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ODA Plan and Budget 2011



MAYOR OF LONDON
Final ODA Plan 2011

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Introduction

The Olympic Delivery Authority (ODA) is required by its stakeholders to produce an Annual Plan and Budget (“the Plan”) covering the lifetime of the Olympic Programme, its ongoing legacy and the year in question in more detail.

The detailed requirements for the annual Plan are set out in the ODA’s Management Statement and Financial Memorandum with DCMS and within agreements with other funders, and require the ODA to set out:

- the ODA’s key objectives, targets and expenditure plans for the lifetime of the Olympic programme up to the wind-up of the ODA; key ODA targets and milestones for the year immediately ahead linked to budgeting information by project so that resources allocated to achieve specific objectives can be identified readily;
- a review of ODA’s performance in the preceding financial year together with comparable outturns for each of the previous years, and an estimate of performance in the current year;
- alternative scenarios to take account of factors which cannot be forecast accurately;
- expenditures to be met from the public sector funding package and those to be met from DCMS grant-in-aid;
- a statement of any change in policy affecting the ODA.

Responsibilities and organisation

Roles and responsibilities

Following the success of the London bid the ODA commenced operations on 1 April 2006. It was established by the London Olympic Games and Paralympic Games Act 2006 (the 'Act')¹.

The Act states that the role of the ODA is to do anything necessary for 'the purpose of:

- preparing for the London 2012 Games;
- making arrangements in preparation for or in connection with the use or management before, during or after the Games of premises and facilities acquired, constructed or adapted in preparation for the Games; or
- ensuring that adequate arrangements are made for the provision, management and control of facilities for transport in connection with the London 2012 Games;

The ODA performs this role as one of a partnership of organisations involved in the delivery of the London 2012 Olympic Games and Paralympic Games and their legacy.

¹ The ODA is a non-departmental government body, with the Department for Culture Media & Sport as its sponsoring department.

Mission, objectives and overarching themes

Mission

The ODA's mission is 'to deliver venues, facilities, infrastructure and transport for the London 2012 Olympic and Paralympic Games on time, to budget and to leave a lasting legacy'.

Objectives

In line with the strategic objectives defined by the Olympic Board, the ODA has direct responsibility for the following objectives:

- create infrastructure and facilities associated with Games venues to time and agreed budget in accordance with the principles of sustainable development;
- deliver Olympic and Paralympic venues to time, to design and building specification and to agreed budget, providing for agreed legacy use;
- deliver the necessary transport infrastructure for the Games, and devise and implement effective transport plans which provide for legacy use; and
- assist the LDA in the finalisation of sustainable legacy plans for the Olympic Park and all venues.

In an extension to its original scope the ODA will provide operational services on the Olympic Park in the period post venue completion, through test events and Games time to the transfer to successor bodies (Park Operations).

Overarching themes

There are three overarching themes that drive and define the success of the ODA. These are time, cost and fit for purpose.

Time: The ODA will deliver its capital programme on time for commissioning and test events and complete operational planning in time for the Games.

Cost: The ODA will deliver its programme and agreed scope, including project delivery and ODA operating costs, in accordance with the agreed budget.

Fit for purpose: The venues, infrastructure and transport delivered by the ODA must be fit for purpose to meet Games and legacy requirements within the budgeted cost and time available.

Further information on the ODA's responsibilities, mission, objectives and overarching themes is set out in the ODA's Lifetime Corporate Plan published in July 2007.

Priority themes

Alongside the overarching themes of time, cost and fit for purpose, the delivery of the London 2012 venues and infrastructure is underpinned by six priority themes. These are:

Health, safety and security

The health and safety of everyone involved in our work or affected by it is a key concern. The ODA is established as a best-practice organisation, fully compliant with applicable UK and European legislation and standards, and continually improving. The ODA are integrating health and safety considerations into every London 2012 Games planning, design and construction operation. It aims to provide a safe and secure environment during construction and decommissioning works.

Equality and Inclusion

The momentum provided by the Games and the substantial investment in the Lower Lea Valley can have a significant impact on reducing historical and long-standing inequalities. The ODA wants the economic and social benefits of the regeneration of the area, and the design and build of the Olympic Park and venues, to have a positive impact on local communities and different parts of the UK.

Sustainability

The ODA is creating venues, facilities and infrastructure for the London 2012 Games that leave a lasting social, economic and environmental legacy for London and the UK, while minimising any other adverse impacts during the design and construction of the Olympic Park, venues, infrastructure and housing.

Employment and Skills

There are now around 12,000 people working on the Olympic Park and Olympic Village site, and the construction programme on the Park continues to offer jobs, skills and development opportunities.

The ODA has worked closely with the five host boroughs, Job Centre Plus and local labour schemes to place disadvantaged and local people into employment on the Park. 1,268 people have now been placed into work through the Jobs Skills Futures brokerage. 408 apprentices have been registered to date and the ODA has established a dedicated space for them to learn IT and develop life skills.

Legacy

The London 2012 Games offer a unique opportunity to revitalise the Lower Lea Valley, transforming one of the most underdeveloped areas of London into a benchmark 21st century urban environment that reflects the diverse and vibrant population of the area.

A key ODA role is to harness this potential and create one of the largest new urban parks in Europe for 150 years. In addition to world-class facilities for sports including athletics, cycling, swimming and tennis, there will be homes for a new community, and green spaces in and around the Olympic Park.

Design and Accessibility

The ODA is delivering design for the London 2012 Games that combines excellence with innovation. The ODA is designing for the Games and legacy together. The venue designs must obviously meet the requirements of the Olympic and Paralympic Games, but the ODA are looking

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beyond 2012. The ODA is only building permanent venues if there is a long-term use. The ODA will not leave 'white elephants' and are being creative in the use of temporary venues and seating.

ODA Programme

The programme now has five major phases:

Phase 1: planning and set-up (April 2006 to April 2007)

This involved agreeing the site plan, budget and timetable starting the site preparation and infrastructure projects and beginning communication with local people that will continue to 2012 and beyond.

Phase 2: demolish, dig, design (April 2007 to Summer 2008)

This phase was concerned with achieving the ten major milestones that were planned to be achieved by the time of the Beijing 2008 Games. To read about all ten demolish, dig, design milestones please visit: www.london2012.com/milestones

Phase 3: big build (Summer 2008 to Summer 2011)

The 'big build' began with construction of the big five venues: the Olympic Stadium, Aquatics Centre, Velopark, International Broadcast Centre / Main Press Centre and the Olympic Village. Outside the Park work will transform venues around the UK for 2012 events, including improvements at Broxbourne, Eton Dorney, Weymouth and Portland (completed). The big build construction timescales include provision for LOCOG overlay. To read about the big build milestones please visit: www.london2012.com/documents/oda-publications/big-build-foundations.pdf

Phase 4: the big build up (Summer 2011 to April 2012)

This phase is concerned with the testing and test events, required to ensure the venues are ready to host the 2012 Games. The Olympic Board has approved a proposal to extend the ODA's scope through this period to co-ordinate operation and licensing of the Park and venues.

Phase 5: Games and transformation (Summer 2012 – Spring 2014)

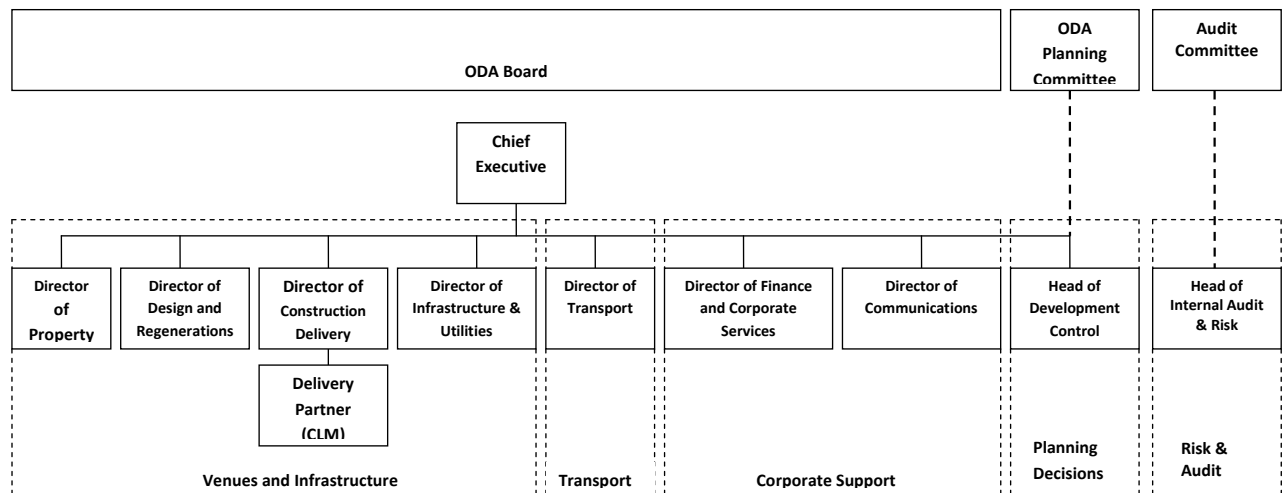
As discussions on exit strategy and handover develop with the OPLC and Government, it is likely that wind up and handover will happen post transformation in early 2013-14.

Organisation

The original ODA structure put in place to deliver its mission, objectives and themes is shown below.

The ODA Board has four sub committees in addition to the ODA Planning Committee and Audit Committee, which are the Finance, Remuneration, Communications and Safety, Health and Environment Committees. The Chief Executive has also been designated as Accounting Officer and is responsible to the Board. He is assisted in the discharge of his responsibilities by the Executive Management Board.

To deliver effective programme management the ODA works together with a delivery partner, CLM, which is a private sector consortium comprising CH2M Hill, Laing O'Rourke and Mace. CLM is responsible for ensuring the programme runs as smoothly as possible, working with the ODA to manage the cost, value for money and integration of the programme. The ODA is thus able to draw on a larger skill base, from the companies that make up CLM, as the project progresses.

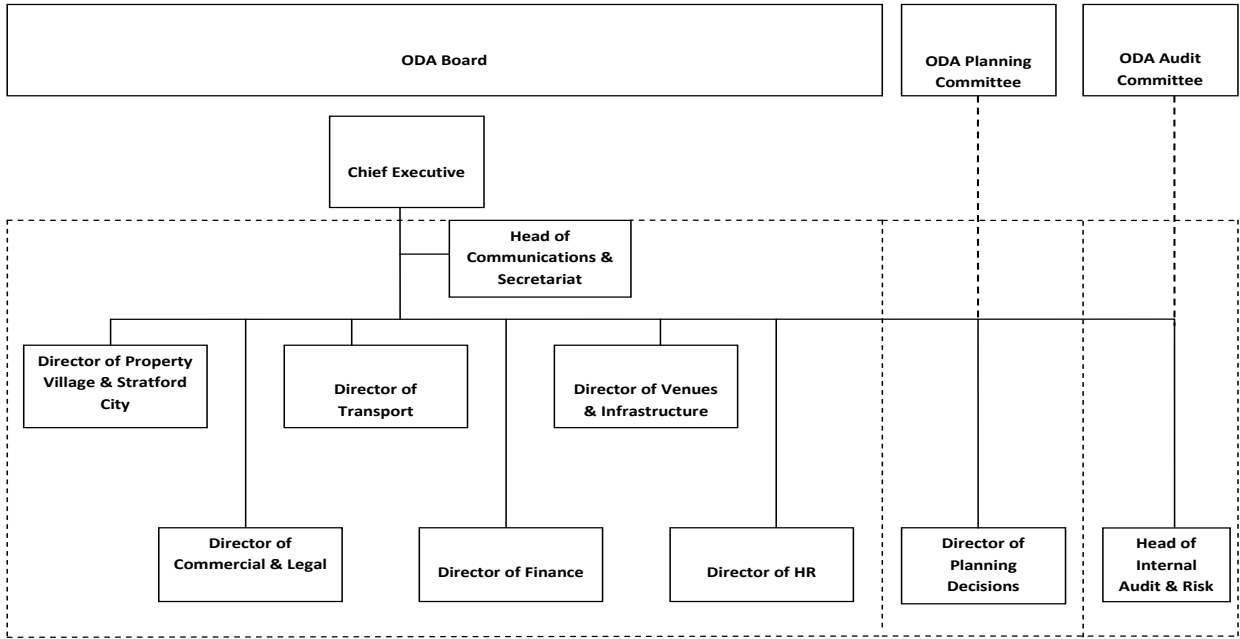


Over 2011-12, the ODA will restructure to align to the requirements of the programme and reflect the change in focus from construction to park and transport operations, sale of the Village and discharge of the ODA's obligations to Triathlon, transformation and commercial close out and exit. The Executive Management Board will reflect the five key workstreams of the ODA as follows:

- ❖ Park services
- ❖ Transport Operations
- ❖ Transformation
- ❖ Village
- ❖ Corporate Services

The ODA's delivery partner, CLM, will also continue to demobilise with step changes in resources at the end of MTO2 tranche 2 (July 2011) and MTO2 tranche 3 (Sept 2012).

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There are no plans to change the ODA Board structure.

ODA Lifetime Budget

The budget for the London 2012 Games, announced in March 2007 by the Minister for the Olympic and Paralympic Games and Co-Chair of the Olympic Board, was £9,325 million. This funding package encompasses the total budget for the Games including amounts outside of the ODA's remit such as contributions to the operations of the Paralympic Games and wider security.

The CSR reallocated the amount of funding that is available specifically to the ODA under the Public Sector Funding Package.

The June 2010 Emergency Budget reduced the available funding by £27m to £8,072m. The CSR conducted in Autumn 2010 further reduced the maximum available funding to the ODA to £7,321m.

	Mar-07 CSR 2010	
	Total £m	Total £m
ODA	8,099.0	7,321.4
Elite and Community sport	290.0	290.0
Paralympics	66.0	95.0
Look of London	32.0	32.0
Security (including contingency)	838.0	995.0
LOCOG (including Park Operations)	0.0	130.0
City Operations and other operational provisions	0.0	86.0
Contingency	0.0	349.0
Total Public Sector Funding Package	9,325.0	9,298.4

Whilst the ODA's AFC at March 2011 is within the maximum available funding, it is critical that the ODA is able to manage its existing programme within the current AFC, and it can no longer afford to accommodate any additional scope allocated to it by other organisations without matching funding being available.

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	Original Base Cost £m	Original Tax £m	Original Baseline budget £m	Current Base Cost £m	Current Tax £m	Current Baseline budget £m	OBB CBB Variance
Powerlines	240.0	42.0	282.0	243.0	42.1	285.1	3.1
Utilities	218.0	38.0	256.0	174.0	29.7	203.7	(52.3)
Enabling Works	310.0	54.0	364.0	335.0	59.6	394.6	30.6
Structures, Bridges, Highways	706.0	124.0	830.0	574.0	91.5	665.5	(164.5)
Prescott Lock	5.0	-	5.0	5.0	0.3	5.3	0.3
Other infrastructure projects	175.0	31.0	206.0	293.0	57.5	350.5	144.5
Total Site Preparation and Infrastructure	1,654.0	289.0	1,943.0	1,624.0	280.7	1,904.7	(38.3)
Stadium	422.0	74.0	496.0	417.0	65.9	482.9	(13.1)
Other Olympic Park Venues	488.0	86.0	574.0	452.0	100.1	552.1	(21.9)
Non Olympic Park Venues	86.0	15.0	101.0	104.0	49.6	153.6	52.6
Total Venues	996.0	175.0	1,171.0	973.0	215.6	1,188.6	17.6
Orient Way	40.0	7.0	47.0	20.0	3.0	23.0	(24.0)
Stratford Regional Station	114.0	5.0	119.0	120.0	3.8	123.8	4.8
Contribution to DLR upgrade	86.0	-	86.0	80.0	0.1	80.1	(5.9)
Contribution to North London Line	110.0	-	110.0	107.0	0.1	107.1	(2.9)
Other transport capital projects	161.0	17.0	178.0	131.0	6.9	137.9	(40.1)
Other transport operating projects	328.0	29.0	357.0	329.0	29.2	358.2	1.1
Transport Projects	839.0	58.0	897.0	787.0	43.1	830.1	(66.9)
Logistics for site construction	287.0	50.0	337.0	225.0	30.9	255.9	(81.1)
Section 106 and Masterplanning	108.0	19.0	127.0	109.0	7.9	116.9	(10.1)
Insurance	42.0	8.0	50.0	50.0	0.2	50.2	0.2
Security for Park construction	301.0	53.0	354.0	243.0	43.3	286.3	(67.7)
Other Parkwide Projects	-	-	-	250.0	40.8	290.8	290.8
Other Parkwide Projects	738.0	130.0	868.0	877.0	123.0	1,000.0	132.0
Media Centre	220.0	-	220.0	302.0	0.3	302.3	82.3
Olympic Village	271.0	1.0	272.0	849.0	34.1	883.1	611.1
Programme Delivery	580.0	67.0	647.0	608.0	78.8	686.8	39.8
Corporation Tax and Net Interest	-	72.0	72.0	-	25.0	25.2	(46.8)
Total ODA Budget before Contingency	5,298.0	792.0	6,090.0	6,020.0	800.7	6,820.9	730.9
Funders Allocation	37.0	-	37.0	-	-	-	(37.0)
Programme Contingency	824.0	144.0	968.0	490.0	60.4	550.4	(417.6)
Funders Contingency	1,004.0	-	1,004.0	-	-	-	(1,004.0)
Total ODA Expenditure	7,163.0	936.0	8,099.0	6,510.0	861.1	7,371.2	(727.8)

Achievements of 2010-11

Substantial progress has been made in 2010-11 and some of the most significant achievements are:

- More than half of the bridges and underpasses are structurally complete with works underway on nearly all the remaining structures.
- A new Energy Centre in the West of the Park was opened in October 2010.
- Planting in the north of the Park is substantially complete. Hard and soft landscaping is underway in the Great British Gardens in the south of the Park.
- The Olympic Stadium's floodlights were tested and switched on in December 2010 and construction completed at the end of March 2011.
- The foundations for the temporary "wing" stands of the Aquatics Centre are complete; the steel structures have been erected.
- The Velodrome became the first Olympic Park venue to complete and was available for handover in January 2011.
- The IBC building is complete and fully clad. Fit out and furnishing is currently underway.
- The Lee Valley White Water Canoe Centre was completed in December 2010 and handed over to the Lee Valley Regional Park Authority. The venue opened to the public in April 2011.
- The Handball Arena is now fully clad in copper with seating and the timber sprung field of play now being installed. The Basketball Arena completed after the end of the financial year.
- Ten of the eleven residential plots are structurally complete with fit out at an advanced stage on the majority of the plots. The new education campus being built within the Village site, which in legacy will provide educational facilities for over 1,800 pupils aged 4-18, and day care facilities for under-fours, is structurally complete. Work has commenced on site on the Polyclinic, which will provide healthcare facilities for athletes at games time and for local residents in legacy.
- Upgrade works have completed at Stratford Regional Station and a third subway has opened along with a new Central line platform.

Performance against budget 2010-11

The funding budget approved for 2010-11 was £1,686.7m and the final outturn is below that at £1,595.8 million². The difference reflects an overall underspend against the 2010 Plan of £90.9 million (5%) reflecting cost and procurement savings across the programme and some rescheduling of works.

The Park Operations business case was approved in January 2011, extending the ODA's previous scope and covering Park and Venue operations and security for the period from venue completion through test events and overlay to Games, and post LOCOG bump out.

The ODA Transport organisation has evolved considerably during the year reflecting changes in the delivery strategy of key elements of the Olympic Transport Plan. A memorandum of

² Final outturn as audited by the National Audit Office
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Understanding was agreed with Transport for London (TfL) for the transfer of responsibility for the delivery, operation and consultation around the London ORN. Subsequently it has been agreed that Travel Demand Management and Freight Management in London will also transfer to TfL.

Venue Transport Operations (VTOPs) scope has transferred to LOCOG integrating with LOCOG's delivery of venue and "last mile" operations providing a seamless spectator experience from transport hubs to venues.

Targets for 2011-12

Although the year on year expenditure in 2011-12 drops by 12% beginning the ramp down for the ODA, expenditure is still significant. The Big Build phase of the ODA programme completes in July 2011 coinciding with the “one year to go” marker, however construction will continue at Eton Manor, Royal Artillery Barracks, Waterpolo and the Village deep into the last half of 2011-12, along with significant infrastructure and landscaping works.

In October 2010 the ODA initiated a process of market testing the sale of the remaining homes at the Olympic Village to a single investor. The process is ongoing and it is anticipated an agreement for sale will be entered into during the year, with completion post-Games in 2014.

Discussions are continuing between the ODA, OPLC and Government on the transfer of ODA’s transformation scope and budget to OPLC for delivery. The current scenario would see OPLC take control of the Park from LOCOG following the Games and would enable the ODA to ramp down significantly by March 2013.

The ODA has outlined ambitious targets for 2011-12, the most significant of which are:

- All landscaping works in both the north and south of the Park will complete by March 2012.
- The permanent infrastructure for utilities will be complete and all contracts in place for these utilities to be adopted by private companies by July 2011.
- The Olympic Stadium will be handed over and the track laid (by LOCOG) in the Summer of 2011; the Aquatics Centre will be available for beneficial possession by July 2011.
- Handball will be available for beneficial possession in May 2011; Royal Artillery Barracks at Woolwich will complete by the end of the financial year and work on Eton Manor continues ready for a Spring 2012 handover date.
- Both the IBC and MPC will be available for beneficial possession, as well as the catering village.
- All the blocks are expected to complete by the end of 2011 and handover to LOCOG in January 2012.
- A second and final edition of the Olympic Transport Plan will be issued in the Summer of 2011.

Funding requirements

The total funding required to achieve the programme and targets for 2011-12 is forecast at £1,403 million. Government funding is within the CSR estimates, although there have been changes in phasing.

Of the 2011-2012 budget, £245.8 million is required for site preparation and infrastructure, £516.6 million will be spent directly on venues and the Olympic Village and £296.7 million will be spent primarily on security and logistics, in support of the work on site. The ODA will make contributions of £183.2 million to transport projects and programme delivery expenditure is budgeted at £70.0 million. There is an allowance for calls on contingency of £90.6 million during the year based on an assessment of when risks may crystallize.

The budget of £1,403million will be funded by £1,039 million from central Government, £331 million from the Olympic Lottery Distributor and £33 million from the GLA and LDA.