the NAO's findings.⁸ It echoes criticisms which we made in our previous Report on the Games of the failure to include either programme contingency or VAT when drawing up estimates of the level of public funding needed. It also points out that the overall £9.325 billion budget excludes the costs of acquiring land for the Olympic Park, the costs of government departments working on Games preparations and legacy planning, and the costs of improving wider transport links. While we make general observations on the overall budget, in this Report we have given particular attention to its contingency element.

⁴ See Memorandum of Understanding published as Annex A to the Government response to the Third Report of Session 2002–03 from the Culture, Media and Sport Committee, Cm 5867; see also written submission to the Committee's previous inquiry into the Games, published as HC 69–II of Session 2006–07, Ev 56

⁵ *The budget for the London 2012 Olympic and Paralympic Games*, National Audit Office, HC 612, Session 2006–07, para 30

⁶ Annual Report on the London 2012 Olympic and Paralympic Games, published by DCMS on 22 January 2008, page 19

⁷ *The budget for the London 2012 Olympic and Paralympic Games*, National Audit Office, HC 612, Session 2006–07

⁸ HC 85, Session 2007–08

Contingency

10. £2.747 billion of the £9.325 billion funding package is designated as “programme contingency”, namely funding to manage risks to the overall programme:

- £238 million is set aside for contingency for costs of security other than those borne by the ODA;
- £500 million has already been authorised for release to the ODA but had not yet been drawn down at the time that this inquiry was held; and
- £2.009 billion remains available to the ODA, subject to payment being authorised.⁹

The potential risks identified by the ODA include programme delays (leading to extra costs of accelerated working), inflation at a higher rate than assumed, industrial action by members of the workforce directly related to the ODA programme, and default by third parties or private sector funders on funding commitments. A fuller list appears in the ODA’s Programme Delivery Baseline Report, published in January 2008.¹⁰

11. The £2.747 billion figure does not, however, represent the total funding available to cover contingency costs: it excludes the contingency component built into each project budget. We asked the Department to supply figures for the contingency component within each project. The Department supplied a total figure current in December 2007, when the ODA’s baseline budget was announced—£973 million, including VAT—but it declined to supply figures for the contingency provision within each individual project, on the grounds that individual project provisions were “likely to be fully required”, were “considered an intrinsic element of the base budget of a project”, and were therefore not separately identified.¹¹ Such figures must exist, however. The Director-General of the Government Olympic Executive indicated in oral evidence that, from memory, he believed that the contingency element of the Olympic Stadium project was £94 million: just under 20% of the total project cost of £496 million (including VAT).¹² This would represent a usual, prudent level of provision for a large individual project, but the existence of such contingencies in budgets clearly does not mean, with professional cost control, that they should always be spent.

12. The total contingency identified in one way or another is therefore £3.72 billion, made up of £2.747 billion in programme contingency and £973 million from provision within projects. Of the £2.747 billion programme contingency, £238 million is intended to cover security risks and is not available to the ODA. We therefore estimate that the maximum contingency on which the ODA can draw amounts to £3.482 billion: £2.509 billion in programme contingency plus £973 million in project contingency.

13. In our previous Report on the 2012 Games, we noted that there was discussion within Government and the Olympic Board about the size of the proposed programme

⁹ HC Deb, 10 December 2007, col. 10WS

¹⁰ Page 10: available from <http://www.london2012.com/news/publications/index.php>

¹¹ Ev 147

¹² Q 464

contingency. The Treasury was understood to favour a figure of approximately 60%, in line with Green Book guidance.¹³ On the other hand, the Mayor of London was on record as having stated that “there are no circumstances under which I’d agree to a contingency of that size”.¹⁴ We went on to question the rationale for allowing a programme contingency on top of project contingency, especially at the level advocated by the Treasury, and we expressed surprise that the Treasury appeared to be insisting upon a programme contingency of up to 60% when, in 2004, it had underwritten a bid to the International Olympic Committee which had made no such provision.

14. Now that a figure for programme contingency has been announced, we have sought comfort that the overall level of contingency is justified. The programme contingency available to the ODA—£2.509 billion¹⁵—is 45% of the ODA’s base costs (£5.590 billion including VAT) and 31% of the total funds available to the ODA (£8.099 billion). If the contingency elements of individual projects are taken into account, and the maximum contingency payable by the ODA is reckoned at £3.482 billion, overall contingency provision forms 62% of the ODA’s base costs. **We would like to see a fuller explanation from Government of why the contingency level has been set so high, with reference to the costs of previous Olympic Games and comparable large construction projects.** We note that the sum announced as contingency for construction of venues for the Vancouver Winter Games in 2010, admittedly a smaller feat of organisation, is \$ Can 55.3 million compared to base costs of \$ Can 531.5 million: just over 10%.¹⁶

15. Most, but not all, of the programme contingency will come from the Exchequer contribution to the Games budget. We note the policy of the Olympic Lottery Distributor (OLD) that, when making a “lifetime grant”,¹⁷ it would hold back a sum which would be available should the ODA seek further funding. In effect, this would be a Lottery share of the overall programme contingency. We note that the Olympic Lottery Distributor’s intention that that proportion should be approximately 20%.¹⁸ Any decision on how to dispose of any such funds which remained unspent when the Olympic Lottery Distributor was wound up after the Games would be for Parliament to make, although it would need to take account of the constraints imposed by the status of those funds as Lottery funds.¹⁹

¹³ The Treasury Green Book provides guidance for Government bodies on economic appraisal of projects; see www.hm-treasury.gov.uk/greenbook.

¹⁴ Interview on BBC Radio 4 *Today* programme, 22 November 2006

¹⁵ £500 million of this sum has already been allocated.

¹⁶ <http://www.vancouver2010.com/en/OrganizingCommittee/AboutOrganizingCommittee/BusinessPlanGamesBudget/VenueDevelopmentBudget>. Base cost figure may include individual project contingency figures, increasing the overall proportion of contingency within total expenditure.

¹⁷ The vehicle for paying the bulk of the Lottery contribution to the ODA. The Olympic Lottery Distributor announced on 29 February 2008 that it had authorised payment of such a grant, worth £1.431 billion.

¹⁸ HC Deb 12 November 2007, col. 67W

¹⁹ Ev 162

16. £500 million of the programme contingency has already been authorised for release to the ODA for the following purposes:

Table 2: Breakdown of contingency authorised for release

	Released Contingency
Site preparation and Infrastructure	177
Venues	100
Transport	21
Other Parkwide projects	208
IBC/MPC, Olympic Village, Programme Delivery and Taxation	(6)
Total	500

Source: HC Debates 10 December 2007, col. 9WS. Figures are for £000.

The ODA told us that this funding was needed to provide “an adequate cover contingency base” within certain projects so that contracts for those projects could be let.²⁰

17. The Minister for the Olympics assured us that, for a project of such a scale and bearing such a risk, a 60% ODA-wide programme contingency was “judged, in accordance with industry standards and industry modelling, as being contingency at the right level”.²¹ When we questioned the ODA on contingency provision shortly before the ODA’s baseline budget was announced, the Chief Executive of the ODA told us that contingencies “on all sustained projects that the Government puts up for approval” ranged from 30% to 60%.²² Bearing in mind the ODA Chairman’s previous experience as Chief Executive of Network Rail, we asked the Chairman and Chief Executive of the ODA for examples of other public sector projects or programmes which had included an allocation for programme contingency of 50% or 60%. Mr Armitt, Chairman of the ODA, told us that he had worked on two major infrastructure projects—the Channel Tunnel Rail Link and the West Coast mainline upgrade—that had reflected such an approach to the management of project risk. In both cases, the level of contingency set at inception of the project had been in the region of 50%—60%. Subsequent project development, together with the development of more detailed designs, had provided a greater certainty of the scope of work, enabling the overall level of contingency to be reduced to between 15% and 20%.²³ On that basis, just for comparison, managing actual spending of contingency down to that

²⁰ Q 134

²¹ Q 459

²² Q 121

²³ Ev 63

level for the Olympic Games would mean a reduction in the headline budget of £2.3 - £2.6 billion. Given the early £500 million call on the programme contingency, an outcome on such a scale already seems unlikely, but the figures do demonstrate the enormous sums involved, which would otherwise be available to the public purse or for good causes around the country.

18. Given that certain costs are already exceeding budgets, at a comparatively early stage of the programme,²⁴ it seems prudent to assume that further calls on contingency are likely to be made. Mr Coleman told us that the Mayor of London, who has consistently been opposed to the setting of a programme contingency as high as 60%, “does not want to see anything like that full level of contingency spent or utilised”.²⁵ The Chief Executive of the ODA told us that the ODA expected “a substantial part of the contingency to be spent”, given the complexity of the project and the fixed deadline for completion.²⁶ However, the Minister for the Olympics told us that an assessment of the contingency requirement had concluded that there was “an 80% probability” that the full contingency would not be required.²⁷ In evidence to the Committee of Public Accounts on 14 November 2007, the Permanent Secretary at the Department for Culture, Media and Sport said that “the only safe assumption is to expect it all to be spent”.²⁸ This statement has been widely misinterpreted as indicating that the whole contingency *would* be spent.

19. The total sum available to the ODA in programme contingency is so large—greater indeed than the amount to be raised from the Public Sector Funding Package originally intended to cover those core costs of the Games to be met by the ODA—that there is understandably an expectation that it should be a ceiling, with no question of any further sums being made available. The Chairman of the ODA said that the ODA had every confidence that the sum available to it as contingency was “realistic”, and he maintained that it was treated as “the absolute maximum”. He was, however, unable to guarantee it.²⁹

20. Any request by the ODA for funding over and above the sums already agreed would indicate a major failure of cost control. Indeed, we hope that it will not be necessary to draw upon the full programme contingency. We recommend that a substantial proportion of the programme contingency should be regarded as untouchable before 2011.

21. We asked the Minister for the Olympics whether, if any contingency remained unspent, it might be repaid to the Lottery. The Minister replied that “there was a fair way of doing this”, which was “return proportionate to contribution”.³⁰ However, we believe that there is a strong case for favouring the Lottery in the allocation of unspent contingency. **We recommend that unspent contingency in the Olympic Lottery Distribution Fund**

²⁴ See paragraph 25

²⁵ Q 267

²⁶ Q 130

²⁷ Q 459

²⁸ Evidence taken before the Committee of Public Accounts on 14 November 2007, Q 133, to be published as HC 85, Session 2007–08

²⁹ Q 165

³⁰ Q 472

should be transferred to the National Lottery Distribution Fund for the benefit of non-Olympic Lottery distributors. We also recommend that the National Lottery Distribution Fund should be the primary beneficiary of any sums within Government departments' budgets earmarked for contingency but not spent. Such an approach would help compensate the Lottery for its original contribution and the long wait which would otherwise occur before it could benefit from the disposal of assets following the Games. It would also lead to the nations and regions sharing, hopefully, in a real 'Olympics dividend' in terms of funding for facilities and good causes. It might also better focus minds on cost control and the implications of spending all the contingency.

Authority for release of contingency

22. There has not been absolute clarity about the authority required for release of programme contingency. The Department for Culture, Media and Sport, in its response to our previous Report on preparations for the Games, said that it was "prudent that a programme contingency should be held within Government under very tight conditions".³¹ A Written Answer in November 2007 stated that "contingency funding will only be called upon where it is absolutely necessary, as agreed by the Ministerial Funders' Group".³² The Chief Executive of the ODA confirmed this in December 2007.³³ However, the Director General of the Government Olympic Executive told us in January 2008 that there were three levels of contingency, each with a differing authority for release:

- £973 million is regarded as project contingency and does not form part of the programme contingency allowance. The authority to analyse the risk and release the cash is "determined by the ODA Project Director and Change Board and his project managers";
- A further tier—amounting to £968 million—is controlled by the Government Olympic Executive and the [ODA] Project Board;
- For the top tier of contingency, amounting to "about £1 billion", release is authorised by the Ministerial Funders' Group, established specifically to manage contingency for the ODA programme-wide risks.³⁴

The two latter tiers, together with the £500 million already authorised for release by the Ministerial Funders' Group,³⁵ make up the £2.509 billion total programme contingency available to the ODA.

³¹ Government response to the Second Report of Session 2006-07 from the Culture, Media and Sport Committee, *London 2012 Olympic Games and Paralympic Games: funding and legacy*, Cm 7071, page 7

³² HC Deb 12 November 2007, col. 67W. The membership of the Ministerial Funders' Group is as follows: Chancellor of the Exchequer (Chair), Minister for the Olympics and London, Secretaries of State for Culture, Media and Sport, for Communities and Local Government, and for Transport, the Mayor of London, the ODA, the Chief Secretary to the Treasury and the Paymaster-General. See ODA Programme Delivery Baseline Report, January 2008, page 4

³³ Q 127

³⁴ Q 461. For purpose of Ministerial Funders Group see London 2012 Olympic and Paralympic Games Annual Report, published by DCMS in January 2008, page 32

³⁵ HC Deb, 10 December 2007, col. 19

23. We queried why the regime for authorising the release of contingency appeared to have changed. The Department for Culture, Media and Sport replied that the decision to permit the allocation of £968 million of programme contingency to be determined by the Government Olympic Executive—the second tier—was a decision of the Ministerial Funders’ Group, which had thereby agreed to delegate authority and which had also determined the rules by which the funding would be allocated.³⁶ **We accept the delegation of authority from the Ministerial Funders’ Group to the Government Olympic Executive for the release of up to £968 million of programme contingency, but we believe that such a decision, concerning almost £1 billion of public money, should have been announced publicly rather than being left to this Committee to find out through correspondence.**

ODA budget

24. Midway through this inquiry, shortly after we had taken oral evidence from LOCOG and the ODA, the Government published a Baseline Budget for the ODA.³⁷ This budget is broken down under five headings: site preparation and infrastructure; venues; transport; other Parkwide projects; and a miscellany which includes the cost of the International Broadcast Centre/Main Press Centre (IBC/MPC), the ODA’s contribution to the cost of the Olympic Village, payments to the ODA’s Delivery Partner, and corporation tax. All figures in the Baseline Budget are given both as gross costs and net of VAT. Landfill tax and the aggregates levy, however, are excluded. The budget assumes an inflation rate of 6% per annum for capital expenditure;³⁸ this compares to a forecast by New Civil Engineer magazine of 6.5% construction inflation in the period up to 2011, when construction of the 2012 Games venues is expected to be largely complete.³⁹

25. In many cases, the figures provided are the first realistic indications of individual project costs. Some figures enable a direct comparison to be made with costs cited in the bid document. The Olympic Stadium, estimated at the time of the bid to cost US\$450 million (equivalent to £280 million at 2004 prices)⁴⁰ now has a budget of £496 million, including £74 million in VAT. Infrastructure for the Olympic Park, described in the bid document as costing \$2.1 billion/£1.31 billion, now has a budget of £1.94 billion, again including VAT.⁴¹ The Chairman of the ODA maintained that the increase in the cost of the Olympic Stadium, from £280 million to £496 million, was in fact largely accounted for by inflation and the factoring-in of VAT.⁴² He has also been reported in the press as saying that savings of £100 million were made in the process of arriving at the £496 million figure.⁴³ We note that the £496 million outturn figure includes the cost of conversion to legacy mode, understood to be approximately £25 million.⁴⁴ The Minister for the Olympics

³⁶ Ev 146

³⁷ HC Deb 10 December 2007, col. 9WS

³⁸ ODA Programme Delivery Baseline Report, page 9

³⁹ Estimate cited in the memorandum from the Institution of Civil Engineers, Ev 160

⁴⁰ Calculated at an exchange rate of £1 = \$1.6

⁴¹ HC Deb 10 December 2007, col. 10WS

⁴² Q 199

⁴³ *Daily Telegraph* 13 December 2007

⁴⁴ Q 202 and 205

has declined an invitation to break down further the £496 million figure, on the grounds that the information is commercially confidential.⁴⁵

26. At the time that we took oral evidence, updated individual cost estimates for other venues had not yet been disclosed. The reason given was that to do so would prejudice commercial negotiations currently under way. Since then, revised budgets have been announced for the Aquatics Centre (£303 million, including the costs of the land bridge which will form part of the roof) and the Velopark (£80 million).⁴⁶ These compare with estimates at 2004 prices in the Candidature File of £73 million and £29 million respectively, although the updated figures allow for inflation and VAT. We examine budgets and designs for venues in more detail in Section 3 of this Report.

27. Given the timescale of this inquiry and the limited information available, we have not analysed the ODA budget in detail. However, **we are disappointed that it was not until December 2007 that realistic figures for the costs of individual projects were publicised and that some of the project costs disclosed so far are so much higher than those cited in the bid documents.** We welcome, however, the effort which has now been made to place in the public domain as much detail of the ODA budget as is possible within the constraints imposed by the need to preserve commercial confidentiality. We also welcome undertakings made by the Minister for the Olympics and London to provide further information in confidence to Opposition Front Benches and to the Committee on ODA cashflow and on progress in negotiations on private sector investment in the Olympic Park. In our Report last year, however, we also called for the main terms of the agreement with the Delivery Partner to be made public. We are disappointed that the Government has either ignored this call or misunderstood what the Committee wanted. A significant part of the increase in costs is attributable to the engagement of the ODA's Delivery Partner CLM. They will clearly play a major role in cost control and it is important for confidence, therefore, that the basis of their remuneration and incentivisation is properly understood. We again call on the Government to share this information with the Committee, and likewise also with the Opposition Front Benches.

Conclusion on the overall budget

28. The upward revision of the costs to the public of hosting the 2012 Games announced in March 2007 was painful and attracted criticism from the public and in the media. It was, perhaps, not a surprise: the cynical view is that disparities between early estimates of costs and outturn costs for such an immense project are inevitable. **We accept that an estimate prepared many years in advance of a major event, with limited opportunities to identify problems which will be costly to overcome, is likely to underestimate the final cost.** However, revision of cost estimates on a scale as radical as that which we have seen in relation to the 2012 Games has been damaging to confidence in the management of the overall programme. It has also exposed the Government and Games organisers to the charge that the initial bid was kept artificially low in order to win public support.

⁴⁵ HC Deb, 12 November 2007, col. 67W

⁴⁶ ODA Press Release 8 April 2008

29. However, if London is to stage the Games, it can only do so on a firm financial basis. The National Audit Office has concluded that the budget announced by the Secretary of State in March 2007 “represents a significant step forward in putting the Games on a sound financial footing” and “should help those involved in delivering the Olympic programme to move forward with greater confidence”.⁴⁷ **We welcome the National Audit Office’s reassuring assessment of the present budget for the Games. Difficult decisions on the budget for the Games have been taken: these should now be supported. We believe that the priority now should be to ensure that the £9.325 billion funding package for the Games does not become a budget to be spent in its entirety. The mark of success in financial management of the Games will be to have kept expenditure to a level comfortably below the £9.325 billion ceiling.**

Funding the Games

30. The initial Public Sector Funding Package for the Games, drawn up in 2003, was intended to generate £2.375 billion to cover the ODA’s costs. It envisaged a contribution of £1.5 billion from the National Lottery, £0.25 billion from the London Development Agency, and £0.625 billion from the Council Tax precept on London residents. Half of the sum to be raised from the National Lottery (£750 million) was to accrue from sales of Olympic-themed Lottery tickets; a further £340 million was to be contributed by sports bodies which were already distributors of Lottery funds; and the remaining £410 million was to be obtained, if necessary, by diverting Lottery income from the National Lottery Distribution Fund. The Public Sector Funding Package was complemented by £1.044 billion of Exchequer funding, for “infrastructure projects to link the Olympic Park to the rest of the Lower Lea Valley”.⁴⁸

31. Under the initial Memorandum of Understanding published in June 2003, any shortfall of funding in relation to expenditure would be met through “a sharing agreement 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”. That provision has been invoked, following the revision of the Games budget announced in March 2007 and the increase in costs to the public of £5.9 billion, for which no provision had been made. A mechanism for sharing the burden of these costs was drawn up and was set out in a Revised Memorandum of Understanding, published in June 2007. The impact on contributors is set out in the table below:

⁴⁷ *The budget for the London 2012 Olympic and Paralympic Games*, National Audit Office, HC 612 (Session 2006–07), paragraph 9

⁴⁸ Evidence given on 21 November 2006 by the former Secretary of State for Culture, Media and Sport, Q 175, HC 69–II, Session 2006–07

Table 3: Effect of the 2007 Revised Memorandum of Understanding on contributions to the budget for the 2012 London Games

	Contribution under 2003 Memorandum of Understanding	Contribution under 2007 Revised Memorandum of Understanding	Increase
Olympic Lottery tickets	£750 million	£750 million	None
Sports Lottery distributors	£340 million	£340 million	None
National Lottery (all distributors except for UK Sport)	£410 million (if necessary)	£1,085 million	£675 million
Mayor of London	£625 million	£925 million	£300 million
London Development Agency	£250 million	£250 million	None
Government	£1.044 billion ("linking costs")	£5.975 billion	£4.931 billion

Source: HC Debates, 27 June 2007, Written Ministerial Statement, col. 29WS

The contribution from the Exchequer

32. The Exchequer, which had made no contribution to the Public Sector Funding Package and which (at the time that the bid to host the Games was submitted) was to provide funding only towards associated gains through wider regeneration, is now the major contributor, providing £5.975 billion towards the ODA's costs, security costs and local regeneration linked to the Games. The Government departments providing the funding are the Department for Culture, Media and Sport, the Department for Communities and Local Government and the Department for Transport.⁴⁹ £405 million was allocated during the 2005–08 Spending Review period; £3.623 billion has been allocated under the 2007 Comprehensive Spending Review for the years from 2008–09 to 2010–11; and the remaining £1.947 billion will come from the next Comprehensive Spending Review period.⁵⁰

33. The effect of the increase in the contribution from the Exchequer is to bring about a fundamental change in the balance of funding, from a formula which placed proportionally large demands upon London Council Tax payers and buyers of Lottery tickets, to one which derives the bulk of funding from taxpayers throughout the country. The expectation that the whole country should share in the benefits of the Games is therefore heightened.

⁴⁹ London 2012 Olympic Games and Paralympic Games Annual Report, published by DCMS, page 20

⁵⁰ Ev 121

The contribution from the Mayor of London

34. Under the revised Memorandum of Understanding, the Mayor of London will contribute a further £300 million. The Mayor had, however, publicly stated that he would not seek to impose any further burden on London council tax payers and that no further call on funds would be financed from receipts from transport fares in London.⁵¹ We therefore asked a representative of the Mayor, Mr Neale Coleman, how it was intended that the extra £300 million would be raised. He indicated that it would be financed by the LDA in the short term through borrowing, the costs of which would be met over the long term from Government grant to the LDA and from capital receipts from land and property sales after the Games. Mr Coleman made it clear that the LDA would not be expecting additional grant aid to make up the shortfall: instead there would be consequences for LDA programmes, some of which would “not be able to be carried out” because the first call would be to meet the requirement for an extra £300 million for the Games.⁵²

35. Given the very substantial contribution to the Games now being made through Exchequer funding, borne nationally, we believe that it is reasonable to require the Mayor of London to contribute a further £300 million in funding. We make no comment on the decision that the London Development Agency should meet the further requirement placed upon the Mayor; but we recommend that Government grant to the LDA should not be increased by £300 million simply to cover the outlay. Nor should the LDA have a priority call upon capital receipts from land and property sales after the Games to finance the £300 million.

The contribution from the Lottery

36. Of the £1.5 billion contribution from Lottery sources set out in the original Public Sector Funding Package, £750 million is to be raised from Olympic-themed Lottery games, with proceeds routed directly to the newly-created Olympic Lottery Distribution Fund for distribution by the Olympic Lottery Distributor. Camelot told us in November 2007 that sales of “dedicated” Olympic Lottery tickets had been strong and had exceeded targets in 2006–07 by over 10%. It warned, however, that targets for future years could become more challenging.⁵³

37. Under the original Public Sector Funding Package, a further £340 million is to be contributed by sports Lottery distributors; and the remaining £410 million was to be diverted from the National Lottery Distribution Fund if required. The then Secretary of State confirmed in June 2006 that the £410 million would indeed be called upon.⁵⁴

38. Following the review of costs initiated after the bid had been won, the then Secretary of State announced in March 2007 that the Lottery would contribute a further £675 million towards the new budget of £9.325 billion. The two Houses of Parliament agreed in January 2008 to secondary legislation under the Horserace Betting and Olympic Lottery Act 2004,

⁵¹ Ev 76

⁵² Q 262–4

⁵³ Ev 153

⁵⁴ DCMS Press Release 087/06, 21 June 2006

enabling transfer of both the initial £410 million and the subsequent £675 million from the National Lottery Distribution Fund (NLDF) to the Olympic Lottery Distribution Fund (OLDF).⁵⁵ Under the transfer formula, each Lottery distributor, except UK Sport, will experience a proportionate reduction in income from the NLDF, as set out below:

Table 4: Impact upon Lottery distributors of transfer of funds to the Olympic Lottery Distribution Fund

Distributor	Contribution to £410 million included in original bid £million	Contribution to £675 million proposed in 2007 £million	Total contribution £million	Annual contribution 2009–10 to 2011–12 £million	Share of Lottery income 2006–07, for comparison £million
Arts Council England	49.6	62.9	112.5	30.3	143
UK Film Council	9.6	12.2	21.8	5.9	24.5
Arts Council of Northern Ireland	2.0	2.5	4.5	1.2	5.6
Scottish Arts Council	5.5	7.0	12.5	3.4	15.5
Scottish Screen	0.9	1.0	1.9	0.5	2.3
Arts Council of Wales	3.5	4.5	8.0	2.2	10
Big Lottery Fund	213.1	425.0	638.1	171.7	603
Heritage Lottery Fund	71.0	90.2	161.2	43.4	201
Sport England	44.0	56.0	100.0	26.9	117.2
Sport Council of Northern Ireland	1.9	2.3	4.2	1.1	5.2
Sport Scotland	5.7	7.3	13.0	3.5	16.3
UK Sport	—	—	—	—	—
Sports Council of Wales	3.2	4.1	7.3	1.9	9
Total	410.0	675.0	1,085.0	292.0	

⁵⁵ The Draft Payments into the Olympic Lottery Distribution Fund etc. Order 2007, debated in the Commons 15 January 2008; Lords 30 January 2008

Source: *National Lottery Distribution Fund Accounts for 2006-07, HC 158, Session 2007-08*

Figures exclude investment income and are net of deductions to cover costs of operating the National Lottery Distribution Fund and the National Lottery Commission; figures for the Big Lottery Fund include figures for the Community Fund and the New Opportunities Fund. Annual contributions are to be made over five years, from 2008-09 to 2012-13; contributions in 2008-09 and in 2012-13 will be at a lower rate. Source: National Lottery Distribution Fund Account 2006-07, HC 158, Session 2007-08, pages 25 and 26

The reason given for insulating UK Sport from the transfer is that “to seek a contribution from UK Sport would adversely affect their important task of preparing elite British athletes both for the Beijing Olympics in 2008 and London 2012”.⁵⁶

39. The total contribution from the Lottery to the 2012 Games, comprising revenues from sales of Olympic-themed Lottery tickets, contributions from sports Lottery distributors and transfers from the National Lottery Distribution Fund, is £2.175 billion. The Department for Culture, Media and Sport estimated, on the basis of projections current in January 2008, that the total contribution to the Games would represent less than 20% of expected Lottery income between 2005-06 and 2012-13.⁵⁷

40. We noted in our previous Report the reservations held by various bodies within the voluntary, arts and heritage sectors about the impact of the diversion of funds from non-Olympic Lottery distributors to fund the Games, even if they acknowledge that the cause is a worthwhile one.⁵⁸ These reservations were aired in an Adjournment Debate in Westminster Hall on 6 June 2007⁵⁹ and again in the debates on the Order to transfer funds from the National Lottery Distribution Fund held on 15 January and 30 January 2008.⁶⁰ We also noted the reservations of non-Olympic sports inside London and of sports generally outside the capital, too, regarding the impact of less Lottery funding for facilities because of the costs of the Games. In oral evidence to the Committee, the Minister for the Olympics described “talk about arts projects suffering because of the Olympics” as “simply not borne out by the facts” and “rather overblown”;⁶¹ and, when announcing the revised budget for the Games in March 2007, she told the House that no existing voluntary sector Lottery-funded project need lose funding.⁶²

41. Although little evidence was submitted to this inquiry suggesting that the Games had already had a significant impact on the amounts of funding passing to Lottery distributors, we are aware from ample anecdotal evidence that reservations remain about the impact of the transfer of funds to the 2012 Games upon Lottery-funded projects. We are also aware that the impact of the Games upon Lottery revenues available to good causes has, in some cases, discouraged potential bidders. A submission from The Alliance, an association

⁵⁶ Explanatory memorandum to the Draft Payments into the Olympic Lottery Distribution Fund etc. Order 2007, available at <http://www.opsi.gov.uk/si/dsis2007>

⁵⁷ HC Debates, 14 January 2008, col. 821W

⁵⁸ *London 2012 Olympic Games and Paralympic Games: funding and legacy*, Second Report of Session 2006-07, HC 69-I, paragraph 80

⁵⁹ HC Deb 6 June 2007, col. 100WH

⁶⁰ HC Deb 15 January 2008 col.809; HL Deb 30 January 2008, col. 640

⁶¹ Q 443

⁶² HC Deb, 15 March 2007, col.452

representing local authorities in traditional industrial areas, claimed that Sport England had withdrawn funding from the National Watersports Centre in Nottingham “in favour of a new Olympic facility ... in London”.⁶³ The Chief Executive of Sport England told us, however, that she was not aware of any examples of programmes or bodies which had received less funding from Sport England because of a reduction in the amount of Lottery money available, although she acknowledged that the “significant diversion in funding due to the Olympics” had yet to affect Sport England’s funding decisions.⁶⁴

42. There is evidence that Lottery distributors are drawing down less from the National Lottery Distribution Fund. A total of £1.612 billion was drawn down in 2006-07, as opposed to £1.844 billion in 2005-06.⁶⁵ Sport England, in particular, drew down £121.4 million in 2006-07, compared to £202.1 million in 2005-06.⁶⁶ A reduction in the overall amount available to the National Lottery Distribution Fund was part of the reason; but there were others, including a transfer of certain responsibilities to UK Sport (reducing Sport England’s funding requirements) and delays between committing funds and actually drawing them down.⁶⁷

43. For a variety of reasons, amounts available to non-Olympic Lottery distributors are decreasing and can be expected to continue to decrease for the next few years. One factor is the volume of ticket sales. Overall sales of Lottery tickets fell slightly in 2006-07 to £4.91 billion, down from £5.01 billion in 2005-06.⁶⁸ UK Sport told us that it was suffering from a shortfall of about £3 million in late 2007, caused by a dip in Lottery income which it noted “does tend to happen towards the end” of a contract. UK Sport is optimistic that the announcement in August 2007 that Camelot will continue to operate the Lottery from 2009 will allow ticket sales to recover.⁶⁹

44. Another reason for the reduction in amounts available to some Lottery distributors is the decline in income from interest on balances held on their behalf in the National Lottery Distribution Fund. A distributor’s income from investment returns on its balance is now allocated amongst all distributors according to their percentage share of Lottery income, rather than accruing solely to the distributor holding the balance. The Heritage Lottery Fund has estimated that this change “will probably halve” its investment income.⁷⁰

45. The Government has not denied that the introduction of Olympic-themed Lottery tickets, which generate revenues for the Olympic Lottery Distribution Fund, would have an impact on revenues to the good causes. We are not aware of any more recent estimate of the displacement impact since the figure of 5% was cited to us in November 2006 as the

⁶³ Ev 157

⁶⁴ Q 353

⁶⁵ National Lottery Distribution Fund Account 2006-07, HC 158, Session 2007-08, page 5

⁶⁶ England Sports Council Annual Report and Accounts 2006-07, HC 818 (Session 2006-07), page 88. Sport England ascribed only £20 million of the decrease to a decline in amounts available to the National Lottery Distribution Fund: see Q 349

⁶⁷ Q 349

⁶⁸ Ev 154

⁶⁹ QQ 74 and 75

⁷⁰ Heritage Lottery Fund Lottery Distribution Account for the year ended 31 March 2007, HC 709, Session 2006-07, page 6

reduction in income for good causes attributable to diversion of sales.⁷¹ Estimates have also been made of the proportion of Olympic Lottery ticket sales which substitute for (or “cannibalise”) non-Olympic Lottery sales. An initial forecast by Camelot, cited in the Regulatory Impact Assessment for the Horserace Betting and Olympic Lottery Bill published in December 2003, suggested that the “cannibalisation” rate might be 59%. We note a more recent estimate by Camelot, in 2005, suggesting that “cannibalisation” would account for some £575 million of the £750 million sought: a rate of 77%.⁷² This would suggest that only 23% of sales of Olympic Lottery tickets are “extra” sales with no diversionary effect.

46. The Government has taken some steps to cushion the impact of the fall in sums available to non-Olympic Lottery distributors. When the secondary legislation to transfer funds from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund was debated in this House on 15 January 2008, the then Secretary of State identified three distributors which would receive an increase in Grant-in-Aid over the next three years, to compensate for declining Lottery revenues: Arts Council England would receive an increase of 3.3% above inflation over three years, Sport England would receive an increase of 2.1% above inflation, and English Heritage would receive an increase of £7 million in cash terms by 2010–11.⁷³

47. The then Secretary of State also announced that the Treasury would examine the merits of a Gross Profits Tax Regime, under which taxation of revenue from Lottery ticket sales would be calculated on revenues net of prize money payments. According to the 2008 Budget Report, the Government will announce in the Pre-Budget Report later this year its plans on whether or not to move to a Gross Profits Tax regime.⁷⁴ Camelot, which recently commissioned a review of Lottery taxation from PricewaterhouseCoopers (PwC), has long advocated a move to such a tax structure for lottery ticket revenues. The PwC analysis concluded that a move to a gross profits tax regime would achieve an apparently miraculous feat of increasing returns both to the Exchequer and to the Lottery distributors.⁷⁵ In our Report in 2007 on the Games, we recommended that the Treasury should explore options for amending the tax regime applicable to the Lottery, whether on a temporary or on a permanent basis.⁷⁶ **We therefore strongly welcome the Government’s decision to examine the merits of a gross profits tax regime for Lottery revenues. The Treasury should abide by its commitment to announce conclusions in the Pre-Budget Report later this year and, if they are positive, should seek to introduce the necessary changes as soon as possible.**

48. There remains the possibility that sales of Lottery tickets could decline and that the amounts passing to the Olympic Lottery Distribution Fund could decrease, threatening the ODA’s cashflow. As we noted above, sales of tickets fell back from a peak in 2005–06; but

⁷¹ Q 187, oral evidence given on 21 November 2006, HC 69-II, Session 2006-07

⁷² *The budget for the London 2012 Olympic Games and Paralympic Games*, National Audit Office, HC 612, Session 2006-07, para 72

⁷³ HC Deb 15 January 2008, col. 812-3

⁷⁴ *Financial Statement and Budget Report 2008*, HC 388, Session 2007–08, paragraph 4.45

⁷⁵ Ev 155

⁷⁶ HC 69-I, Session 2006-07, paragraph 90

Camelot remains confident that it can deliver its Olympic funding plan targets.⁷⁷ We note the opinion of the National Lottery Commission that returns to good causes are likely to increase by between £600 million and £1 billion over the 10-year period of the licence, based on constant levels of sales at £5 billion per annum.⁷⁸

Receipts from land sales

49. The revised Memorandum of Understanding published in June 2007 includes provision for non-Olympic Lottery distributors to be compensated for funding transferred to the Games through a sharing of receipts from sales after the Games of land and property principally, but not exclusively, on the Olympic Park site. It set out a formula which would, if anticipated receipts from land sales were forthcoming, repay the National Lottery Distribution Fund the £675 million to be diverted to meet the increased call resulting from the increase in budget to £9.3 billion. It would not, however, repay the £410 million which was earmarked under the original Memorandum of Understanding. Nor would it repay the £340 million being contributed by sports Lottery distributors.

50. The London Development Agency (LDA) owns land within the Olympic Park and land acquired outside the Park for the purpose of relocating businesses from the Olympic Park site; and it will have the power to dispose of both. The LDA will have an initial claim upon funds raised, so as to recover costs incurred in acquiring land and in paying compensation. The Memorandum of Understanding states that these costs are not expected to exceed £650 million. In fact, the LDA's budget for land acquisition and disturbance compensation presently stands at £659.46 million.⁷⁹

51. Beyond the initial payment to the LDA, proceeds will be split between the LDA, to repay costs associated with the remediation and disposal of land and buildings in the Olympic Park, and DCMS, which will act as a channel for reimbursement of the National Lottery Distribution Fund (NLDF). An initial tranche of £631 million will be allocated pro rata according to a formula which would lead to reimbursement of three-quarters of the funds due to the NLDF and one quarter of the remaining funds due to the LDA. A further £544 million will then be allocated according to a formula which would, if receipts from land sales allow, lead to reimbursement of the remaining quarter of the funds due to the NLDF and the remaining three-quarters of the funds due to the LDA. The treatment of any further surplus arising from land sales "will be determined separately at the time by agreement between the Government and the Mayor". The Revised Memorandum of Understanding does not provide for repayment to the LDA of its grant of £250 million to the ODA, included within the original Public Sector Funding Package.⁸⁰ It is important to observe that the Memorandum of Understanding does not provide for uprating of these amounts for general inflation. This is a significant omission, to which we return below.

52. We explored whether the role of LDA as both broker and beneficiary under the formula for sharing receipts from land sales is one which is in the interests of all parties,

⁷⁷ Ev 156

⁷⁸ HC Deb, 15 January 2008, col. 814

⁷⁹ Ev 89

⁸⁰ See Written Ministerial Statement, 27 June 2007, col. 29WS

including Lottery distributors. Mr Coleman, speaking on behalf of the Mayor of London, told us that the profit share formula to be observed once an initial £650 million had been repaid to the LDA⁸¹ would offer the LDA an incentive, as the LDA would only recover the bulk of its own costs incurred in the remediation and disposal of land and buildings in the Olympic Park once the Lottery had been reimbursed for most of the sums which it was due under the revised Memorandum of Understanding. He added that, if the Government were to reach the view that the LDA's approach to the land and property disposals was "inappropriate" and was to the disadvantage of the Lottery, it would find ways of "dealing with the situation", not least through future levels of Government grant to the LDA.⁸²

53. There is no certainty that the amounts cited in the revised Memorandum of Understanding as being available for redistribution as a result of land sales will actually be forthcoming. There will be some flexibility to maximise returns: the Minister for the Olympics pointed out that the LDA would be able to sell land "in the most favourable circumstances", delaying sales if necessary until the market would permit the best possible return.⁸³ Mr Coleman confirmed to us a statement made by the Mayor of London in April 2007, that the period over which receipts from land sales were forecast would extend until 2030.⁸⁴ **Clearly, if the Memorandum of Understanding does not provide for uprating of the figures involved in line with general price inflation, there will be a significant difference in the real value of a re-imbusement to the Lottery made, say, in 2013 immediately after the Games and one made in 2030. If the Memorandum of Understanding does not provide for uprating, whether accidentally or not, it should be revised to do so to preserve the real value of the commitment to reimburse the National Lottery Distribution Fund.**

54. There was controversy, at the time of the oral evidence given by the Mayor's Office, about an apparent discrepancy between figures for receipts from land sales implied in the Revised Memorandum of Understanding (which imply that £1.8 billion or more may be raised) and a forecast of £800 million cited by the Mayor of London in a press conference in April 2007. Mr Coleman stressed that the figure £800 million figure quoted by the Mayor in 2007 was based upon "extremely prudent assumptions in terms of the density and quantum of development" on the Olympic Park site after the Games⁸⁵ as well as a cautious estimate of increases in land values—6%—equivalent to the lowest annual increase in any of the last ten years in the area. He said that estimates for returns on land sales ranged between £800 million figure and £3 billion, with the higher figure being calculated on the assumption that increases in land values would match the 19% annual average experienced over the past 20 years.⁸⁶ The Minister for the Olympics pointed out

⁸¹ In order to cover costs of land acquisition and "disturbance compensation payments": see Revised Memorandum of Understanding, paragraph 10

⁸² Q 298

⁸³ Q 447

⁸⁴ Q 291

⁸⁵ Namely 50% affordable housing (70% of which would be social rented housing), and no payment of social housing grant.

⁸⁶ Q 291

that the £1.8 billion figure implied in the Revised Memorandum of Understanding was based upon the midpoint of the range of expected rates of increase in land values.⁸⁷

55. Some of these assumptions have been challenged by certain estate agents. Savills, for instance, was quoted in the *Times* on 15 January as saying that the idea that a 16% increase per annum might be achieved was “complete madness”. Similar doubts were expressed by Spicerhaart.⁸⁸ The Mayor of London’s Office nonetheless maintained that “it was by no means implausible” to suggest that receipts might reach and indeed exceed £1.8 billion.⁸⁹ Mr Coleman believed that it was “obvious there is a very strong likelihood that a figure way in excess of £800 million will be achieved”, and he expressed confidence that the Lottery would be repaid in full.⁹⁰ The Minister for the Olympics shared his optimism.⁹¹

56. The revised Memorandum of Understanding is drafted in terms which suggest that there is no doubt that funds will be available to enable repayment: “the proceeds of Land and Property disposals *shall* be split[...]”; and, once the initial payment has been made to the LDA and the initial tranche has been split between the LDA and DCMS, a further “£169 million *will* be paid to DCMS” for redistribution to Lottery funders.⁹²

57. We note the confidence shown by the Mayor of London’s Office and by the Minister for the Olympics and London that £1.8 billion or more would be raised from the sale of land and property after the 2012 Games. However, the assessments underlying the forecasts of possible income were made at a time when the prospects for the property market looked very different. Despite the prolonged timeframe over which it is proposed that the value of land and property might be realised, and the freedom which it allows to maximise potential sales revenue, we have reasonable doubts about whether the confidence shown by the Mayor of London’s Office and by the Minister for the Olympics is justified. We also believe that it would have been wiser to word the Revised Memorandum of Understanding in such a way as to recognise that there is a range of estimates of revenues from sales, rather than implying that the £1.8 billion—a sum which should be updated in line with inflation—will necessarily be raised in full.

58. We agree with the principle of reimbursing non-Olympic Lottery distributors for income which is to be lost to the Games. We have proposed earlier in this Report that non-Olympic Lottery distributors might be the primary beneficiaries of unspent contingency lying within Government departmental budgets. We also support the mechanism envisaged in the Revised Memorandum of Understanding for reimbursing non-Olympic Lottery distributors from the proceeds of land sales after the Games. We endorse the decision to structure repayments to the LDA and to DCMS (acting on behalf of Lottery distributors) in a way which provides some incentive for the LDA to repay in full the £675 million, in real terms uprated for inflation, diverted from Lottery

⁸⁷ Q 432

⁸⁸ *Times* 15 January 2008

⁸⁹ Q 292

⁹⁰ Q 291 and Q 300

⁹¹ Q 440-1

⁹² Revised Memorandum of Understanding, 27 June 2007

distributors as a contribution to the revised budget for the Games announced in March 2007.

59. We note that, once payments to the LDA and to DCMS on behalf of Lottery funders under the formula set out in the revised Memorandum of Understanding have been completed, the use of any surplus will be determined at the time by agreement between the Government and the Mayor. We suggested to the Minister for the Olympics that the Lottery distributors should benefit from any surplus. She replied that “were it the case that land sales exceeded the figure that we expect, then of course it would be fair that a proportion of that were returned to the Lottery for national benefit”.⁹³ **We strongly believe that, if funds are available, the National Lottery Distribution Fund should be reimbursed for the £410 million contributed under the original Public Sector Funding Package. This should be seen as a restitution of funds to the Lottery distributors rather than share-out of a bounty. There is also a case for further payments to be made for the benefit of Lottery distributors, given that the attraction of Olympic-themed Lottery tickets has dented sales of tickets which would otherwise have benefited non-Olympic Lottery distributors.**

LOCOG revenue

60. According to the Candidature File, 30% of LOCOG’s total revenue requirement is to be raised through “local” sponsorship (as opposed to the worldwide sponsorship deals struck by the International Olympic Committee) and agreements with official suppliers.⁹⁴ LOCOG’s total revenue requirement, in outturn prices, is expected to be £2 billion; the amount to be raised by LOCOG in sponsorship is now planned to be £650 million.⁹⁵ We noted in our previous report, in January 2007, that LOCOG and the Government were both confident that the target would be reached.⁹⁶

61. LOCOG continues to make good progress in raising the sums required. Five “Tier One” sponsors – for which the contribution threshold is £40 million⁹⁷ – have been signed:

- Lloyds TSB: banking and insurance partner;
- EDF Energy —utilities partner and sustainability partner;
- Adidas—sportswear partner;
- British Airways—airline partner;
- BT—telecoms partner.

⁹³ Q 443

⁹⁴ Candidature File Table 6.6.1. Figures in the Candidature File were at 2004 prices.

⁹⁵ Q 92

⁹⁶ *London 2012 Olympic Games and Paralympic Games: funding and legacy*, Second Report of Session 2006-07, HC 69, paragraphs 35 and 36

⁹⁷ Q 94. The threshold entry price for Tier Two sponsors is £20 million; for Tier Three sponsors, most of whom will be suppliers of goods and services in kind, the expected contribution will be in the £10 million to £20 million bracket: see Mr Deighton Q 96.

One “Tier Two” sponsor—Deloitte—has also been signed. Deloitte will provide professional advisory services to LOCOG, including tax, human capital, management consulting, and financial support through secondments and advisory work.⁹⁸

62. LOCOG’s commercial team is currently in advanced stages of negotiation with potential Tier 1 sponsor partners in three other categories: clothing and homeware, automotive, and oil and gas. It stated that it was “on track to complete the majority of our Tier 1 partnerships in advance of Beijing”.⁹⁹ No previous Organising Committee has made comparable progress: in fact, so far as LOCOG is aware, no previous Olympic Games organiser has ever had one contract signed before the preceding Games had taken place.¹⁰⁰ Business in Sport and Leisure, an umbrella body for the private sector sports and leisure industry, told us that it was “delighted” by LOCOG’s success so far in securing sponsorship.¹⁰¹ One of the consequences of the speedy progress is that sponsors of the London Games will have more time to get the most out of their investment than did sponsors of previous Games. Also, LOCOG’s commercial team will be more able than its predecessors were to devote time after the preceding Games to securing partnership finance and deals on value in kind from Tier 2 and Tier 3 companies.¹⁰²

63. **We commend LOCOG for its success so far in securing sponsorship.** As the Chief Executive said in evidence, raising the last £200 million is likely to be more difficult than raising the first £200 million;¹⁰³ but LOCOG has time on its side. We note that comparisons with amounts raised by the Beijing Organising Committee for the 2008 Games (which equate to approximately £750 million) are not meaningful, given the difference in the sizes of the two economies and the fact that most of the sponsoring companies for Beijing are state-owned and do not go through the same process of “persuasion” as do potential sponsors of the London Games.¹⁰⁴

3 Venues and their legacy

The Olympic site

64. Almost all of the land on the Olympic site—on which there had initially been over 2,200 land interests—is now owned by the ODA or by the Lee Valley Regional Park Authority. All of it is under public sector control.¹⁰⁵ The LDA told us that, by the end of July 2007, it had supported 193 businesses in moving from the site.¹⁰⁶ When the LDA gave evidence to us in December 2007, it had effectively settled 85% of compensation claims,

⁹⁸ London 2012 Press Release 4 December 2007

⁹⁹ Ev 41

¹⁰⁰ Q 109

¹⁰¹ Ev 149

¹⁰² Ev 42 and Q 109

¹⁰³ Q 109

¹⁰⁴ Mr Deighton Q 97

¹⁰⁵ The Lee Valley Regional Park Authority has leased 83 acres of land to the LDA, enabling the LDA to grant a licence to the ODA allowing construction work to begin. See Lee Valley Regional Park Authority Annual Report for 2006-07, page 5

¹⁰⁶ Ev 76

and it expected to settle the remaining 15% within the overall land settlement budget. By early February 2008, a total of £556.1 million had been paid in compensation to landowners and occupiers in compensation for the Compulsory Purchase Order: this was in line with estimates.¹⁰⁷ Compensation claims were split into two tranches. The LDA told us that most of the 15% of outstanding cases belonged to the second, later tranche of relocations. Nevertheless, in some cases the delay in settlement was because landowners had exercised their right to proceed to a Lands Tribunal.¹⁰⁸

65. The Five Host Boroughs (in which the bulk of events at the Games will take place), while recognising that the process of land assembly had not been without its challenges and noting that errors had been made at the start, congratulated the LDA on the successful conclusion of the process. The Host Boroughs pointed out that the land assembly had been completed almost to timetable and with “the minimum amount of disruption and impact on surrounding communities”.¹⁰⁹ **We commend the LDA for completing the land assembly process within budget and without significant delay.**

66. Outline planning permission for the Olympic Park was secured in September 2007, enabling “heavy” construction work to begin. In January 2008, the ODA’s Programme Delivery Baseline Report stated that approximately 50% of the site had been cleared and that 70% of demolitions were complete.¹¹⁰

Venues in the Olympic Park

67. The Olympic Park will contain five new sporting venues: the Olympic Stadium, the Aquatics Centre, the Velopark, a sporting arena to be used during the Games for handball and commonly referred to as the Handball Arena, and the mixed-use Eton Manor site. There will also be one major venue suitable for commercial use: the International Broadcast Centre and Main Press Centre. Different venues are at slightly different stages on the road from concept through to construction; but all sporting venues have been the subject of detailed discussion between LOCOG and international and national sports bodies.¹¹¹

68. Some of the main venues are unique in design. As a proposition for a construction company they are, in the words of the Chairman of the ODA, “unusual”.¹¹² The Institution of Civil Engineers pointed out that the 2012 Games construction programme was being undertaken at a time of major growth in the global construction industry, which enabled contractors to be selective when bidding for work. As the Committee of Public Accounts has observed, the ODA has experienced difficulties in achieving competition for the main venues.¹¹³ Several contractors have withdrawn from tenders

¹⁰⁷ Ev 89

¹⁰⁸ Q 258

¹⁰⁹ Ev 90 and Q 319

¹¹⁰ Page 3

¹¹¹ Ev 40

¹¹² Q 166

¹¹³ Fourteenth Report from the Committee of Public Accounts, Session 2007-08, *The budget for the London 2012 Olympic and Paralympic Games*, HC 85, paragraph 25

for ODA projects, sometimes because of commitments elsewhere.¹¹⁴ Mr Armitt, Chairman of the ODA, told us that there was considerably more competition for more standard infrastructure projects in the Olympic Park, which constitute the vast bulk of the work and which had generally attracted a “normal” level of interest—between four and six bids each.¹¹⁵ Nonetheless, there is a clear risk that where the field is limited, or even limited to a single expression of interest which is acceptable, the ODA will be in a weak position to strike a deal on terms which are advantageous to the public purse.

The Olympic Stadium

69. The Olympic Stadium is the single largest venue and the one where most progress has been made. A cost figure of £496 million was announced on 10 October 2007; an outline design concept has been finalised and launched; a consortium led by building contractors Sir Robert McAlpine Ltd. has been awarded the contract to build it; and work is expected to begin in May, three months ahead of schedule.¹¹⁶

70. The design for the stadium was announced on 7 November 2007. It features a sunken bowl built into the ground, accommodating the field of play and lower permanent seating, as well as a cable-supported roof providing cover for two-thirds of spectators, and a fabric curtain “wrapping” round the structure, providing “additional protection and shelter for spectators”.¹¹⁷ The design has generally been well received and acknowledged as being both practical and suited to legacy use, even if not particularly radical.¹¹⁸

71. The intention for the Stadium after the Games is that it should “deliver a sustainable all-year round sporting and community legacy” and that it should be a “living stadium” accessible to local people and communities.¹¹⁹ A commitment was made in the bid that athletics would be at the core of the Stadium’s legacy use. That commitment has been sustained, and the Stadium will be capable of staging national and international athletics events, as well as premier league rugby and non-premiership football.¹²⁰

72. Seating capacity during the Games will be 80,000; but only 25,000 seats will remain once the Games have ended. The decision on seating capacity was taken with the future multi-purpose use of the Stadium in mind. 25,000 was judged to be the optimum for athletics events, given that the biggest regular event in the British athletics calendar—the UK Grand Prix currently held at Crystal Palace—attracts a crowd of approximately 20,000. UK Athletics (the national governing body for the sport) spoke of “the clear preference of athletes, broadcasters and spectators [...] for a packed stadium, creating an inspirational atmosphere”.¹²¹ We note that the permanent seating capacity at the Olympic Stadium will

¹¹⁴ Ev 160

¹¹⁵ QQ 166-7

¹¹⁶ ODA Press Release 8 April 2008

¹¹⁷ Ev 120

¹¹⁸ See for example Jonathan Glancey, *The Guardian*, 8 November 2007; also the *Times* and the *Financial Times*, 8 November 2007

¹¹⁹ Ev 77

¹²⁰ Ev 77

¹²¹ Ev 4

not be enough to allow it to host the biennial athletics World Championships, which typically generate an attendance of 50,000 or more.¹²²

73. UK Athletics told us that the Stadium “will represent a major boost to athletics in the UK when it is delivered in full legacy mode”.¹²³ It expects that the Stadium will “be the focus for an annual programme of high quality events”, including international events and domestic competition for athletes of all ages, which it believes can inspire future generations and maintain the profile of the sport among young people after the 2012 Games have taken place.¹²⁴ UK Athletics told us that it had had to lobby “very hard” to ensure that there was a roof above spectator seating in legacy mode as well as provision for a warm-up track, which it viewed as “critical for community use” and essential in enabling bids for future major championships to be made.¹²⁵ The Host Boroughs welcomed the decision to allow for an athletics warm-up track in legacy mode.¹²⁶

74. At the time that our previous Report on preparations for the 2012 Games was published, there was uncertainty about whether a major football or rugby club would become an “anchor tenant” for the Stadium, thereby ensuring regular use and providing a more secure financial future. Although discussions with the most local Premier League football team—West Ham United—have come to nothing,¹²⁷ there remains the possibility that Leyton Orient Football Club or a rugby union club might adopt the stadium as their home ground. The Host Boroughs lamented the “missed opportunity” to reach an agreement with a Premiership football club, a solution which it believed would have provided a “strong financial cornerstone” and “embedded community programmes”.¹²⁸ Business in Sport and Leisure voiced similar regrets.¹²⁹ The Host Boroughs have nonetheless signalled their commitment to work towards the long-term viability of the Stadium under the proposed multi-purpose use, a solution which the Mayor of Newham described to us as “quite an imaginative and innovative legacy development”.¹³⁰ The Chief Executive of the LDA spoke of “serious negotiated interest from rugby and football professional bodies” in use of the Stadium, at a level which suggested to him that they believed that it could work.¹³¹ He told us that there were expressions of interest from three

¹²² Ev 4

¹²³ Ev 2

¹²⁴ Ev 4

¹²⁵ Q 38

¹²⁶ Ev 92. The land on which the warm-up track used for the Games themselves is sited is likely to be returned to Network Rail. The legacy warm-up track will be built on a different site. See ODA Programme Delivery Baseline Report, January 2008, page 39,

¹²⁷ The Olympic Board agreed on 7 February 2007 that the inclusion of a Premier League football club in the legacy plan for the Stadium would require design changes which would introduce unacceptable delays into the timetable for its construction and completion. See Government response to the Second Report of Session 2006-07 from the Culture, Media and Sport Committee, *London 2012 Olympic Games and Paralympic Games: funding and legacy*, Cm 7071, page 12

¹²⁸ Ev 92

¹²⁹ Ev 148

¹³⁰ Q 333 and Ev 92

¹³¹ Q 278

football and rugby clubs as potential anchor tenants.¹³² Only Leyton Orient Football Club has chosen to make its interest public.¹³³

75. We note that the Departments for Culture, Media and Sport and for Children, Schools and Families have commissioned a study to explore the possibility of establishing a school at the Olympic Stadium site after the 2012 Games. The school would “complement, rather than replace, the legacy use of the stadium field of play”. The panel undertaking the review is expected to provide final advice to Ministers by June 2008.¹³⁴

Aquatics Centre

76. A competition to design the Aquatics Centre was won in January 2005 by Zaha Hadid Architects. The distinctive winning design was applauded by Lord Rogers for its “exceptional sculptural quality” and was described as “outstanding” and “spectacular” by the then Chief Executive of London 2012.¹³⁵ In November 2006, it was announced that the design would be changed and that Centre would be smaller, with the roof area reduced in size from 35,000m² to 14,000m². The ODA describes the new design as being “just as visionary and exciting” as the original and points out that it retains an “eye-catching wave-shaped roof symbolising the flow of water in aquatic sports”.¹³⁶

77. On 8 April 2008, the ODA announced that Balfour Beatty—the sole remaining bidder—had been awarded the contract to build the Aquatics Centre. Work will begin in summer 2008 and should be completed by 2011. The ODA also announced that the budget for the Aquatics Centre itself would be £242 million and that the budget for the land bridge which will form part of the roof of the venue is £61 million. Figures include contract costs, an allowance for inflation, VAT and legacy conversion costs.¹³⁷ We understand that Sport England will make a contribution of £40 million to the £242 million budget for the Centre itself.¹³⁸ The total budget for the Aquatics Centre—£303 million—contrasts with figures cited in press reports earlier this year suggesting that the ODA was negotiating to keep the cost of the centre to between £160 million and £170 million rather than the £213 million reputedly sought by Balfour Beatty.¹³⁹ It dwarfs the \$117 million/£73 million quoted in the Candidature File.¹⁴⁰

78. After the Games, the Aquatics Centre will offer two 50 metre swimming pools and a 25 metre diving pool, allowing a mix of elite and community use.¹⁴¹ Permanent seating capacity in legacy mode will be 2,500, with scope for a temporary increase to up to 3,500 for events such as the European Championships and the International Paralympic

¹³² Q 279-80

¹³³ Q 309

¹³⁴ DCMS Press Release 008\2008, issued on 29 January 2008

¹³⁵ London 2012 Press Release 31 January 2005

¹³⁶ London 2012 Press release 27 November 2006

¹³⁷ ODA Press Release 8 April 2008

¹³⁸ See Ev 107

¹³⁹ *Building* 22 February 2008

¹⁴⁰ Table 6.6.2b, Volume 1

¹⁴¹ Ev 77

Committee World Disability Swimming Championships. We note that the Centre would be only a “support venue” for any World Championships hosted in the UK.¹⁴²

79. British Swimming and the Amateur Swimming Association (ASA), the governing bodies representing the professional and the amateur sectors of the sport, envisage that the Aquatics Centre will be “the premier swimming facility in the UK” after the 2012 Games and will be heavily used for competition, attracting future international events. They also point out that the Centre could provide a venue for more training of coaches and teachers, something seen as essential if participation levels are to grow. We note that the number of athletes from the London area who reach international status in swimming disciplines lags behind the rest of the UK, possibly because of the historic underprovision of 50-metre pools in the London area.¹⁴³ There are presently only two 50-metre indoor pools in London (at Crystal Palace and in Ealing), although a third pool is due to open in Hillingdon in 2009.¹⁴⁴ By comparison, Paris has 18 indoor 50-metre pools, Berlin has 19, and Amsterdam, with a fraction of the population of London, has three. The disparities are also reflected at national level, with 23 indoor 50-metre pools in the UK, ninety in France and ninety-two in Germany.¹⁴⁵

80. In evidence to our previous inquiry into preparations for the 2012 Games, the London Borough of Newham (in which the Aquatics Centre is to be located) told us that it believed that it was vital that the Centre should include “leisure water” in legacy mode if it was to be fully valued and used by the local community. Our awareness of the limited community use of aquatics centres in legacy mode in certain previous Host Cities (Seoul and Athens in particular) led us to recommend in our previous Report that the design of the London Aquatics Centre should provide “for a mix of leisure use and traditional “lane” swimming”.¹⁴⁶ Agreement has now been reached that the design of the Aquatics Centre should include an extension to the main complex, including dry as well as wet play facilities, “subject to finance”.¹⁴⁷ The London Boroughs of Newham and of Tower Hamlets have agreed to make a capital contribution to the costs of developing and constructing the leisure water facility, in exchange for a commitment to its continuing operation and affordable access to the Centre for Borough residents.¹⁴⁸ **We welcome the willingness shown by all parties involved in determining the legacy use of the Aquatics Centre and associated facilities to reach a conclusion which is in the interests of local residents. We are, however, alarmed that the Aquatics Centre will cost over four times more than the forecast provided in the Candidature File submitted in 2004. The concept of the Aquatics Centre might be spectacular and eye-catching; but the saga so far suggests it has been over-designed and, with respect to the robustness of its legacy use, will be an expensive way of providing facilities for water sports needed during and after the Games. We are concerned that the ODA only managed to attract one firm bidder for**

¹⁴² Ev 8

¹⁴³ Ev 6–8

¹⁴⁴ HC Deb 8 October 2007 col. 334W and 23 October 2007, col. 211W

¹⁴⁵ Information provided by British Swimming

¹⁴⁶ Second Report from the Committee of Session 2006-07, HC 69-I, paragraph 107

¹⁴⁷ British Swimming, Ev 7

¹⁴⁸ Ev 92

the project, who would clearly have been aware of the huge level of contingency available to the Games as a whole. We note that in the press release of 8 April 2008, announcing the award of the contract, the ODA stated that “The total of £303 million has not changed throughout the procurement process”. We find this simply incredible and call upon the ODA to provide a detailed justification of this statement and of the cost increases at each stage from the initial design to the signing of the contract with Balfour Beatty for the Aquatics Centre and the £61 million “land bridge”. In our opinion, the history of the Aquatics Centre shows a risible approach to cost control and that the Games organisers seem to be prepared to spend money like water.

Velopark

81. No contractor has yet been appointed to build the Velopark; but the budget is now £80 million (including a contribution of £10.5 million from Sport England¹⁴⁹ and funding from Transport for London and the Lee Valley Regional Park Authority), as opposed to the \$46 million/£29 million cited in the Candidature File.¹⁵⁰ As with the revised budget for the Aquatics Centre, the new figure includes the contract price, allowance for inflation, VAT and legacy conversion costs. The outline design concept has been agreed and will consist of a stadium (the Velodrome), seating 6,000 spectators, and a BMX track during the Games, with a one-mile road cycling circuit, a mountain bike course and a cycle speedway course being added for legacy use. The ODA expects to select a contractor shortly; and construction is due to start in 2009. All legacy facilities are to be owned and managed by the Lee Valley Regional Park Authority, which will provide revenue funding.¹⁵¹

82. British Cycling told us that the cycling facilities at the Velopark had “the potential to be absolutely world-class” and that they “should be the very best anywhere in the world”.¹⁵² There has nonetheless been a certain amount of controversy about the extent to which the Velopark will offer a suitable replacement for off-road facilities at the former Eastway Circuit, lost when land was assembled by the LDA for incorporation into the Olympic Park. The design currently proposed by the ODA for the Velopark offers most of the facilities previously available at Eastway, albeit in a more fragmented layout. British Cycling, despite being supportive of the proposed design for use during the Games and despite anticipating that, after the Games, the Velopark will “provide a boost for cycling”,¹⁵³ initially lodged objections to the relevant planning applications on the grounds that they did “not provide an adequate or comparable replacement for the road and off-road facilities provided to cycling on the Eastway Circuit”. British Cycling is now satisfied that the ODA has taken on board its concerns and that current plans for the Velopark offer an acceptable replacement for Eastway. The Eastway Users Group, which has campaigned for off-road cycling facilities in the Velopark in legacy mode, remains frustrated by the uncertainty about future provision, and it has pointed out to us that facilities at Eastway closed before the ODA or LDA had provided any suitable temporary alternative, causing

¹⁴⁹ Ev 107

¹⁵⁰ Table 6.6.2b, Volume 1

¹⁵¹ ODA Programme Delivery Baseline Report, January 2008, page 17; see also ODA Press Release, 8 April 2008

¹⁵² Q 39

¹⁵³ Ev 1

much of the 2007 competitive season to be lost.¹⁵⁴ Limited facilities are now available at a site in London Docklands and work is well advanced on a more suitable temporary replacement site at Hog Hill in Redbridge.

83. It would be perverse and wrong if the facilities available to cycle sports in London were to be less extensive after the Games than before them. We are satisfied, however, that plans now being proposed for the Velopark will not only provide a stadium and facilities of the highest quality at the Velodrome but will also offer an adequate replacement for off-road facilities previously available at the Eastway Circuit. We encourage the ODA to confirm the plans currently being proposed.

Handball Arena

84. The Handball Arena will be a permanent 6,000-seat venue, to be retained in situ in legacy mode on the western side of the Park, to the south of the media centre. After the Games, the arena will be converted to an indoor multi-sport centre with a retractable seating arrangement, serving as a training and competition venue and a regional home for a range of indoor minority grassroots sports, with a likely focus on basketball.¹⁵⁵ A “concept design” team has been appointed, and the ODA expects to award the contract to design and build the Arena in early 2009.¹⁵⁶ No up-to-date baseline cost has been announced.

85. The Host Boroughs told us that “the range of legacy sports identified for the Arena matched the identified need in the surrounding boroughs”, and they noted assessments which appeared to substantiate the basis for the Arena’s viability after the Games. Anchor tenants are being sought; but the ODA and the LDA see the local boroughs as having a key role in helping to build a local base of community users.¹⁵⁷ In our previous report on the Games, we voiced scepticism about the future of this arena.¹⁵⁸ It is too early to tell whether our initial scepticism was well-founded.

Eton Manor

86. Eton Manor, an area to the north of the Olympic Park, will be a training base during the Olympic Games and the venue for wheelchair tennis and archery during the Paralympic Games. Plans for the site have changed since submission of the Candidature File.¹⁵⁹ Under present proposals, the Eton Manor site will include a hockey arena after the Games, comprising two competition standard pitches with seating for up to 5,000 around one of the pitches, as well as a tennis centre with indoor and outdoor tennis courts, and an indoor commercially-operated five-a-side football centre.¹⁶⁰ The Chief Executive of

¹⁵⁴ Information from Eastway Users Group

¹⁵⁵ Ev 78 and 93. See also the ODA Programme Delivery Baseline Report, page 44

¹⁵⁶ ODA Press Release 2 April 2008

¹⁵⁷ Ev 93

¹⁵⁸ Second Report from the Committee, HC 69-I, Session 2006-07, para 111

¹⁵⁹ Ev 92

¹⁶⁰ Ev 78

LOCOG cited the plans for Eton Manor as an example of how LOCOG and the ODA had listened to local representations and responded accordingly.¹⁶¹

Media and Press Centres

87. The site to be developed for the construction of the International Broadcast Centre and the Main Press Centre lies within the London Borough of Hackney.¹⁶² An idea of their scale can be gained from the specification: during the period of the Games themselves, the two media centres will provide a combined gross internal floor area of 120,000m² for broadcast and print media.¹⁶³ There are two consortia on a shortlist to design, build, finance and operate the two centres. The Chairman of the ODA described the centres as “one of the most complex buildings” housing “probably the largest journalistic activity which takes place across the world every four years”. He pointed out the high cost of failing to provide the media with the wherewithal to do their jobs.¹⁶⁴

88. The ODA’s view is that, in legacy mode, the buildings housing the two media centres will “have the potential to provide significant legacy employment and space for business which should become the economic driver for the whole area around Hackney Wick”.¹⁶⁵ The Mayor of Hackney, Jules Pipe, recognised the potential of the media centres to change the reputation of the area and argued that the site was “absolutely ideal” as a centre for media and creative industries.¹⁶⁶ The ODA confirmed to us that press reports that it was considering a future for the media centres as a supermarket distribution depot were inaccurate.¹⁶⁷ **No budget has yet been announced for the Media and Press Centre and we urge the Government and ODA to disclose this as soon as possible. In the meantime, given the huge cost increases recently announced for other venues, we await this announcement with trepidation.**

Relocatable venues

89. Various facilities, including temporary arenas for volleyball and basketball and pools for water polo, were described in the Candidature File as being temporary venues which could be demounted at the end of the Games and allocated elsewhere in the UK “to provide a sporting legacy in the regions”.¹⁶⁸ Relocation might apply to the venue shell, the field of play, courts, seating or fit-out elements.¹⁶⁹ Mr Coleman, speaking on behalf of the Mayor of London, observed that there was “a huge amount of what can appear quite

¹⁶¹ Q 177

¹⁶² The site was changed following a re-appraisal of venue locations in the light of the success of the bid. See London 2012 Press Release 30 January 2006

¹⁶³ ODA Programme Delivery Baseline Report, January 2008, page 87

¹⁶⁴ Q 207

¹⁶⁵ ODA Programme Delivery Baseline Report, page 18

¹⁶⁶ Q 333

¹⁶⁷ Q 183

¹⁶⁸ Candidature File Volume 2, page 25

¹⁶⁹ London 2012 Olympic and Paralympic Games Annual Report, January 2008, published by DCMS, page 28

incidental but is actually very valuable equipment [...] that will be left after the Games and which will need to be reused”.¹⁷⁰

90. Responsibility for brokering any relocation of facilities and determining future use of equipment procured for the period of the Games rests with Sport England, which has undertaken a market testing exercise to establish what appetite for the structures exists among national governing bodies of individual sports, local authorities and others. In all, 72 expressions of interest were received, from all parts of the UK. Sport England told us that the bids were being evaluated “with a view to having further discussion”.¹⁷¹ We asked Sport England who would bear the costs of relocating facilities. Sport England replied that “we are not at that stage yet of looking at the financial implications with regard to the relocation of those facilities”.¹⁷² A week later, however, the Minister for the Olympics told us that relocation costs would be borne by recipients.¹⁷³

91. As a result of changes to the Olympic Park Masterplan in January 2006,¹⁷⁴ volleyball events will take place not in the Olympic Park but at Earl’s Court. There is now some uncertainty about the venue for fencing events, with press reports suggesting that these would be held at the ExCel Centre in Docklands rather than at a temporary venue to be constructed in the Olympic Park.¹⁷⁵ Lord Coe told us in December 2007 that final decisions had not yet been taken but that using existing facilities as venues “has to be a sensible way of approaching things”.¹⁷⁶ The ODA’s Programme Delivery Baseline Report, however, states that “as part of the review of scope, the responsibility for delivering the fencing venue has been transferred to LOCOG” and that “any change to the plans previously agreed with the IOC/IPC will be subject to International Federation and IOC/IPC approval”.¹⁷⁷ LOCOG is now undertaking a review of temporary, relocatable venues, “to make sure that they remain the best option and that “where possible, they maximise any opportunities that have become apparent since the bid”. The review is to be completed later this year.¹⁷⁸

92. The relocation of temporary Games venues—or elements of them—was portrayed in the Candidature File as an innovative way of sharing some of the physical legacy of the Games around the UK. We are concerned at signs of a creeping reduction in relocatable venues. Every decision not to construct a temporary relocatable venue reduces the scope for the nations and regions to share in the physical legacy potential of the Games. We also believe that placing a requirement upon those acquiring such facilities to cover the costs of relocation, something which was not made clear when expressions of interest were invited, will kill off much of the interest. We recommend that the Olympic Delivery Authority or the London Development Agency should cover

¹⁷⁰ Q 282

¹⁷¹ Q 362

¹⁷² Q 365

¹⁷³ Q 484

¹⁷⁴ Ev 64

¹⁷⁵ *The Guardian*, 3 December 2007

¹⁷⁶ Q 212

¹⁷⁷ ODA Programme Delivery Baseline Report, page 51

¹⁷⁸ Ev 64

the costs of relocation, particularly as the alternative may be demolition or dismantling at the LDA's or ODA's expense.

Shooting events

93. There is dispute over the merits of the proposed venue for shooting events. The site initially selected and featured in the Candidature File—Bisley in Surrey—was dropped after the International Olympic Committee (IOC) reviewed venues and indicated that the family of Games venues needed to be “more compact”. The substitute site is the Royal Artillery Barracks in Woolwich, where partially enclosed shooting ranges of different lengths will be constructed. Once competition had finished, all facilities will be removed.¹⁷⁹ LOCOG told us that the Woolwich site had been “signed off” by the IOC, the International Shooting Sports Federation (ISSF) (as international governing body) and the national governing body (the Great Britain Target Shooting Federation, then chaired by Mr John Hoare).¹⁸⁰

94. The UK's national governing body for shooting is now known as British Shooting and is chaired by Mr Phil Boakes, who is adamantly opposed to the Woolwich site, as are all British Shooting's constituent bodies. Mr Boakes favours instead a site at Dartford which could provide a permanent legacy facility to international standards. In his view, the Woolwich site is also too small, is located in an inappropriate urban environment, and permits only three shotgun layouts, extending the time needed to complete the event programme.¹⁸¹ He disagrees that the national governing body “signed off” the Woolwich venue.¹⁸²

95. LOCOG told us that, in July 2004, it had sent the Great Britain Target Shooting Federation plans showing how shooting events at the Royal Artillery Barracks in Woolwich would be staged and had invited its Chairman, Mr Hoare, to take part in a site visit. It said that “following such consultation and receiving no negative feedback”, it had submitted plans for use of the Woolwich venue to the ISSF, which had confirmed its support for the site in September 2004. It added that Mr Hoare had confirmed the support of shooting governing bodies for the venue in February 2005. LOCOG is considering the relocation of components of the Woolwich venue as well as assessing “what might be sustainable on the site”. It also observed that Dartford Council had informed it of “the unsuitability of developing Games-time and legacy facilities for shooting” at the Dartford site proposed by Mr Boakes.¹⁸³

96. There is considerable strength of feeling within the shooting sports that to hold shooting events at the 2012 Games in the Royal Artillery Barracks in Woolwich will be a lost opportunity for shooting and will do little if anything to provide any legacy for the sport. On the other hand, the Dartford site proposed by British Shooting is not ideal as a Games-time venue. Events at the Games must be presented to an audience which is wider than the established base of enthusiasts: this is the distinction between Olympic and

¹⁷⁹ ODA Programme Delivery Baseline Report, page 56

¹⁸⁰ Q 214

¹⁸¹ Ev 164-6 and 177

¹⁸² Ev 175

¹⁸³ Ev 176-7

Paralympic Games on one hand and national or international championships on the other. The argument for keeping the range of venues as compact as possible is also a strong one. **We accept that it is now probably too late to find an alternative site for shooting events at the London 2012 Games, and we therefore accept, with reservations, LOCOG’s policy of retaining shooting events at the Royal Artillery Barracks in Woolwich, a site which is likely to be attractive to the general public. However, we regard it as highly regrettable that the site chosen for shooting events is not one which commands the support of any of the constituent bodies of British Shooting, and we believe that more should have been done to explore alternative sites before the decision to select the Royal Artillery Barracks was taken. We believe that LOCOG should acknowledge that its proposals for shooting events at the 2012 Games offer almost no legacy outcome for the sport. We recommend that LOCOG should work with the shooting bodies to try to extract maximum long-term benefit for the sport and that it should cover the costs of relocating facilities from the Woolwich site to permanent sites for shooting sports.**

Overall legacy strategy for Olympic Park venues

97. The ODA’s approach to investment in the Park’s legacy potential is set out in the Programme Delivery Baseline Report, published in January 2008:

“The ODA investment is concentrated on providing the maximum legacy benefit, installing infrastructure that is a known requirement to provide the strategic backbone for future development, whilst not restricting the freedom of the ultimate legacy owners, operators and investors (public and private). After the Games, much of the land will be opened up as development sites, with the assumption that developers will contribute to the costs of further infrastructure—social, physical and economic—through planning conditions and agreements”.¹⁸⁴

98. There has been a major break from previous Host Cities’ practice, which was to consider legacy use of venues at a later stage of the programme. As the Chairman of LOCOG said:

“All our thinking in terms of design of facilities is predicated on what we use them for afterwards. The world has changed [...] and leaving facilities in a community that, frankly, cannot use them in any credible way afterwards is not what this Games is about”.¹⁸⁵

The Chairman of the ODA made a similar point; he observed that discussions on legacy use and design were taking into account views on which sports were likely to take place at a particular venue in legacy mode, what seating capacity might be necessary and how much space might be needed for car parking.¹⁸⁶ Business in Sport and Leisure acknowledged the work already done on legacy use of facilities.¹⁸⁷

¹⁸⁴ ODA Programme Delivery Baseline Report, page 12

¹⁸⁵ Q 86

¹⁸⁶ Q 172

¹⁸⁷ Ev 148

99. The London Development Agency has been designated as the “interim legacy body for the Games”. It told us that it had responsibility for:

- “Acting as the legacy client and establishing a robust post-Games legacy structure for the future management of the parklands and venues;
- Delivering the legacy master plan for the Games through a legacy master planning framework process;
- Establishing and delivering a development strategy for the land and legacy;
- Leading the legacy and business planning process for the Olympic parkland and venues;
- Securing the socio-economic and sporting benefits arising from the Games”.¹⁸⁸

100. The LDA has begun work to produce a planning framework for the Olympic Park site after the Games. A team was appointed in January 2008 to develop a “Legacy Master Framework”, which is to “set out the vision for the legacy of the Olympic Park and its relationship with the surrounding communities”.¹⁸⁹ An Olympic Park Regeneration Steering Group has been established to “oversee” development of the Framework. The Group consists of the Minister for the Olympics and London, the Minister for Housing and Planning, the Mayor of London and the leaders of the Host Boroughs.¹⁹⁰

101. The Mayor of London’s Office and the LDA told us that in taking forward its various functions, the LDA was working closely with key partners, including the Government, the ODA, the London Thames Gateway Development Corporation, the local boroughs and the Lee Valley Regional Park Authority.¹⁹¹ The Host Boroughs stressed the importance of providing timely information on site development and potential impacts on local communities¹⁹² and said that “engagement is actually getting better all the time”;¹⁹³ and they prize their membership of the Olympic Park Regeneration Steering Group.

102. As a parallel exercise to the development of the Legacy Master Framework, Grant Thornton and Partners has been appointed to develop an outline business plan for the transformation and longer-term management of the Olympic site after the Games. The LDA told us that the objectives of the business plan will be “to provide a robust funding and delivery model for the Park and venues in legacy, and to ensure their use is viable and sustainable on a long-term basis”.¹⁹⁴ The Chief Executive of the LDA put it another way,

¹⁸⁸ Ev 77

¹⁸⁹ London 2012 Olympic and Paralympic Games Annual Report, January 2008, published by DCMS, page 10

¹⁹⁰ Officials from bodies represented by Group members and from the London Development Agency, the ODA and the British Olympic Association also attend as appropriate.

¹⁹¹ Ev 77

¹⁹² Ev 90; Q 320

¹⁹³ Q 320

¹⁹⁴ Ev 77

saying that the aim was “a model which balances commercial delivery as well as community and socio-economic outcomes”.¹⁹⁵

103. The twin processes of drawing up a planning framework which will permit the establishment of sustainable communities and of identifying the optimal model for ownership and operation of venues—and the Olympic Park itself—are inextricably linked. The Chief Executive of the LDA told us that the Legacy Master Framework should be completed in March 2009,¹⁹⁶ and he implied that announcements on both the planning and the management aspects would be made “around spring 2009”.¹⁹⁷ We note, however, recent Parliamentary Written Answers suggesting that decisions will be taken sooner, during 2008.¹⁹⁸

104. A large part of the preparation of the business plan is likely to involve a market testing exercise to assess what scope there will be for individual venues to be self-financing in legacy mode. It may turn out that the most robust model in the long term would be for local authorities, perhaps as a consortium, or for a specially constituted body with trust status, or what the Chief Executive of the LDA described to us as a “special purpose vehicle”,¹⁹⁹ to operate and maintain the Olympic Park and the various venues as a unit. Greenwich Leisure Limited, an operator of leisure facilities in the London area, told us that it would be “comfortable” with the LDA or the five Host Boroughs as possible owners or operators “in their approach as public guardians of the service”.²⁰⁰ We note that the Lee Valley Regional Park Authority already owns the land on which the Velopark will be located and that it will own and manage the Velopark facilities.²⁰¹ Press reports have suggested that the Authority might in due course become the eventual manager of more of the Olympic Park than just the Velopark.²⁰² Another option might be for venues to be managed from a fund to be established by contributions from private sector firms engaged in developing housing in the Park.

105. Whatever the final outcome, there are certain considerations which the LDA will need to take into account. We set out some of these below.

Density of development

106. The expectation is that approximately 4,000 housing units (at least 30% of which will be affordable housing) will be created from the Olympic Village, the residential complex where athletes will be accommodated during the Games. The development will include a school and a health centre. Approximately 5,000 further units will be created from other development parcels released by removal of temporary venues and infrastructure.²⁰³

¹⁹⁵ QQ 285 and 286

¹⁹⁶ Q 276

¹⁹⁷ Q 276. See also Q 310

¹⁹⁸ HC Deb, 4 March 2008, col. 2308W

¹⁹⁹ Q 285

²⁰⁰ Q 334

²⁰¹ ODA Programme Delivery Baseline Report, page 17

²⁰² *London Evening Standard* 20 November 2007

²⁰³ ODA Programme Delivery Baseline Report, January 2008, pages 15 and 16

107. The Host Boroughs expressed some anxiety to us that pressure to maximise revenue from sales of land and property could limit the quality of space and could lead to “unacceptable densities of housing development and/or inappropriate forms of economic activity, undermining the ability to create sustainable communities”.²⁰⁴ Mr Coleman, speaking on behalf of the Mayor of London, clearly recognised that Host Boroughs had “very strong interests and desires that we ensure that the development strategies which take place are appropriate in line with their plans and are producing new, sustainable communities”; and he noted that this was an issue to which the Mayor was personally committed. He stated categorically that “there is no question of us actually adopting an approach which says: ‘We are going to maximise value come hell or high water’”. He also gave an assurance that the planning framework would encompass a broad range of different types of housing, 44% of which would be family housing.²⁰⁵ He acknowledged, however, that adjusting the mix of housing on the post-Games Olympic Park site will be one of the methods by which revenues from land and property sales might be massaged if there was doubt that the necessary level of returns would be achieved.²⁰⁶

108. Decisions on the intensity of development and the nature of housing on the Olympic Park site will have long-lasting consequences. The provision of sustainable communities should be the top priority for the site. Given that applications to develop land within the Park boundaries will undergo the usual planning process, we are reassured that the local authorities concerned will have a degree of control over the scale and type of development in the Olympic Park after the Games. The Mayor’s Office acknowledged to us the importance of a sustainable legacy for the Olympic Park; we urge the Government and the LDA to respect that acknowledgement as the years pass and the pressures to extract maximum value from sales of land and property increase.

Economics of sporting facilities

109. The Minister for the Olympics told us that the question of how ongoing revenue costs of venues’ legacy facilities would be met was something which “will be negotiated on a venue by venue basis”.²⁰⁷ The Chief Executive of the LDA spoke of the desire “to minimise the revenue subsidy” for the venues, in part by maximising usage.²⁰⁸ The costs of operating a community leisure facility can be substantial: Business in Sport and Leisure told us that the average total subsidy required for sports and leisure facilities in the UK was £500 million per annum; and we note that the average annual subsidy required to operate a local authority sports and leisure facility has been estimated at £262,000 per annum.²⁰⁹ Business in Sport and Leisure added that “it is not clear who will meet the revenue costs for the Olympic facilities over the next 25 years”.²¹⁰ The Host Boroughs said that “securing sufficient funding to deliver and sustain a high quality legacy will require appropriate

²⁰⁴ Ev 91

²⁰⁵ Q 299

²⁰⁶ Mr Coleman Q 305

²⁰⁷ Q 483

²⁰⁸ Q 277

²⁰⁹ *Review of national sport, effort and resources*, April 2005, page 20

²¹⁰ Ev 148

capital and revenue funding”;²¹¹ and Mr Armitt, Chairman of the ODA, warned that “sports venues, by and large, are not particularly profit-making” and that future commercial returns from the Park were more likely to come from the Olympic Village and other housing.²¹²

110. We suspect that some if not all of the sports venues remaining in the Olympic Park after the 2012 Games will need revenue funding to cover the costs of year-round operation and maintenance. **Conservative assumptions should be made on the commercial potential of sports venues after the Games.** We note the decision by the bodies funding the 2010 Winter Games in Vancouver to establish a trust with a form of endowment which will generate enough capital to cover costs of operation and maintenance for venues where there appears to be little or no chance of self-financing or of commercial interest. **The Government should remain open to the establishment of a trust, or similar vehicle, perhaps with funding pooled from the Exchequer, local authorities, the London Development Agency and others, to cover the revenue costs of sporting facilities in the Olympic Park after the Games have finished.**

Affordability for users of facilities

111. There is a delicate balance between on the one hand operating a leisure centre so that it provides a commercial return and, on the other, operating a charging regime which enables enthusiasts and potential high performers to be able to afford to train regularly, with exclusive use of facilities when necessary. British Swimming and the Amateur Swimming Association (ASA) warned that many swimming clubs, many of whose members are under 16 years of age, “lead a precarious existence, having difficulty in obtaining access to appropriate pool time at an affordable hiring charge”. They argued that the solution lay in “sympathetic management” but noted that commercial pressures often prevailed. British Swimming and the ASA welcomed initiatives in certain areas to provide access to pools free of charge for children and in some cases for vulnerable young people; and their joint memorandum proposed that the Government should lead an assessment of how concessionary schemes might be made more generally available to swimming clubs.²¹³ Greenwich Leisure Limited drew our attention to the Passport Scheme operated by the British Olympic Association and the British Paralympic Association, which gives identified elite athletes free access to sports facilities run by operators participating in the scheme.²¹⁴

112. We note that the award of Lottery funding from Sport England as a contribution towards the costs of the Aquatics Centre and the Velodrome was subject to conditions requiring the design to take account of legacy use. Sport England also stated in its memorandum that it would develop funding conditions requiring future operators of the facilities to “deliver sports development and community participation outcomes”.²¹⁵ **We recommend that contracts to operate sporting facilities in the Olympic Park after the**

²¹¹ Ev 91

²¹² Q 178

²¹³ Ev 10

²¹⁴ Ev 94

²¹⁵ Ev 108

Games should specify that affordable access should be provided for local residents and for exclusive use by sports clubs.

Reflecting legacy use in design

113. It is of some concern to us that decisions are already being taken on venue design and that contracts are being let for construction only on the basis of a likely legacy use and before a future tenant has been confirmed. Business in Sport and Leisure told us that it was “essential that the LDA tender the contracts to operate these facilities as soon as possible” and that “without strong operator input at the design stage, there is a real danger that the facilities will be inoperable in legacy mode”.²¹⁶ The Institution of Civil Engineers warned of a risk that “belated requirements” from legacy owners, once they had been identified, could delay the design and construction process.²¹⁷

114. We note that the stadium designed for the Commonwealth Games in Manchester was built with a legacy tenant and use identified: it became the home ground for Manchester City Football Club. The Mayor of London has been quoted as saying that “it is really inconceivable that anyone would have signed up to occupy a stadium before they could see it”;²¹⁸ but it seems to us perfectly possible for a potential tenant or operator of a venue to be able to draw enough information from an outline design to be able to register interest and perhaps become involved in negotiations, particularly if there is an opportunity to shape the final design.

115. The Host Boroughs summed up the dilemma:

“We recognise that the design development of the Park and key venues for the Games is now reaching critical path decision points and that decisions must be taken to ensure infrastructure is delivered on time for the Games. At the same time many of these decisions will establish critical “fixes” which will determine the scope of subsequent legacy opportunity”.²¹⁹

Jules Pipe, the Mayor of the London Borough of Hackney, gave the IBC/MPC as an example, saying that once a construction consortium had been appointed, it was “absolutely vital then that that consortium and the ODA talk to the array of broadcasters and recording industry people and others that we have put together that we want to see as the end-users, because they are saying to us they are not going to be interested in taking on that venue afterwards if they have not had some input into the spec, and it is something that they will be interested in”.²²⁰

116. The ODA defended the principle of proceeding with letting contracts for construction before either end-use or legacy tenant had been confirmed. Taking the International Broadcast Centre/Main Press Centre as an example, it argued that “What you do not do today is decide [...] precisely how [a] building was going to be used in 2013–14”. It said

²¹⁶ Ev 148

²¹⁷ Ev 161

²¹⁸ *Financial Times*, 8 November 2007

²¹⁹ Ev 90

²²⁰ Q 333

that, instead, “what you do is say: what is the nature of the use and which of the two bidders is likely to give more flexibility for the LDA and the local authorities to determine how best they see the balance between accommodation, between housing, between office use, between factory use, whatever people have in mind for what is a very significant building?”²²¹

117. We recognise that the priority is to ensure that venues are built in good time for the Games, and we accept that a possible six-month delay while commitment is secured from a future tenant could introduce a serious threat to the programme timetable. We also accept that strenuous efforts have been made to involve sports governing bodies and other interested parties in discussions with the ODA and the LDA on venue design. Nonetheless, by proceeding with design and construction without—in some cases—having confirmed a legacy operator or owner, the ODA runs the risk of building structures which need significant expenditure in post-Games conversion if they are to be attractive to future tenants or operators.

4 Legacy for community sport

118. In our previous Report on the Games, we said that “possibly the greatest prize to emerge from the Games would be a demonstrable increase in participation in sport throughout the community”.²²² The Candidature File did not state explicitly that hosting the Games in London would in itself lead to a lasting increase in participation in sport across the UK; but Lord Coe acknowledged that, at Singapore, when final presentations were made to the International Olympic Committee, participation was “very clearly what we talked about”.²²³ The Candidature File placed stress on the “inspiration” which the Games would provide for youth, stimulating the interest of a new generation of Londoners and leaving a legacy of facilities for sporting activities.²²⁴ Gerry Sutcliffe MP, the DCMS Minister with responsibility for sport, told us that the Games were “going to be a fantastic inspiration to the whole of the country” and that they could, as part of a series of major sporting events in the UK over the next decade, “inspire people at all levels in terms of sports participation”.²²⁵

Prospects for achieving an increase in participation in sport

119. In our previous Report on preparations for the Games, we observed that no host country had yet been able to demonstrate a direct benefit from the Olympic Games in the form of a lasting increase in participation.²²⁶ Since that Report was published, we have not become aware of any new evidence indicating that previous Games have had a lasting benefit. Research commissioned by the London Assembly into the legacy of recent Olympic Games and Paralympic Games found little evidence of lasting increases in

²²¹ Q 172

²²² Second Report of Session 2006-07, HC 69-I, paragraph 112

²²³ Q 90

²²⁴ Candidature File, Volume 1, page 11

²²⁵ Q 390

²²⁶ Second Report from the Committee, Session 2006-07, HC 69-I, paragraph 113

participation in sport in previous Host Cities. While there were signs of short-term positive impacts, the evidence from Sydney was described as “ambiguous”, and there were signs that reports of positive impacts were largely anecdotal.²²⁷

120. We note optimism among certain national governing bodies of sports that the Games will attract more people to their sports. British Cycling told us that the Games would “contribute strongly” to present growth in interest, particularly following any success by British athletes in competition. It argued that the Games “could, and should, be the single greatest catalyst in our lifetime to lever a change in the nation’s behavioural attitudes towards sport and physical activity”.²²⁸ British Swimming spoke of the Games’ “once in a lifetime credentials to motivate the population to do more physical activity”.²²⁹

121. Statistics for participation in sport in developed nations suggest that levels of adult participation in England lag some way behind those of other comparable countries. The *Review of national sport effort and resources*, commissioned by the Government and led by Lord Carter of Coles, presented evidence in 2005 that participation levels in England were lower than those in France, Germany, Japan or the USA and were substantially lower than those in Canada, Australia and Finland.²³⁰ We acknowledge the limitations of statistics compiled using differing methodologies and definitions.

122. More recent data for England show no sign of any significant upturn in adult participation rates. The latest findings from the *Taking Part* survey, used by the Department for Culture, Media and Sport as a measure for participation in culture, leisure and sport, found that the proportion of adults (including young people aged 16 and above) taking part in “active sport”²³¹ in the first half of 2007 was 53.4%, down from 53.7% in the first half of 2006. The proportion taking part in “moderate intensity level” sport²³² was 21.5%, up from 20.9% in the first half of 2006.²³³

123. The Government recognises the scale of the challenge in raising participation rates and has set objectives to try to drive the various agencies involved and enable them to bring about an increase. DCMS and Sport England have a target to increase the number of adults participating in sport by two million by 2012.²³⁴ In addition, when Public Service Agreement (PSA) targets were recast in conjunction with the preparation of the 2007 Comprehensive Spending Review, a new PSA target was drawn up: to deliver a successful Olympic Games and Paralympic Games with a sustainable legacy. One of the indicators by

²²⁷ *A Lasting Legacy for London?: Report by the London Assembly, May 2007; research by the London East Research Institute at the University of East London*

²²⁸ Ev 1

²²⁹ Ev 5

²³⁰ *Review of national sport effort and resources*, April 2005, page 14

²³¹ Defined as “at least one occasion of participation in an active sport during the past four weeks”. The list of “active sports” includes activities which do not necessarily raise a person’s breathing rate (such as snooker, fishing and yoga). See “Taking part”, Office for National Statistics statistical release, 13 December 2007

²³² Defined as participation in moderate intensity level sport for at least 30 minutes on at least three separate days during the past week. “Moderate intensity level” sports include most of those on the list of “active sports” but exclude those which do not raise a person’s breathing rate. See “Taking part”, Office for National Statistics statistical release, 13 December 2007

²³³ National Statistics statistical release 13 December 2007

²³⁴ Q 383

which progress will be measured will be the number of people across the nations and regions of the UK and in other countries taking part in government-supported programmes associated with the 2012 Games. A further indicator will focus upon participation in sport by children and young people. A detailed measurement methodology for each indicator will be developed in 2008.²³⁵

Efforts to increase participation

124. Several of those who gave evidence to the inquiry are making efforts within their field to increase participation, sometimes with a clear link to the Games, sometimes not. We describe some of the work being undertaken and the roles of some of the key players below.

What the Government is doing

125. On 13 July 2007, shortly after taking office, the Prime Minister announced that an extra £100 million would be made available to enable all children in England aged between 5 and 16 to have access to up to five hours of sport per week from 2008 until 2011, two hours of which would be in the curriculum, and to enable all young people in England aged between 16 and 19 to have access to three hours of sport per week. The funding will support:

- A National School Sport Week, championed by Dame Kelly Holmes, in which all schools will be encouraged to run sports days and inter-school tournaments;
- A network of 225 competition managers across the country to work with primary and secondary schools to increase the amount of competitive sport they offer;
- More coaches in schools and the community to deliver expert sporting advice to young people; and
- Sports co-ordinators to increase the sport on offer to those in further education.²³⁶

126. Beyond the initial announcement by the Prime Minister, there is very little detail of what the “offer” actually means. The five-hour opportunity is not a minimum level: it is an entitlement. It builds upon an existing ambition, not enshrined within a Public Service Agreement, to offer all children at least four hours of sport per week by 2010 “through a combination of sport provision in the curriculum and out of school and community activities”.²³⁷ It is not clear how the offer is to be measured, or whether the mere availability of (for instance) swimming facilities for five hours a week at a local leisure centre would constitute a five-hour “offer”.

127. The Department for Culture, Media and Sport listed three other initiatives being undertaken at Government level as part of the effort to increase uptake of sport:

²³⁵ The two outline measures will be the percentage of 5-16-year-olds participating in at least two hours per week of high quality PE and sport at school and the percentage of 5-19-year-olds participating in at least three further hours per week of sporting opportunities. See London 2012 Olympic and Paralympic Games Annual Report January 2008, page 17

²³⁶ Ev 124; also Department for Children, Schools and Families Press Release, 13 July 2007

²³⁷ See Department for Children, Schools and Families Press Release, 13 July 2007

- The UK School Games, a multi-sport competitive event for talented young people, to be held in a regional city in each year leading until 2011;
- The Young Ambassadors programme, identifying young people to act as advocates and role models, working to increase participation, “support learning through the Olympic and Paralympic values” and “provide inspiration for other young people to ‘choose sport’”; and
- Continued investment in coaching, improving the quality and quantity of coaches across England.²³⁸

What Sport England is doing

128. Under the Public Sector Funding Package for the Games drawn up in 2003, Sport England is contributing £295 million in Lottery funding for the Games.²³⁹ Approximately £49 million is money already allocated to the preparation of elite athletes, before the transfer of funding and responsibility to UK Sport; £63 million has been allocated to the development of the Aquatics Centre, the Velodrome, training facilities at Picketts Lock and a multi-sport hub in Portsmouth (which could serve as a training and holding camp facility); and the remaining £183 million is intended for “multi-sport community projects across England”.²⁴⁰ Sport England told us £125 million of the £183 million for community projects had already been drawn down and claimed, and it provided examples of how it was being spent. These included projects to widen access, for instance for people with disabilities, projects to support health and wellbeing initiatives in the workplace, initiatives to link university or college sports clubs with local community clubs, and development of skills and capacity among coaches, volunteers and other officials working in community and leisure services.²⁴¹

129. We asked the Chief Executive of Sport England how projects funded from the £183 million for community sport identified within the Public Sector Funding Package for the Games were linked distinctively to them. She replied that “great community sport is great community sport, Olympics or not” and told us that some projects had a very clear Olympic link; and she maintained that “we have thought quite carefully to try and make sure that the projects do have appropriate connections and are going to contribute to delivering a really good legacy”.²⁴² We do not question the value of the projects themselves, but few actually appear to have a clear link to the 2012 Games. **We suggested in our previous Report on preparations for the Games that the inclusion of the £183 million for community sport legacy within the Public Sector Funding Package might in fact be**

²³⁸ Ev 124-5

²³⁹ Sport England’s latest estimate of its total contribution is £364 million, including £100 million being diverted from its share of good causes, the £183 million for community sport already identified, the £63 million already identified for named sporting facilities, and £17.5 million “to fund Olympic success”, as opposed to the £49 million for elite sport cited in evidence to our previous inquiry. See Ev 115.

²⁴⁰ Ev 115. See also evidence to the Committee’s previous inquiry, HC 69-II, Session 2006-07, Ev 110-1

²⁴¹ Ev 116

²⁴² Q 375 and 376

a rebadging exercise for programmes which were going to be sponsored by Sport England in any case. We conclude that our suspicions were correct.²⁴³

130. Sport England is the publicly funded agency with a defined role in sustaining and increasing adult participation in sport. It was identified by the Department for Culture, Media and Sport as the Lead Delivery Partner for the Olympic Programme's sub-Objective of maximising the increase in UK participation at grassroots level in all sports and across all groups.²⁴⁴ The Chief Executive of British Swimming believed that Sport England should have a clear responsibility "to use the Olympics to drive forward the enthusiasm of the young people in this country for sport".²⁴⁵

131. However, there is little sign that Sport England is setting the pace in using the Games as a means of increasing participation in sport. One reason may be the reassessment of the organisation's role signalled by the Rt Hon. James Purnell MP, the previous Secretary of State at the Department for Culture, Media and Sport. In a speech to the Youth Sport Trust Annual Conference in November 2007, he announced a change of direction for Sport England. He argued that there should now be a "clear focus on sport development and sports participation" and implied that other agencies and Government departments should concentrate upon the effort to improve the nation's health by increasing levels of physical activity. Gerry Sutcliffe MP, the DCMS Minister with responsibility for sport, confirmed this message, saying that "programmes which the Government wanted to introduce to help with the health of the nation [...] were being missed because it was being left to Sport England to deliver".²⁴⁶

132. The shift in focus for Sport England was controversial and led to the resignation of its Chairman, Derek Mapp. The Minister acknowledged that Mr Mapp had "disagreed with the direction of travel that we wanted to go in" but stated clearly that he thought Mr Mapp had been wrong.²⁴⁷ The Chief Executive of Sport England took a very positive view of the redefinition of Sport England's role and told us that the "clear sense of direction" now being given had given the organisation a "sharpness of focus" which gave it a "very good prospect of being able to deliver".²⁴⁸

133. Sport England's memorandum to our inquiry identified a further uncertainty which may account for its apparent lack of energy in leading the drive to establish a legacy for participation in sport. In November 2007, when its memorandum was submitted, Sport England was still awaiting the conclusions of the Comprehensive Spending Review on its funding and priorities for 2008–2011. It told us that once this process had been completed, it would "be able to plan and communicate its specific role in terms of grassroots legacy".²⁴⁹ The allocations were announced shortly before Sport England gave oral evidence in

²⁴³ HC 69-I, Session 2006-07, paragraph 76

²⁴⁴ Written submission to the Committee's previous inquiry into preparations for the Games, HC 69-II, Session 2006-07, Ev 112

²⁴⁵ Q 41

²⁴⁶ Q 386

²⁴⁷ Q 404

²⁴⁸ Q 339

²⁴⁹ Ev 108

January 2008. Figures for Exchequer funding and Lottery funding for Sport England in each year from 2005–06 to 2010–11, collated from various sources, are given in the table below:

Table 5: Sport England income from Grant-in-Aid and Lottery sources

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Lottery income	183.0	132.0	126.4	121.8	101.8	99.6	100.5	127.1
Grant-in-Aid	78.6	102.5	115.9	133.2	130.2	128.2	-	-

Sources: Lottery income for 2005-06 and 2006-07: English Sports Council Annual Report and Accounts 2006-07, HC 818 (Session 2006-07); for 2007-08: oral evidence Q 351; Estimates of Lottery income for later years from HC Deb, 8 Oct 2007, col. 327W. Sources for Grant-in-Aid: 2005-06 and 2006-07: English Sports Council Annual Report and Accounts 2006-07, HC 818 (Session 2006-07); 2007-08 onwards: HC Deb 5 February 2008, col. 1044W. Sport England has other sources of income, so column totals do not generate total income. All figures are for £million.

The Chief Executive of Sport England told us that its Spending Review settlement was equivalent to Sport England’s baseline bid to the Government, with the addition of some extra funding to support Sport England’s role in providing for the offer of up to five hours per week of sport for children up to the age of 16.²⁵⁰

134. As Table 5 above shows, the increases in Grant-in-Aid mirror a significant fall in Lottery income. Business in Sport and Leisure spoke of concerns about the feasibility of delivering a soft sporting legacy around the Games, given the reduction in Lottery funding for grassroots sport due to the transfer of funds out of the National Lottery Distribution Fund.²⁵¹ The Central Council for Physical Recreation estimated the amount of Lottery funding to be diverted from sports Lottery distributors as a result of the Games to be £560 million.²⁵²

What local authorities are doing

135. Local government is the biggest public funder of sport, spending £664 million on revenue costs in 2005–06.²⁵³ If capital costs are included, the level of annual expenditure is approximately £1 billion.²⁵⁴ The Local Government Association pointed out that leisure and recreation services are not ones which local government is statutorily required to provide to a certain level; consequently, they can be vulnerable when budgets need to be trimmed.²⁵⁵ The Minister at DCMS with responsibility for sport told us that he was “pleased to see [...] that sport is now very much higher on the agenda of local

²⁵⁰ Q 356

²⁵¹ Ev 149

²⁵² The CCPR set out briefly the methodology used in reaching this figure: see Ev 150

²⁵³ Local Government Financial Statistics (England), no. 17 (2007), Table C1

²⁵⁴ Ev 172

²⁵⁵ Ev 172

government”.²⁵⁶ We have not explored whether there are good grounds for making this statement, although we note that the new local government performance framework announced in October 2007, while reducing significantly the number of performance indicators, introduced for the first time indicators relating to participation in sport by both young people and adults. **We welcome the inclusion of youth participation and adult participation in sport in the new list of local authority performance indicators.**

136. The submission from the Local Government Association gave examples of sporting programmes linked to the 2012 Games and run by local authorities, including a programme of mass participation events run by Sheffield City Council, a scheme run by Stevenage Borough Council offering grants to young athletes with the potential to compete in the Games, and efforts by Suffolk County Council to enable disabled people to try out Paralympic sports.²⁵⁷

137. Lord Coe stressed that the role of local authorities was important and should not be overlooked.²⁵⁸ In addition to their very visible role as owners of land used for sport and as providers of leisure facilities, local authorities are in a position to convene and support cross-sector partnerships and to identify ways in which participation in sport can be integrated into efforts to improve community cohesion or address anti-social behaviour.²⁵⁹ Local authorities will often be adept at extracting benefits for sporting participation from funding streams designed for different primary purposes. The Mayor of the London Borough of Waltham Forest, for example, described how the Borough had obtained new community sporting facilities through Government-funded programmes such as Building Schools for the Future. The Mayor of the London Borough of Tower Hamlets gave examples of initiatives financed partly from preventative health budgets of local primary care trusts.²⁶⁰

138. Clearly it is not for the Committee to second guess the Boroughs about local circumstances or priorities. An issue raised in questioning, however, was the number of schools in the Boroughs—in common with other inner city areas—which do not possess a soft playable surface. It was suggested that providing all such schools with, at the very least, a rubber- or polymerised soft surface over playground tarmac would provide an immediate, meaningful legacy for the Games which would help participation in sport.²⁶¹ We recommended in our previous Report that DCMS, the then Department for Education and Skills, LOCOG and sponsors should work to address the lack of sports facilities open to schoolchildren, in particular, on whose doorstep the Olympics will be held.²⁶² **We recommend again that the Host Boroughs, together with DCMS, the Department for Children, Schools and Families and Sport England, look at straightforward ideas such as the installation of rubber or polymerised soft surfaces over tarmac in school playgrounds, to make the Olympics immediately relevant to schoolchildren in inner**

²⁵⁶ Q 386

²⁵⁷ Ev 173

²⁵⁸ Q 90

²⁵⁹ See LGA memorandum, Ev 172

²⁶⁰ Q 332

²⁶¹ Q 331–2

²⁶² Second Report from the Committee, Session 2006–07, HC 69–I, paragraph 113

city East London, at least. Olympic sponsors, indeed, may also have relevant expertise and interest in getting involved.

What others are doing

139. The LDA sees its responsibilities as including work in partnership with others to “secure the sporting benefits arising from the Games”.²⁶³ It listed several programmes in which it had invested and which were designed to increase opportunities for participation in sport in London, including “Summer of Sport”, which offered the chance to try out different sports at no charge, and other initiatives to enable greater diversity among sports officials and support for training disabled people to become sports coaches.²⁶⁴

140. Evidence from Greenwich Leisure Limited, an operator of over 60 leisure centres in the London area, provided the inquiry with a view from a provider of leisure services for local authority clients. It described outreach events which it either managed or co-ordinated, including a scheme offering free swimming to young people during school holidays, mass participation events raising awareness of the 2012 Games, and an open weekend for all primary schools in Hackney, giving each participating child the chance to try out different sports and activities.²⁶⁵

141. LOCOG has played a role as a catalyst. Lord Coe described it as “having provided the inspiration and [...] the opportunity”; and he looked to other agencies to pick up LOCOG’s lead.²⁶⁶ LOCOG has also established the Nations and Regions Group to develop national and regional plans for maximising benefits and building a sustainable legacy. Sports participation was identified as a strategic priority for the nations and regions in those plans.²⁶⁷ We note also the compilation by LOCOG of a Pre-Games Training Camp Guide, offering training facilities to National Olympic Committees and National Paralympic Committees in the months leading up to the Games.²⁶⁸ While the benefits to local communities of sites being selected for training will be largely economic, there may also be an inspirational value.

142. LOCOG, together with the British Olympic Association, is also well placed to identify how to make maximum use of the commitment shown by top Olympic and Paralympic sportsmen and sportswomen in motivating people to take part in sport. Several witnesses strongly praised the contribution made by Dame Kelly Holmes, Sir Steve Redgrave, Dame Tanni Grey-Thompson and other Olympians and Paralympians who had toured the country promoting sport, adding profile to local sporting events and promoting the image of sport to schoolchildren. The Chair of UK Sport described Dame Kelly Holmes as “an outstanding role model” who was “interested in making a difference”;²⁶⁹ and UK Athletics

²⁶³ Ev 77

²⁶⁴ Ev 78

²⁶⁵ Ev 94-5

²⁶⁶ Q 90

²⁶⁷ Memorandum from DCMS to Committee’s previous inquiry into preparations for the Games, HC 69-II, Session 2006-07, Ev 57

²⁶⁸ London 2012 Press Release 3 March 2008

²⁶⁹ Q 79

said that she had gone “up and down the country meeting phenomenal numbers of schoolchildren every year”.²⁷⁰

Co-ordination: a strategy for participation

143. We recommended in our previous Report on preparations for the Games that the Department for Culture, Media and Sport should publish a joint plan “as soon as possible” on implementation of Sub-objective 4.4 of the Programme Objectives for the Games, namely to achieve the maximum increase in UK participation at community and grass-roots level in all sport and across all groups. We also recommended that the Department should work with the then Department for Education and Skills and with LOCOG and sponsors to address the lack of sports facilities open to schoolchildren, particularly in the areas of London in which the Games will be held.²⁷¹

144. **We are disappointed that, fifteen months after publication of our initial Report on preparations for the Games, no comprehensive plan for maximising participation in sport has been published.** A draft strategy was drawn up and was subject to consultation; but the Central Council for Physical Recreation told us that it was “simply a repackaging of existing Sport England commitments, within existing spending plans” and that it was in any case withdrawn.²⁷²

145. The Minister for the Olympics and London announced five “legacy promises” in June 2007, one of which was “[to inspire] a new generation of young people to take part in volunteering, cultural and physical activity”.²⁷³ The Government is now preparing a Legacy Action Plan, which will set out how each of the promises will be delivered. The Department for Culture, Media and Sport told us that the Plan would provide detail on some of the major programmes which Sport England would deliver in order to meet the ambition of increased participation in community sport.²⁷⁴ We note that the Mayor of London included as one of his five London 2012 legacy commitments an undertaking to increase opportunities for Londoners to become involved in sport.²⁷⁵

146. Various other plans are being developed. According to the Department for Culture, Media and Sport, there is to be a five-year Plan for Community Sport, to be published by Sport England, describing how Sport England will deliver sport to 2013, along with key partners, and how it will seek to boost volunteer activity in community sport.²⁷⁶ Sport England made no mention of this Plan in either written or oral evidence. The London Development Agency, on behalf of the Mayor of London, is commissioning a Sports Legacy Plan for London “to bring together the collective efforts of the GLA/LDA, Sport England, Youth Sport Trust, UK Sport, London Councils, the Pro-Active partnerships and

²⁷⁰ Q 26

²⁷¹ Second Report from the Committee, Session 2006-07, HC 69-I, paragraph 113

²⁷² Ev 150

²⁷³ London 2012 press release 12 June 2007

²⁷⁴ Ev 125

²⁷⁵ Greater London Assembly press release, 9 January 2008

²⁷⁶ Ev 125

other key delivery agents”.²⁷⁷ We also note the understanding by the Central Council for Physical Recreation, expressed in its memorandum submitted in November 2007, that a sports legacy strategy would be released on 11 December 2007.²⁷⁸ Nothing of that description has appeared.

147. There appears to be no shortage of activity in developing plans for participation. In fact, **the profusion of commitments, promises and plans for using the potential of the Games to increase participation in sport being developed, whether real or rumoured, is bewildering; but none of what is proposed amounts to a single, comprehensive, nationwide strategy.** Mr Sparkes, Chief Executive of British Swimming, spoke of his personal concern that no-one appeared to have “actually picked up the legacy ball for sport” or begun to knit together the efforts of the various governing bodies to provide a sport-wide strategy for maximising participation in the light of the 2012 Games.²⁷⁹ Likewise, Business in Sport and Leisure was not convinced that a firm strategy or direction had been set by the Government.²⁸⁰ We share those concerns. **We have yet to see what is in the Legacy Action Plan; but it will need to do more than describe Sport England programmes if it is to provide a strategy for using the opportunity of the Games to build participation. Whatever strategy document is produced, it will need to define the roles of each of the many partners involved, including local authorities, Government departments and their agencies, Regional Development Agencies, Sport England, operators of leisure facilities, and individuals. It will also need to set expectations and suggest ways of meeting them.**

148. Our view is that, ultimately, any lasting success in increasing participation is likely to be achieved not just through a burst of interest in sport in the lead-up to and during the Games in 2012, but through a change in behaviours and lifestyles. We are under no illusions about the difficulty of bringing about such changes. Nor is Sport England, which recognises that a sustained effort will be needed and that a strong infrastructure will first need to be in place. The Chief Executive of Sport England cited Canada as perhaps the best example of a country where an increase in participation had been achieved (from 21% to 41%), albeit over a 20-year period. She said that the increase in participation in Canada had been achieved by “a sustained campaign combining investment in the opportunity, in facilities and their club structure together with constant stimulation of demand for sport, [through] PR, reminding people about sport, reminding people about the value of sport”.²⁸¹

149. The Chief Executive of Sport England also told us that “the Olympics are an opportunity and not a guarantee” and that:

“[...] what the Olympics adds is an element of momentum, it is an element of heightened aspirations and particularly for community sport, which depends so crucially on partnerships, it is a very good way of persuading people to make decisions simultaneously [...] What the Olympics can do if we use it intelligently is to

²⁷⁷ Ev 78

²⁷⁸ Ev 150

²⁷⁹ Q 40

²⁸⁰ Ev 149

²⁸¹ Q 360

provide a focus where people will say, “If we’re not going to do it now then there’s never going to be a right time to do it so let’s close out the decision.”²⁸²

She pointed out that there would “be a profile for sport over the period between now and 2012 which it is unlikely to have in normal times”; while not enough on its own to make a lasting impact upon participation levels, she maintained that the profile in itself presented an opportunity.²⁸³

150. We agree with Sport England’s assessment of how the 2012 Games might help to increase participation in sport at grassroots and community level. Increasing participation in sport cannot be a quick fix. Spin-offs from the 2012 Games alone cannot bring about the fundamental change in behavioural patterns needed. The Games can, however, provide an opportunity to promote the image of health through sport and can generate a higher level of commitment of public sector funding and private sector sponsorship for sporting events and facilities. The Games will also provide a window during which the public is more receptive to efforts by Government and local authorities to increase participation.

5 Elite sporting performance

151. There will be many ways of gauging the success of the Games. In the short term, people will judge the Games by not just the quality of the spectacle but also the logistics: transport to and from the Games, ticketing and security. In the longer term, the Games will be assessed on their legacy value, in terms of both participation in sport and local regeneration. But, to some extent, the public will remember the Games for legendary sporting performances, particularly by British athletes.²⁸⁴

152. Public funding to support elite sport is channelled through UK Sport, a non-departmental body sponsored by the Department for Culture, Media and Sport. UK Sport told us that it was responsible for “leading sport in the UK to world class success” by working in partnership with national governing bodies in Olympic and Paralympic sport and others. UK Sport funds sports (through national governing bodies), individual athletes (through awards covering sporting and living costs) and the development of capacity to host major international sporting events. It targets resources and activity primarily at those sports and athletes capable of delivering medal-winning performances. Individual sports are allocated funding through the World Class Performance Programme, the amount determined by a formula that includes results from the previous Games and current rankings as well as future medal potential.²⁸⁵

153. Two other bodies play a major part in preparing athletes for competition at the Olympic Games and the Paralympic Games: the British Olympic Association (BOA) and the British Paralympic Association (BPA). The BOA is recognised by the International

²⁸² Q 371

²⁸³ Q 372

²⁸⁴ See Mr Clegg Q 239

²⁸⁵ Ev 29

Olympic Committee (IOC) as the national Olympic committee for Great Britain and Northern Ireland, supporting the IOC in promoting Olympic ideals. Funded entirely from commercial sponsorship and fundraising income, its role with regard to sporting performance is to select (in conjunction with sports national governing bodies), prepare and lead British athletes at the summer, winter and youth Olympic Games. This task includes “delivery of extensive elite level support services to Britain’s Olympic athletes and their national governing bodies throughout each Olympic cycle to assist them in their preparations for, and performance at, the Games”.²⁸⁶

154. The British Paralympic Association’s role is to select, prepare, enter, fund and manage Britain’s teams at the Paralympic Games and the Winter Paralympic Games.²⁸⁷

155. UK Sport receives both Exchequer and Lottery funding. After London had won the right to host the Games, UK Sport submitted to the Treasury a range of options for future funding, indicating for each option what it believed could be achieved. In the 2006 Budget, the then Chancellor of the Exchequer announced that elite sport would receive an extra £200 million in Exchequer funding, to add to £300 million to be invested from the Lottery and to be matched by £100 million to be raised from the private sector. The total funding therefore available to UK Sport from 2006–07 to 2012–13 for grants to national governing bodies and for personal awards to athletes under the World Class Performance Programme will be approximately £600 million (assuming that the full £100 million from commercial sponsorship is secured).²⁸⁸ A further £100 million will be available to UK Sport for structures and initiatives supporting the World Class Performance Programme, such as the English Institute for Sport and coaching programmes. The Department told us that the additional investment had enabled UK Sport to provide financial support to more Olympic and Paralympic sports.²⁸⁹

Setting medal targets

156. Underlying UK Sport’s submission to the Treasury for extra funding in the period covering the 2008 and 2012 Games was a set of soft targets for performance, or “aspirations”. Targets are a measure of return against investment and provide a benchmark to the Department for Culture, Media and Sport to assess whether grant aid has been well spent. They also provide an incentive. Mr Boardman, representing British Cycling, told us that “if you set out a stall to achieve something, then you are more likely to achieve that”.²⁹⁰

157. The aspirations underlying UK Sport’s submission to the Treasury were for the GB Olympic team to achieve eighth place in the medals table at the Beijing Games in 2008 and fourth place in the London 2012 medals table, and for the Paralympic team to be placed second in Beijing and to retain that second place in London “whilst aiming for the top spot”.²⁹¹ UK Sport calculates that eighth place in the Olympics is likely to require 35

²⁸⁶ Ev 65. See also London 2012 Olympic and Paralympic Games Annual Report, published by DCMS, January 2008, page 3

²⁸⁷ London 2012 Olympic and Paralympic Games Annual Report, DCMS, January 2008, page 31

²⁸⁸ *Budget 2006*, HC 968, Session 2005-06, paragraph 6.73.

²⁸⁹ Ev 126

²⁹⁰ Q 1

²⁹¹ Ev 29

medals, of which 12 would need to be gold. It also believes that some 60 medals, including 16 to 18 gold medals, would be needed to secure fourth place in the London 2012 Olympics medals table. Formal medal targets for Beijing will be set by the end of March 2008, taking into account recent performance. Formal medal targets for London will not be set before 2011.²⁹²

158. The BOA told us that it had been “primarily responsible for driving the medal target” for the British team at the London Olympics. It had called a meeting of all national governing bodies and elite sport agencies only days after the bid had been won, and an agreement had been reached that “it was right and proper that [...] we should aspire to be the best we could be in the context of hosting the Games in 2012, and with this in mind the target was set for fourth place”.²⁹³

159. We were astonished to hear from the British Paralympic Association (BPA) that it had not been involved in setting the target for performance by the GB Paralympic team at the London Games in 2012. The BPA described the view that first place in the medals table was attainable because second place had been achieved previously and because funding had since increased as being “simplistic” and “neither sustainable nor defensible”; and it warned that such an expectation could actually devalue achievement and demotivate future participants.²⁹⁴ The BPA’s position is that an aspiration to remain a “top five nation with an overall aspiration of finishing in the top three” was commensurate with the scale of the UK in Paralympic terms.²⁹⁵

Indicators for future performance

160. Performance at recent Olympic Games suggests that the aspiration towards eighth place at the Beijing in 2008 is ambitious; the aspiration towards fourth place in London 2012 might appear even rash. The UK was placed 36th at the Atlanta Olympic Games in 1996 and 10th in Sydney in 2000 (with 28 medals). Although the British team finished in 10th place in the medals table at the Athens Olympic Games in 2004, winning 30 medals (nine of which were gold) that was achieved through success across a narrow base of sports, with the majority of medals won in sailing, rowing, cycling and equestrian eventing. Some of the winning margins were very slim indeed: Lord Moynihan told us that the combined winning margin for five of the gold medals won by members of the British team in Athens in 2004 had been 0.545 seconds.²⁹⁶

161. The Chairman of UK Athletics accepted that two particular performances by the GB athletics team in Athens had “acted as something of a figleaf” for what had been, overall, a disappointing Games for British athletes, and he noted that it did not bode well for the future.²⁹⁷ British Swimming likewise acknowledged that the final medal haul for the British swimming team in Athens in 2004—just two bronze medals—had been “disappointing”;

²⁹² Ev 29

²⁹³ Q 220

²⁹⁴ Ev 67

²⁹⁵ Q 220

²⁹⁶ Q 224

²⁹⁷ Q 19

but it observed that performance in Athens was nonetheless an improvement on that in Sydney in 2000, when no medals of any sort had been won by the Olympic swimming team. It argued that, on the basis of an in-depth analysis of results at Athens, the swimming team as a whole had “performed” and that it had been “more competitive, with more athletes reaching finals”.²⁹⁸

162. Medal table placings are of course led by the number of gold medals won. Abundant success in winning second or third place does not in itself bring about a high ranking in the final medals table. The Chairman of UK Athletics said that a medals table led by gold medal rankings “is not a very elegant measure” and is a “very narrow way to judge the success of Olympic sports”.²⁹⁹

163. Despite the patchy performance in Athens in 2004, there are some promising signs for the future. Overall performance by British athletes in Olympic disciplines at senior level during 2007 was strong: 41 medals were won in World Championship competition, 11 of which were gold.³⁰⁰ Mr Keen, Head of Performance at UK Sport, told us that it presented “a very positive scenario” and that the position in the lead-up to the Beijing Games was “considerably stronger” than at the equivalent point before the Athens Olympics in 2004.³⁰¹

164. There was also a degree of optimism for the future among witnesses from governing bodies. UK Athletics has streamlined the number of athletes which it funds at the highest level, from “a couple of hundred” four or five years ago to “just over 40” in late 2007.³⁰² It believed that the more exacting and focused policy was enabling athletes to start to reap rewards, as had been demonstrated by an above-target performance achieved by a young team at the World Championships in Osaka in 2007.³⁰³ British Cycling considers that it has “genuine prospects” in nine of the eighteen medal opportunities in cycling disciplines at Beijing and “outside chances” in four others. With regard to performance at the London Games in 2012, British Cycling pointed out that the GB cycling team’s junior and under-23 squads had “dominated the World Championship at their respective levels” in 2006 and 2007, something which augured well for 2012.³⁰⁴ We note the outstanding performance by British cyclists at the World Track Cycling Championships held in Manchester in March 2008, with nine of the 18 gold medals being won by British competitors.

165. British Swimming gave a more measured assessment. It does not expect a major medal haul in Beijing—indeed it said that it was facing a “massive challenge”—but it aims to win four medals, including one gold. It maintained that the measures of success would be “more swimmers in Olympic finals and performing to their potential”.³⁰⁵ Its ambitions for performance in London in 2012 are higher, with an aim to “deliver the best ever performance by British Swimming in the history of the modern Olympic Games and

²⁹⁸ Ev 10

²⁹⁹ Q 4

³⁰⁰ See Ev 126 for details

³⁰¹ Q 52

³⁰² Q 21

³⁰³ Ev 3

³⁰⁴ Ev 2

³⁰⁵ Ev 10 and Q 3

Paralympic Games”, with the British Olympic team being placed in the top five.³⁰⁶ We note the appointment of overseas specialist coaching staff for divers as well as the steps taken to improve coaching provision for both synchronised swimming and water polo. We also note the opinion of British Swimming that there were signs of exceptional younger talent with tremendous potential in diving.³⁰⁷

166. The UK has a proud record of success at Paralympic Games, having been placed second in the final medals table in both Sydney and Athens. British Cycling pointed out that the GB Paralympic cycling team had headed the medals table at World Championship level during 2007 and said that it “would be seeking to repeat that outcome in Beijing” in 2008.³⁰⁸

167. Given the mixed record at recent Olympic Games and uncertainties about whether the Paralympic team would be able to maintain the high rankings won at recent Paralympic Games, we invited the Chair of UK Sport to justify the apparently highly ambitious “aspirations” which underlay the bid to the Treasury. She described the aspirational goal for the London 2012 Games as a “stretch target” but nonetheless a realistic one which UK Sport was confident would be achieved. She reminded us that performance by British sportsmen and women in top-tier events during 2007 had been good with impressive results being achieved not just by sports with a track record of high-level success but also by “newer, emerging sports” such as boxing and archery, or sports which had suffered a period in the doldrums, such as judo.³⁰⁹

168. UK Sport described its efforts to drive up performance, including its new monitoring and evaluation programme—Mission 2012—designed to help sports “analyse their performance on a quarterly basis and capture the most accurate picture available of the challenges faced and any barriers to success”. Each sport will evaluate progress, allocate an overall “traffic light” colour status for its performance programme, and develop an action plan for dealing with any issues that “threaten their ability to deliver”. Each evaluation will be analysed by UK Sport; any “issues or disagreements” will be referred to Olympic or Paralympic Performance Panels as appropriate.³¹⁰ UK Sport described Mission 2012 as a “cultural shift for an organisation like UK Sport”.

169. The BOA echoed the positive note sounded by UK Sport. On the strength of results from World Championships in 2005 and 2006, it argued that, had the Olympic Games been staged in either of those years, Great Britain would have finished in seventh place. It was confident that fourth place in the London Olympics was “still achievable and entirely appropriate”.³¹¹

170. Other witnesses were more cautious. Mr Sparkes, Chief Executive of British Swimming, observed that competition is becoming ever tighter, with the United States

³⁰⁶ Ev 10

³⁰⁷ Ev 12-13; also Q 25

³⁰⁸ Ev 2

³⁰⁹ Q 52 and Ev 30

³¹⁰ Ev 30

³¹¹ Q 221

renascent in swimming, and Japan, China and Korea all coming to the fore.³¹² Mr Boardman, a former Olympic cycling gold medallist and now Director of Coaching and Olympic Programmes for British Cycling, told us that the overall targets of eighth place in 2008 and fourth place in 2012 were “very challenging”, adding that “I do think they are achievable but it is going to be quite close, frankly”; and he suggested that there was an over-reliance upon the cycling, sailing and rowing teams to win medals.³¹³

171. Performance by other nations in disability sport is also becoming significantly stronger. Dame Tanni Grey-Thompson told us in October 2005 that there were major changes afoot in the number of countries competing in Paralympic Games and in the quality of their athletes. Over 160 nations will be competing in the Beijing Paralympic Games, compared to approximately 120 in Sydney in 2000.³¹⁴ A particularly strong challenge is expected, for instance, from China in Beijing and at future Games.³¹⁵ Dame Tanni concluded that “if we want to carry on and maintain that level of success, some of it does come down to funding [...] but it is also about inclusion in governing bodies, inclusion within the mainstream structures, and making sure we get it right at school level”.³¹⁶ The Chief Executive of the British Paralympic Association made a similar point in evidence in December 2007, saying that it was not so much investment in elite Paralympic athletes which would bring about a significant difference in prospects for performance but a greater concentration upon potential. He told us that “there is very little going on in schools for young athletes [with disabilities]” and that there were very few sports which had instituted long-term development programmes for disabled athletes. The result was “a paucity of young talent coming through [...] the pipeline”.³¹⁷

172. For once, lack of money at elite level may not be the issue. We note that representatives of national sports governing bodies expressed no dissatisfaction in evidence to us about the level of funding available from UK Sport for elite development. Mr Warner, Chairman of UK Athletics, said that he was “comfortable that UK Sport are funding us to have the right amount of resource and the right locations to do the work we have to do”;³¹⁸ and Mr Mason, Director of World Class Operations at British Swimming, said that “funding in the last couple of years in particular really does give us a chance to compete with the best in the world”.³¹⁹ Lord Coe described the funding now available for elite level sport as being “unprecedented”.³²⁰ It should not be forgotten, however, that talent emerges from the grassroots: a talented sprinter or swimmer is likely to have excelled at school and will almost certainly have developed at club level before becoming eligible for elite support. If the necessary facilities are lacking at community level as, in the case of 50-metre

³¹² Q 3

³¹³ Q 2

³¹⁴ Q 223

³¹⁵ QQ 5 and 6

³¹⁶ Oral evidence from Dame Tanni Grey-Thompson, 18 October 2005, Q 79, published in *London 2012 Olympics: first steps*, HC 552-i, Session 2005-06

³¹⁷ Q 241

³¹⁸ Q 22

³¹⁹ Q 29

³²⁰ Q 90

swimming pools, they clearly are, some talent will never get the chance to compete at top-flight events.

173. We do not see a clear rationale for concluding that the performance by the UK Olympic team at Beijing (or indeed in London in 2012) is likely to outshine by any significant margin performance by the UK in recent Olympic Games. We acknowledge, however, that there were good performances by sportsmen and women representing the UK at World Championship level in 2007 and that there is distinct promise for the future in certain sports. While we believe that UK Sport's aspirations for performance by British athletes at the London 2012 Olympic Games may prove too optimistic, we strongly welcome the significant increase in funding which was awarded as a result of those aspirations. On balance, we believe that the very ambitious aims for performance in the London 2012 Olympic Games will be good for British elite sport.

174. We are not persuaded, however, that the aspiration of second place for the Paralympic team in London in 2012 "whilst aiming for the top spot" is well-judged. While we have no doubt that there will be outstanding individual performances by Paralympic athletes in Beijing and in London, there is little or no evidence to suggest that the overall level of performance is likely to be higher than in 2004. The strength of competition at Paralympic level is intensifying, but the structures which would allow the British Paralympic team to keep pace, by providing a clear pathway for the development of potential, appear not to be in place.

Private sector sponsorship for UK Sport

175. The Financial Statement and Budget Report 2006 announced that the Department for Culture, Media and Sport and UK Sport would bring forward proposals in the Pre-Budget Report for "levering in" an additional £100 million of commercial sponsorship.³²¹ In fact, it was not until October 2007 that an invitation to tender was invited from parties interested in acting as a fundraising partner.³²²

176. Given that LOCOG is already seeking up to £650 million in sponsorship from the private sector, and given that the BOA is itself funded entirely from the private sector, we asked LOCOG whether there was a danger that too many bodies were "fishing in the same pool". LOCOG agreed that there was potential for "confusion" in the "related opportunities" but maintained that UK Sport had been "extremely helpful" in consulting regularly with LOCOG and in seeking a way forward which would not damage LOCOG's fund-raising efforts.³²³ The Chair of UK Sport told us that UK Sport had held "long discussions" with LOCOG on the "very busy marketplace" of private sector sponsorship and that, as a result, UK Sport "had listened and respectfully worked in partnership" with LOCOG, which was now very supportive of the direction which UK Sport was taking.³²⁴ LOCOG confirmed that this was an accurate summary.³²⁵ However, we established that no

³²¹ *Budget 2006*, HC 968, Session 2005-06, paragraph 6.73.

³²² Ev 127

³²³ Q 98

³²⁴ Q 71

³²⁵ Q 98

private sector sponsor of the elite sport development programme operated by UK Sport will be able to cite an association with the London 2012 Games, in order to protect the interests of LOCOG's sponsors.³²⁶ LOCOG articulated clearly the difficulty facing the Government and UK Sport, namely, defining precisely what it is that they are selling to a sponsor.³²⁷

177. We questioned the Chair of UK Sport on whether she was confident that the sum could be raised. She was guarded, saying only that "I would like to sit here and say I am highly confident. I would like to think that it will be raised". She warned that "without that £100 million, many of the ambitions we are talking about will be difficult to achieve".³²⁸ We note that the Committee of Public Accounts concluded that it would be "challenging" to raise the sum;³²⁹ and the National Audit Office has since warned that, unless the money is raised very rapidly, it may become available too late in the Olympic cycle to make a significant difference to the medal chances of the GB team in 2012.³³⁰

178. On 22 January, the Minister with responsibility for sport announced in oral evidence to the Committee that Fast Track had been appointed as a fundraising partner.³³¹ Given that DCMS and Fast Track are still in discussion on how to raise the money, it is too early to assess whether Fast Track's strategy will succeed; but **we fear that the Government's policy of requiring £100 million for elite sport to be raised from the private sector may turn out to be over-ambitious, especially as no private sector sponsor will be able to cite any association with the London 2012 Games, in order to protect LOCOG's sponsors. The effect is to introduce an element of uncertainty into a long-term funding programme, hobbling financial planning. We believe that it will turn out to be a misjudgement and an unwelcome diversion of effort.**

"Sporting Giants"

179. In March 2007, UK Sport launched "Sporting Giants", a campaign to seek out "tall young athletes" to be trained as potential members of Olympic handball and volleyball teams (both sports which are newly funded by UK Sport) and to identify potential athletes for rowing. Neither handball nor volleyball has a tradition of excellence in the UK; yet, by virtue of being host nation, the UK qualifies automatically for each team sport. The British Olympic Association's position, however, is that it will not exercise the right to take up a quota place to enter a team that has no prospects of acquitting itself well.³³²

180. The initial "Sporting Giants" press release generated over 4,800 applications. Approximately 4,000 people satisfied the initial range of criteria, and mass testing of applicants was completed in December 2007. The outcome is that 34 rowers, 11 handball

³²⁶ Q 100

³²⁷ Q 101

³²⁸ Q 73

³²⁹ Committee of Public Accounts Fifty-fourth Report of Session 2005-06, HC 898

³³⁰ *Preparing for Sporting Success at the London 2012 Olympic and Paralympic Games and beyond*, National Audit Office, HC 434, Session 2007-08, paragraph 2.31

³³¹ Q 416

³³² Q 225

players and seven volleyball players have been “successfully integrated” into British squads.³³³ UK Sport described Sporting Giants as “an extremely cost-effective programme”. Other than the staff costs of the three UK Sport staff running the programme, the only cost to UK Sport was the £15,000 cost of the initial media drive to create awareness, led by Sir Steve Redgrave.³³⁴ The costs of training and development are borne by national governing bodies from their World Class Performance Programme funding.

181. We queried with UK Sport whether this was not a rather speculative project, at odds with UK Sport’s focus on directing investment towards athletes that have the potential for success at the highest level. The Chair of UK Sport defended the initiative, saying that it had identified a lot of “dormant talent” among, for instance, university students, some of whom displayed physical skills which had “amazed” world class coaches.³³⁵ She also argued that “Sporting Giants” had offered an alternative sporting future to a number of athletes who were beginning to question whether they could progress in their initial, main discipline.³³⁶ We note her observation to us in 2005 that “in the past we have invested in athletes who have arrived with us as opposed to going and finding athletes”.³³⁷

182. We support the concept of looking for talent rather than simply waiting for it to appear. If over-used, however, the approach could give an impression of desperation and could be open to ridicule. We endorse the policy of the British Olympic Association not to enter teams for competition at the London 2012 Games simply for the sake of exercising the rights of the host nation.

Responsibility for performance

183. Unlike World Championships or other top-tier sporting events, selection of British teams for Olympic Games and Paralympic Games is not a matter solely for national governing bodies of sport, whose development of talent is supported largely through public funds, channelled through UK Sport. The British Olympic Association also plays a leading role in selecting, preparing and leading British athletes at the summer, winter and youth Olympic Games. The British Paralympic Association selects, prepares, enters, funds and manages Britain’s teams at the Paralympic Games and the Winter Paralympic Games.

184. In general, the various roles in the preparation and selection of teams to participate in Olympic Games and Paralympic Games are understood and respected. Some friction has arisen, however, as a result of the BOA’s establishment of an elite performance programme for individual athletes, under the leadership of former rugby union coach Sir Clive Woodward. On the face of it, the establishment of such a programme by the BOA appears to be in direct competition with the publicly funded World Class Performance programme operated by UK Sport. It could also be seen as being in conflict with a statement by the

³³³ UK Sport press release 27 February 2008

³³⁴ Ev 38

³³⁵ Q 62

³³⁶ Q 55

³³⁷ *London 2012 Olympics: first steps*, HC 552-i, Session 2005-06, oral evidence taken on 18 October 2005, Q 79

Department for Culture, Media and Sport that “the BOA has no role in the preparation of the athletes in the years building up to an Olympic Games”.³³⁸

185. The BOA told us that its Elite Performance Programme “places the athlete and coach at the centre of a support network made up of leading specialists from areas including kinesiology, physiology, nutrition and performance analysis” and that “a unique communication and analysis system will ensure the athlete receives 24/7 support from the network”.³³⁹ The programme was initially trialled on an amateur golfer; and a pilot programme has now begun with British Judo. The BOA expects that approximately 30 athletes will take part in the programme in the lead-up to 2012. Decisions on which athletes are to be involved are to be taken by the BOA in conjunction with the Performance Director for the relevant sport’s national governing body.³⁴⁰ The BOA maintains that it works closely with the Government to ensure that support services from the two sources “are complementary and not overlapping”.³⁴¹ The Chair of the BOA told us that the programme was “highly scientific” and “wholly complementary”, and he argued that it took away risks and “the elements which cause greater uncertainty about an athlete’s performance at the very top level”.³⁴²

186. The assumed budget for the programme is £150,000 per year per athlete, with the costs being met by the BOA through funding from the commercial sector.³⁴³

187. The BOA programme received some support but not wholehearted endorsement from the three sports national governing bodies which gave oral evidence to us. British Swimming told us that it was “interested to listen to Sir Clive’s ideas because clearly he may have something that is worth listening to”.³⁴⁴ On the other hand, Mr Boardman, representing British Cycling, told us that British Cycling had invited Sir Clive to present some of his ideas but that there had appeared to be little which he could offer which cycling was not already receiving.³⁴⁵ UK Athletics reserved its position, suggesting that Sir Clive’s programme might possibly have some impact on athletics in the future; but it spoke of “concerns” about the integration of the programme into the UK Sport-funded elite development programme, saying that it did not wish to see a duplication of effort. It was heartened, however, by the BOA’s assurance that its involvement in each individual sport would be at the discretion of each sport’s Performance Director.³⁴⁶

188. Gerry Sutcliffe MP, the DCMS Minister with responsibility for sport, affirmed that he saw the roles of the British Olympic Association and UK Sport in preparing high-performance athletes as being “complementary”, and he was satisfied that the BOA and

³³⁸ Written Answer 21 May 2007, cols. 1113-4W

³³⁹ Ev 66

³⁴⁰ Ev 66

³⁴¹ Ev 65

³⁴² Q 239

³⁴³ Q 235-6

³⁴⁴ Q 37

³⁴⁵ Q 34

³⁴⁶ Ev 3 and Q 35

UK Sport were “working very well together” even if there had been “hiccups” along the way.³⁴⁷

189. It will be some time before an informed assessment can be made of the merits of the British Olympic Association’s Elite Performance Programme. We are concerned that the decision to set up a scheme separate to that run by UK Sport suggests a lack of faith in existing structures, despite the Programme’s “complementary” label. We would feel able to be more supportive had the BOA worked together with UK Sport to improve existing performance programmes.

Training for pistol shooters

190. One of the effects of firearms legislation passed by Parliament in 1997 has been to prevent sportsmen and women in three shooting disciplines from training in the UK. When the Minister for the Olympics gave evidence to the Committee in October 2005 as Secretary of State at the Department for Culture, Media and Sport, she said that “we have taken the view that there should not be an exemption at this point in the seven years between now and 2012”, although she added that policy would be kept under review.³⁴⁸

191. In recent months, signs of a change of heart have emerged. The Department indicated in November 2007 that “colleagues at the Home Office have recently secured agreement in principle from the Ministry of Defence on use of their ranges by a small squad of elite pistol shooters”, and that “to enable this to take place, the Home Secretary will need to use her powers under section 5 of the Firearms Act 1968”.³⁴⁹ Discussions on the detail of the agreement were still under way in January 2008.³⁵⁰

192. The DCMS Minister with responsibility for sport told us that the first step was to enable pistol shooters to train in the UK in the lead-up to the 2012 Games; training for subsequent Games was “an issue that we will have to discuss further”.³⁵¹ **We welcome the progress made so far in discussions within Government on enabling pistol shooters to train in the UK before the London 2012 Games take place. The UK has a history of performing well in shooting disciplines at Olympic Games. We encourage the Department to seek agreement in principle for a permanent exemption from firearms legislation, allowing talented pistol shooters to train in the UK under tightly controlled conditions.**

Athletes with an intellectual disability

193. One distinct issue which was brought to our attention was the position of athletes who have an intellectual disability and who are at present banned from participating in Paralympic Games. The ban stems from a decision by the International Paralympic Committee, taken after it had been established that the Spanish basketball team competing

³⁴⁷ Q 411

³⁴⁸ Q 151, Evidence given on 25 October 2005, published as HC 552-ii, Session 2005-06, *London 2012 Olympics: first steps*

³⁴⁹ HC Deb 27 November 2007, col. 293W

³⁵⁰ Footnote to Q 421

³⁵¹ Q 423

at the Paralympic Games in Sydney in 2000 had included members falsely claiming to suffer from an intellectual disability.

194. The consequences of the ban are far-reaching. Grant aid for the development of elite athletes' talent is predicated on their potential to participate in competition at the highest level, namely Olympic or Paralympic Games. As a result of the ban, neither the national governing body for athletes with a learning disability—UKSA³⁵²—nor individual athletes can receive grant aid for performance development from UK Sport. Few athletes with a learning disability can afford to cover the costs of training from their own resources, and little, therefore, is being done to improve their performance. In theory, such athletes can compete in world-class events not held under the auspices of the International Paralympic Committee; but, to do so, they need to undergo the process of registration and certification drawn up by the international governing body for athletes with a learning disability, INAS-FID.³⁵³ The UK Sports Association (UKSA) pointed out that the cost of this process ranged from £300 to £1,000 for each athlete, beyond the means of most. Because of the decline in grant aid which UKSA is receiving, its resources are dwindling and it is no longer in a position to pay for athletes' registration and certification.

195. The UK Sports Association for People with Learning Disabilities argued strongly in evidence to us that the ban should be lifted without delay, as athletes genuinely suffering from an intellectual disability were being denied the chance to take part in competition with their peers. We were told that the former Secretary of State at the Department for Culture, Media and Sport had been asked to support the ending of the ban but that her response had been “evasive”.³⁵⁴

196. We raised the matter with witnesses. LOCOG told us that it was “absolutely behind” efforts to resolve the problem in time for the 2012 Games, and it recognised the need for resolution well in advance of competition.³⁵⁵ The British Paralympic Association (BPA) said that it believed “wholeheartedly” that athletes with an intellectual disability should be part of the Games but only under “fair and consistent rules which are comparable to those of the other disability organisations”. The BPA had urged the International Paralympic Committee to set a target of 2012 for readmission and had urged that the decision should be taken soon so as to enable athletes to train and receive development support.³⁵⁶ The Minister agreed that the issue needed to be addressed, although he added that “it may mean that we have to look for some investment in trying to sort out the definitions”.³⁵⁷ His impression, however, was that there was a general willingness to resolve the issue as quickly as possible.

197. We accept that action needed to be taken in the light of flagrant abuse of the rules of sporting competition. However, the ban must one day be lifted. We note the statement by the British Paralympic Association that the ban will need to be lifted by January 2009 if

³⁵² UK Sports Association for People with Learning Disability

³⁵³ Ev 167-171

³⁵⁴ Ev 167

³⁵⁵ Q 190

³⁵⁶ Q 230

³⁵⁷ Q 418

athletes with an intellectual disability are to be equipped to compete in the 2012 Paralympic Games.³⁵⁸ **It is unfair that athletes with a genuine learning disability who have reached their peak in performance since 2000 have had no chance to compete at Paralympic Games and only limited opportunities to compete at the highest level in other theatres. Their chance will not come again. The ban imposed by the International Paralympic Committee is no longer just a punishment: it now appears discriminatory. We recommend that the Department for Culture, Media and Sport should make representations to the International Paralympic Committee that to prolong the ban would be totally unacceptable and that the time has come to show flexibility and to take the steps necessary to enable athletes with a learning disability to compete at the Paralympic Games in London in 2012.**

Conclusions and recommendations

1. We commend LOCOG and the ODA for what they have achieved so far. There are signs that the London 2012 Games programme is working to a realistic timetable and that strenuous efforts are being made to fulfil the vision set out in the bid. However, a lot of thinking still needs to be done, particularly on how to extract the maximum legacy value; and we continue to have serious reservations about the costs of the Games and their impact upon Lottery distributors. (Paragraph 4)
2. We would like to see a fuller explanation from Government of why the contingency level has been set so high, with reference to the costs of previous Olympic Games and comparable large construction projects. (Paragraph 14)
3. Any request by the ODA for funding over and above the sums already agreed would indicate a major failure of cost control. Indeed, we hope that it will not be necessary to draw upon the full programme contingency. We recommend that a substantial proportion of the programme contingency should be regarded as untouchable before 2011. (Paragraph 20)
4. We recommend that unspent contingency in the Olympic Lottery Distribution Fund should be transferred to the National Lottery Distribution Fund for the benefit of non-Olympic Lottery distributors. We also recommend that the National Lottery Distribution Fund should be the primary beneficiary of any sums within Government departments' budgets earmarked for contingency but not spent. Such an approach would help compensate the Lottery for its original contribution and the long wait which would otherwise occur before it could benefit from the disposal of assets following the Games. It would also lead to the nations and regions sharing, hopefully, in a real 'Olympics dividend' in terms of funding for facilities and good causes. It might also better focus minds on cost control and the implications of spending all the contingency. (Paragraph 21)
5. We accept the delegation of authority from the Ministerial Funders' Group to the Government Olympic Executive for the release of up to £968 million of programme contingency, but we believe that such a decision, concerning almost £1 billion of public money, should have been announced publicly rather than being left to this Committee to find out through correspondence. (Paragraph 23)
6. We are disappointed that it was not until December 2007 that realistic figures for the costs of individual projects were publicised and that some of the project costs disclosed so far are so much higher than those cited in the bid documents. (Paragraph 27)
7. We welcome, however, the effort which has now been made to place in the public domain as much detail of the ODA budget as is possible within the constraints imposed by the need to preserve commercial confidentiality. We also welcome undertakings made by the Minister for the Olympics and London to provide further information in confidence to Opposition Front Benches and to the Committee on ODA cashflow and on progress in negotiations on private sector investment in the

Olympic Park. In our Report last year, however, we also called for the main terms of the agreement with the Delivery Partner to be made public. We are disappointed that the Government has either ignored this call or misunderstood what the Committee wanted. A significant part of the increase in costs is attributable to the engagement of the ODA's Delivery Partner CLM. They will clearly play a major role in cost control and it is important for confidence, therefore, that the basis of their remuneration and incentivisation is properly understood. We again call on the Government to share this information with the Committee, and likewise also with the Opposition Front Benches. (Paragraph 27)

8. We accept that an estimate prepared many years in advance of a major event, with limited opportunities to identify problems which will be costly to overcome, is likely to underestimate the final cost. However, revision of cost estimates on a scale as radical as that which we have seen in relation to the 2012 Games has been damaging to confidence in the management of the overall programme. It has also exposed the Government and Games organisers to the charge that the initial bid was kept artificially low in order to win public support. (Paragraph 28)
9. We welcome the National Audit Office's reassuring assessment of the present budget for the Games. Difficult decisions on the budget for the Games have been taken: these should now be supported. We believe that the priority now should be to ensure that the £9.325 billion funding package for the Games does not become a budget to be spent in its entirety. The mark of success in financial management of the Games will be to have kept expenditure to a level comfortably below the £9.325 billion ceiling. (Paragraph 29)
10. Given the very substantial contribution to the Games now being made through Exchequer funding, borne nationally, we believe that it is reasonable to require the Mayor of London to contribute a further £300 million in funding. We make no comment on the decision that the London Development Agency should meet the further requirement placed upon the Mayor; but we recommend that Government grant to the LDA should not be increased by £300 million simply to cover the outlay. Nor should the LDA have a priority call upon capital receipts from land and property sales after the Games to finance the £300 million. (Paragraph 35)
11. We strongly welcome the Government's decision to examine the merits of a gross profits tax regime for Lottery revenues. The Treasury should abide by its commitment to announce conclusions in the Pre-Budget Report later this year and, if they are positive, should seek to introduce the necessary changes as soon as possible. (Paragraph 47)
12. Clearly, if the Memorandum of Understanding does not provide for uprating of the figures involved in line with general price inflation, there will be a significant difference in the real value of a re-imbusement to the Lottery made, say, in 2013 immediately after the Games and one made in 2030. If the Memorandum of Understanding does not provide for uprating, whether accidentally or not, it should be revised to do so to preserve the real value of the commitment to reimburse the National Lottery Distribution Fund. (Paragraph 53)

13. We note the confidence shown by the Mayor of London's Office and by the Minister for the Olympics and London that £1.8 billion or more would be raised from the sale of land and property after the 2012 Games. However, the assessments underlying the forecasts of possible income were made at a time when the prospects for the property market looked very different. Despite the prolonged timeframe over which it is proposed that the value of land and property might be realised, and the freedom which it allows to maximise potential sales revenue, we have reasonable doubts about whether the confidence shown by the Mayor of London's Office and by the Minister for the Olympics is justified. We also believe that it would have been wiser to word the Revised Memorandum of Understanding in such a way as to recognise that there is a range of estimates of revenues from sales, rather than implying that the £1.8 billion—a sum which should be updated in line with inflation—will necessarily be raised in full. (Paragraph 57)
14. We agree with the principle of reimbursing non-Olympic Lottery distributors for income which is to be lost to the Games. We have proposed earlier in this Report that non-Olympic Lottery distributors might be the primary beneficiaries of unspent contingency lying within Government departmental budgets. We also support the mechanism envisaged in the Revised Memorandum of Understanding for reimbursing non-Olympic Lottery distributors from the proceeds of land sales after the Games. We endorse the decision to structure repayments to the LDA and to DCMS (acting on behalf of Lottery distributors) in a way which provides some incentive for the LDA to repay in full the £675 million, in real terms uprated for inflation, diverted from Lottery distributors as a contribution to the revised budget for the Games announced in March 2007. (Paragraph 58)
15. We strongly believe that, if funds are available, the National Lottery Distribution Fund should be reimbursed for the £410 million contributed under the original Public Sector Funding Package. This should be seen as a restitution of funds to the Lottery distributors rather than share-out of a bounty. There is also a case for further payments to be made for the benefit of Lottery distributors, given that the attraction of Olympic-themed Lottery tickets has dented sales of tickets which would otherwise have benefited non-Olympic Lottery distributors. (Paragraph 59)
16. We commend LOCOG for its success so far in securing sponsorship. (Paragraph 63)
17. We commend the LDA for completing the land assembly process within budget and without significant delay. (Paragraph 65)
18. We welcome the willingness shown by all parties involved in determining the legacy use of the Aquatics Centre and associated facilities to reach a conclusion which is in the interests of local residents. We are, however, alarmed that the Aquatics Centre will cost over four times more than the forecast provided in the Candidature File submitted in 2004. The concept of the Aquatics Centre might be spectacular and eye-catching; but the saga so far suggests it has been over-designed and, with respect to the robustness of its legacy use, will be an expensive way of providing facilities for water sports needed during and after the Games. We are concerned that the ODA only managed to attract one firm bidder for the project, who would clearly have been aware of the huge level of contingency available to the Games as a whole. We note

that in the press release of 8 April 2008, announcing the award of the contract, the ODA stated that “The total of £303 million has not changed throughout the procurement process”. We find this simply incredible and call upon the ODA to provide a detailed justification of this statement and of the cost increases at each stage from the initial design to the signing of the contract with Balfour Beatty for the Aquatics Centre and the £61 million “land bridge”. In our opinion, the history of the Aquatics Centre shows a risible approach to cost control and that the Games organisers seem to be prepared to spend money like water. (Paragraph 80)

19. It would be perverse and wrong if the facilities available to cycle sports in London were to be less extensive after the Games than before them. We are satisfied, however, that plans now being proposed for the Velopark will not only provide a stadium and facilities of the highest quality at the Velodrome but will also offer an adequate replacement for off-road facilities previously available at the Eastway Circuit. We encourage the ODA to confirm the plans currently being proposed. (Paragraph 83)
20. No budget has yet been announced for the Media and Press Centre and we urge the Government and ODA to disclose this as soon as possible. In the meantime, given the huge cost increases recently announced for other venues, we await this announcement with trepidation. (Paragraph 88)
21. The relocation of temporary Games venues—or elements of them—was portrayed in the Candidature File as an innovative way of sharing some of the physical legacy of the Games around the UK. We are concerned at signs of a creeping reduction in relocatable venues. Every decision not to construct a temporary relocatable venue reduces the scope for the nations and regions to share in the physical legacy potential of the Games. We also believe that placing a requirement upon those acquiring such facilities to cover the costs of relocation, something which was not made clear when expressions of interest were invited, will kill off much of the interest. We recommend that the Olympic Delivery Authority or the London Development Agency should cover the costs of relocation, particularly as the alternative may be demolition or dismantling at the LDA’s or ODA’s expense. (Paragraph 92)
22. We accept that it is now probably too late to find an alternative site for shooting events at the London 2012 Games, and we therefore accept, with reservations, LOCOG’s policy of retaining shooting events at the Royal Artillery Barracks in Woolwich, a site which is likely to be attractive to the general public. However, we regard it as highly regrettable that the site chosen for shooting events is not one which commands the support of any of the constituent bodies of British Shooting, and we believe that more should have been done to explore alternative sites before the decision to select the Royal Artillery Barracks was taken. We believe that LOCOG should acknowledge that its proposals for shooting events at the 2012 Games offer almost no legacy outcome for the sport. We recommend that LOCOG should work with the shooting bodies to try to extract maximum long-term benefit for the sport and that it should cover the costs of relocating facilities from the Woolwich site to permanent sites for shooting sports. (Paragraph 96)

23. Decisions on the intensity of development and the nature of housing on the Olympic Park site will have long-lasting consequences. The provision of sustainable communities should be the top priority for the site. Given that applications to develop land within the Park boundaries will undergo the usual planning process, we are reassured that the local authorities concerned will have a degree of control over the scale and type of development in the Olympic Park after the Games. The Mayor's Office acknowledged to us the importance of a sustainable legacy for the Olympic Park; we urge the Government and the LDA to respect that acknowledgement as the years pass and the pressures to extract maximum value from sales of land and property increase. (Paragraph 108)
24. Conservative assumptions should be made on the commercial potential of sports venues after the Games. The Government should remain open to the establishment of a trust, or similar vehicle, perhaps with funding pooled from the Exchequer, local authorities, the London Development Agency and others, to cover the revenue costs of sporting facilities in the Olympic Park after the Games have finished. (Paragraph 110)
25. We recommend that contracts to operate sporting facilities in the Olympic Park after the Games should specify that affordable access should be provided for local residents and for exclusive use by sports clubs. (Paragraph 112)
26. We recognise that the priority is to ensure that venues are built in good time for the Games, and we accept that a possible six-month delay while commitment is secured from a future tenant could introduce a serious threat to the programme timetable. We also accept that strenuous efforts have been made to involve sports governing bodies and other interested parties in discussions with the ODA and the LDA on venue design. Nonetheless, by proceeding with design and construction without—in some cases—having confirmed a legacy operator or owner, the ODA runs the risk of building structures which need significant expenditure in post-Games conversion if they are to be attractive to future tenants or operators. (Paragraph 117)
27. We suggested in our previous Report on preparations for the Games that the inclusion of the £183 million for community sport legacy within the Public Sector Funding Package might in fact be a rebranding exercise for programmes which were going to be sponsored by Sport England in any case. We conclude that our suspicions were correct. (Paragraph 129)
28. We welcome the inclusion of youth participation and adult participation in sport in the new list of local authority performance indicators. (Paragraph 135)
29. We recommend again that the Host Boroughs, together with DCMS, the Department for Children, Schools and Families and Sport England, look at straightforward ideas such as the installation of rubber or polymerised soft surfaces over tarmac in school playgrounds, to make the Olympics immediately relevant to schoolchildren in inner city East London, at least. Olympic sponsors, indeed, may also have relevant expertise and interest in getting involved. (Paragraph 138)

30. We are disappointed that, fifteen months after publication of our initial Report on preparations for the Games, no comprehensive plan for maximising participation in sport has been published. (Paragraph 144)
31. The profusion of commitments, promises and plans for using the potential of the Games to increase participation in sport being developed, whether real or rumoured, is bewildering; but none of what is proposed amounts to a single, comprehensive, nationwide strategy. We have yet to see what is in the Legacy Action Plan; but it will need to do more than describe Sport England programmes if it is to provide a strategy for using the opportunity of the Games to build participation. Whatever strategy document is produced, it will need to define the roles of each of the many partners involved, including local authorities, Government departments and their agencies, Regional Development Agencies, Sport England, operators of leisure facilities, and individuals. It will also need to set expectations and suggest ways of meeting them. (Paragraph 147)
32. We agree with Sport England's assessment of how the 2012 Games might help to increase participation in sport at grassroots and community level. Increasing participation in sport cannot be a quick fix. Spin-offs from the 2012 Games alone cannot bring about the fundamental change in behavioural patterns needed. The Games can, however, provide an opportunity to promote the image of health through sport and can generate a higher level of commitment of public sector funding and private sector sponsorship for sporting events and facilities. The Games will also provide a window during which the public is more receptive to efforts by Government and local authorities to increase participation. (Paragraph 150)
33. We do not see a clear rationale for concluding that the performance by the UK Olympic team at Beijing (or indeed in London in 2012) is likely to outshine by any significant margin performance by the UK in recent Olympic Games. We acknowledge, however, that there were good performances by sportsmen and women representing the UK at World Championship level in 2007 and that there is distinct promise for the future in certain sports. While we believe that UK Sport's aspirations for performance by British athletes at the London 2012 Olympic Games may prove too optimistic, we strongly welcome the significant increase in funding which was awarded as a result of those aspirations. On balance, we believe that the very ambitious aims for performance in the London 2012 Olympic Games will be good for British elite sport. (Paragraph 173)
34. We are not persuaded, however, that the aspiration of second place for the Paralympic team in London in 2012 "whilst aiming for the top spot" is well-judged. While we have no doubt that there will be outstanding individual performances by Paralympic athletes in Beijing and in London, there is little or no evidence to suggest that the overall level of performance is likely to be higher than in 2004. The strength of competition at Paralympic level is intensifying, but the structures which would allow the British Paralympic team to keep pace, by providing a clear pathway for the development of potential, appear not to be in place. (Paragraph 174)
35. We fear that the Government's policy of requiring £100 million for elite sport to be raised from the private sector may turn out to be over-ambitious, especially as no

private sector sponsor will be able to cite any association with the London 2012 Games, in order to protect LOCOG's sponsors. The effect is to introduce an element of uncertainty into a long-term funding programme, hobbling financial planning. We believe that it will turn out to be a misjudgement and an unwelcome diversion of effort. (Paragraph 178)

36. We support the concept of looking for talent rather than simply waiting for it to appear. If over-used, however, the approach could give an impression of desperation and could be open to ridicule. We endorse the policy of the British Olympic Association not to enter teams for competition at the London 2012 Games simply for the sake of exercising the rights of the host nation. (Paragraph 182)
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38. We welcome the progress made so far in discussions within Government on enabling pistol shooters to train in the UK before the London 2012 Games take place. The UK has a history of performing well in shooting disciplines at Olympic Games. We encourage the Department to seek agreement in principle for a permanent exemption from firearms legislation, allowing talented pistol shooters to train in the UK under tightly controlled conditions. (Paragraph 192)
39. It is unfair that athletes with a genuine learning disability who have reached their peak in performance since 2000 have had no chance to compete at Paralympic Games and only limited opportunities to compete at the highest level in other theatres. Their chance will not come again. The ban imposed by the International Paralympic Committee is no longer just a punishment: it now appears discriminatory. We recommend that the Department for Culture, Media and Sport should make representations to the International Paralympic Committee that to prolong the ban would be totally unacceptable and that the time has come to show flexibility and to take the steps necessary to enable athletes with a learning disability to compete at the Paralympic Games in London in 2012. (Paragraph 197)

Formal minutes

Wednesday 23 April 2008

Members present:

Mr John Whittingdale, in the Chair

Philip Davies

Rosemary McKenna

Paul Farrelly

Helen Southworth

Draft Report (*London 2012 Games: the next lap*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 197 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report.

Written evidence was ordered to be reported to the House for placing in the Library and Parliamentary Archives.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 29 April at 10.15 a.m.]

Witnesses

Tuesday 20 November 2007

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Peter King, Chief Executive Officer, **Chris Boardman MBE**, Director of Coaching and Olympic Programmes, British Cycling, **Ed Warner**, Chairman, UK Athletics, **David Sparkes**, Chief Executive and **Ian Mason OBE**, Director of World Class Operations, British Swimming Ev 14

Sue Campbell, Chair and **Peter Keen**, Head of Performance, UK Sport Ev 32

Tuesday 4 December 2007

Lord Coe, a Member of the House of Lords, Chair and **Paul Deighton**, Chief Executive Officer, London Organising Committee of the Olympic Games (LOCOG), and **John Armitt**, Chairman, and **David Higgins**, Chief Executive, Olympic Delivery Authority Ev 46

Lord Moynihan, a Member of the House of Lords, Chairman, **Simon Clegg**, Chief Executive, British Olympic Association and **Phil Lane**, British Paralympic Association Ev 68

Tuesday 15 January 2008

Neale Coleman, Director of Business Planning and Regeneration, Mayor of London's Office and **Manny Lewis**, Chief Executive, London Development Agency Ev 79

Mayor Sir Robin Wales, Elected Mayor of Newham and Chair of Five Host Borough Group, **Mayor Jules Pipe**, Elected Mayor of London Borough of Hackney, **Councillor Denise Jones**, Leader of London Borough of Tower Hamlets, **Councillor Clyde Loakes**, Leader of London Borough of Waltham Forest, and **Peter Bunday**, Deputy Managing Director, Greenwich Leisure Ltd Ev 97

Tuesday 22 January 2008

Jennie Price, Chief Executive, Sport England, and **Sean Holt**, Regional Director, London, Sport England Ev 109

Gerry Sutcliffe MP, Parliamentary Under-Secretary of State, and **Jonathan Stephens**, Permanent Secretary, Department for Culture, Media and Sport Ev 128

Tuesday 29 January 2008

Rt Hon Tessa Jowell MP, Minister for the Olympics and London, Cabinet Office, **Jonathan Stephens**, Permanent Secretary, Department for Culture, Media and Sport, and **Jeremy Beeton**, Director General of the Government Olympic Executive Ev 136

List of written evidence

1	British Cycling	Ev 1, 25
2	UK Athletics	Ev 2, 27
3	British Swimming and Amateur Swimming Association	Ev 5, 27
4	UK Sport	Ev 28, 37
5	LOCOG	Ev 39, 64, 175
6	Olympic Delivery Authority	Ev 63
7	British Olympic Association	Ev 65
8	British Paralympic Association	Ev 66
9	Mayor of London and London Development Agency	Ev 76, 89
10	Five Host Boroughs	Ev 90
11	Greenwich Leisure Ltd	Ev 93
12	Sport England	Ev 107, 115
13	Department for Culture, Media and Sport	Ev 119, 146
14	Business in Sport and Leisure Ltd	Ev 148
15	CCPR	Ev 149
16	SpoRTA	Ev 151
17	Camelot Group Plc	Ev 152
18	The Alliance	Ev 156
19	Institution of Civil Engineers	Ev 160
20	Olympic Lottery Distributor	Ev 161
21	British Equestrian Federation	Ev 163
22	British Shooting	Ev 164, 173, 177
23	UK Sports Association for People with Learning Disability	Ev 166
24	Local Government Association	Ev 172

List of unprinted evidence

The following memoranda 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, and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

Pro-Active East London

Sports Coach UK

UK Sport

Equality and Human Rights Commission

British Olympic Association

UK Sports Association for People with Learning Disability

CCPR

Department for Culture, Media and Sport

List of Reports from the Committee since 2005

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2005–06

First Special Report	Maritime Heritage and Historic Ships: Replies to the Committee's Fourth Report of Session 2004-05	HC 358
First Report	Broadcasting Rights for Cricket	HC 720
Second Report	Analogue Switch-off	HC 650 I, II
Third Report	Preserving and Protecting our Heritage	HC 912 I, II, III
Fourth Report	Women's Football	HC 1357

Session 2006–07

First Report	Work of the Committee in 2006	HC 234
Second Report	London 2012 Olympic Games and Paralympic Games: funding and legacy	HC 69 I, II
Third Report	Call TV quiz shows	HC 72
Fourth Report	Call TV quiz shows: Joint response from Ofcom and ICSTIS to the Committee's Third Report of Session 2006-07	HC 428
Fifth Report	New Media and the creative industries	HC 509 I, II
Sixth Report	Caring for our collections	HC 176 I, II
Seventh Report	Self-regulation of the press	HC 375

Session 2007–08

First Report	Public service content	HC 36 I, II
Second Report	Ticket touting	HC 202
Third Report	Work of the Committee in 2007	HC 234
Fourth Report	BBC Annual Report and Accounts 2006–07	HC 235
Fifth Report	On-course horserace betting	HC 37
