



National Assembly for **Wales**  
Cynulliad Cenedlaethol **Cymru**

## ***The London Olympics Bill***

### **Abstract**

This paper provides briefing on the *London Olympics Bill*, as introduced into the House of Commons on 14 July 2005.

The Bill establishes a new Olympic Delivery Authority and grants the Mayor of London Olympic-specific powers. It also provides greater protection for Olympic intellectual property and includes measures to prevent unauthorised marketing in connection with the Games.

This paper also includes information on how the Games will be funded.

**August 2005**





# ***The London Olympics Bill***

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## Executive Summary

The *London Olympics Bill* was introduced in the House of Commons on 14 July 2005, and received its Second Reading on 19 July 2005. The Bill gives effect to the commitments made by the Government as part of London's bid to host the 2012 Olympic and Paralympic Games. It provides for the statutory remit of the public bodies which will be tasked with delivering the Games. The Bill also provides the legislative framework needed to enable the UK to fulfil the requirements which the International Olympic Committee places on host cities.

The Bill contains the following main measures:

- ◆ The establishment of the Olympic Delivery Authority, to manage public sector involvement in the Games, primarily ensuring the delivery of the venues and necessary infrastructure on time and within budget
- ◆ The delivery of transport needs for the Games, including the necessary preparations in the lead up to 2012
- ◆ Controls of marketing in connection with the Olympic Games, including the protection of Olympic intellectual property, restrictions on commercial association with the Games, the prohibition of street trading and outdoor advertising in the vicinity of Olympic venues and of ticket touting in connection with Olympic events
- ◆ The Mayor of London's power to prepare for and stage the Games
- ◆ The amendment of the purposes of regional development agencies to include the purpose of preparing for the Olympics

A public sector funding package of up to £2.375 billion has been put together to help meet the costs of staging the Games including support for elite sport and associated sports investments. This figure consists of up to £1.5 billion of Lottery funding, up to £625 million from London council tax and £250 million from the London Development Agency.

The Games will be financed through a combination of public and private funding, including ticket sales, marketing and sponsorship, and the sale of television rights.



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## The London Olympics Bill

### 1 Background to the Bill

On 15 May 2003, the Government announced its intention to support a bid to stage the 2012 Olympic and Paralympic Games in London. In July 2003, the British Olympic Association officially notified the International Olympic Committee (IOC) that London would bid to stage the 2012 Olympics. The bid had three main stakeholders – the UK Government, the Mayor of London and the British Olympic Association – who together established the bid company London 2012 to take forward the bid on their behalf. In May 2003, Mayor and UK Government agreed a Memorandum of Understanding<sup>1</sup> setting out how the Games in London would be funded which provided for contributions to be made from London council tax receipts, the London Development Agency and from Lottery funds. Legislation was required to create a new Olympic Lottery Distributor and this was provided for in the *Horse Race Betting and Olympic Lottery Act 2004*.<sup>2</sup>

Nine cities submitted bids to host the 2012 Games: London, New York, Paris, Madrid, Moscow, Leipzig, Istanbul, Rio de Janeiro and Havana. In May 2004, the IOC announced a shortlist of five 'candidate' cities – London, Paris, Moscow, Madrid and New York. On 15 November 2004, London submitted its Candidature File to the IOC which set out detailed proposals for a London Games including information on venues, transport, schedules and financing<sup>3</sup>.

On 6 July 2005, the IOC announced that it had selected London to host the 2012 Olympic and Paralympic Games. London's bid beat the Paris bid in the final round of voting by 54 votes to 50.<sup>4</sup> On being awarded the Games, the city is immediately required to enter into the 'Host City Contract'. This contract covers the obligations of the parties to that contract, which include fulfilling all commitments made in the bidding process, and IOC requirements relating to the Games. Immediately after the announcement, the Mayor of London (on behalf of the city) and the British Olympic Association signed the Host City Contract with the IOC.<sup>5</sup>

The Queen's Speech of May 2005, contained the following commitment:

*If London is selected to host the 2012 Olympic Games, legislation will be introduced as soon as possible to establish the necessary powers to ensure the delivery of the Games, and that the requirements of the International Olympic Committee are met.*<sup>6</sup>

Legislation is needed for two reasons:

- ◆ To create a public sector body that can facilitate the staging of the Games, managing the Government's interest in the project and the public money going into it; and

<sup>1</sup> Contained in Annex A of the *Government Response to 'A London Olympic Bid for 2012' (HC 268)*, Report of the Culture Media and Sport Select Committee, Session 2002-2003, June 2003, available at:

<http://www.culture.gov.uk/NR/rdonlyres/C578953D-9618-440B-BF67-B4EE13A3813B/0/OlympicsCm5867.pdf>

<sup>2</sup> <http://www.opsi.gov.uk/acts/acts2004/20040025.htm>

<sup>3</sup> London's Candidature File is available at:

<http://www.london2012.com/en/news/publications/Candidatefile/Candidatefile.htm>

<sup>4</sup> *London beats Paris to 2012 Games*, BBC News, 6 July 2005, available at:

[http://news.bbc.co.uk/sport1/hi/front\\_page/4655555.stm](http://news.bbc.co.uk/sport1/hi/front_page/4655555.stm)

<sup>5</sup> *IOC Elects London as Host City of the Games of the XXX Olympiad in 2012*, IOC Press Release, 6 July 2005, available at: [http://www.olympic.org/uk/news/media\\_centre/press\\_release\\_uk.asp?id=1410](http://www.olympic.org/uk/news/media_centre/press_release_uk.asp?id=1410)

<sup>6</sup> HC Deb 17 May 2005 c31

- ◆ To ensure the commitments given in London's bid can be met, particularly in relation to advertising and marketing.<sup>7</sup>

## 2 The Bill

The *London Olympics Bill*<sup>8</sup> was given its First Reading on 14 July 2005 and received its Second Reading on 19 July 2005.

The Bill legislates in seven main areas:

- ◆ The establishment of the Olympic Delivery Authority (ODA) to manage public sector involvement in the Games, primarily ensuring the delivery of the venues and necessary infrastructure on time and within budget
- ◆ Granting the ODA planning and land acquisition powers
- ◆ The establishment within the ODA of a transport authority, in charge of co-ordinating the Olympic transport strategy
- ◆ Granting the ODA the power to step in and provide certain local services such as street cleaning where necessary
- ◆ Granting the Mayor of London an Olympic-specific power to enable him to fulfil his obligations under the Host City Contract
- ◆ Greater protection of Olympic and Paralympic Intellectual Property
- ◆ Preventing unauthorised marketing in connection with the Games – giving the ODA powers to conceal or remove advertising; preventing street trading in the vicinity of venues and making ticket touting a criminal offence.<sup>9</sup>

### 2.1 Territorial extent of the Bill and implications for Wales

The Bill extends to the whole of the UK except for the clauses relating to planning, street lighting and cleaning, transport and the Greater London Authority which extend to England only. Clause 34 of the Bill amends the *Regional Development Agencies Act 1998*<sup>10</sup>, which extends to England and Wales only. Section 38(5) of the Bill confers some regulation and order-making functions on the National Assembly for Wales and the Scottish Parliament in relation to clauses 17 to 28.<sup>11</sup> These clauses deal with advertising and trading restrictions, as they are to be applied to venues in Wales and Scotland which will stage Olympic events. In Wales, the Millennium Stadium will host part of the Olympic football competition.<sup>12</sup> More information on clauses 17 to 28 is available in sections 2.4 and 2.5 of this paper.

### 2.2 The Olympic Delivery Authority

Clauses 3 to 7 deal with the establishment and functions of the Olympic Delivery Authority.

#### 2.2.1 Establishment of the Olympic Delivery Authority

Clause 3 and Schedule 1 of the Bill provide for the establishment of the Olympic Delivery Authority (ODA). The Bill states that the ODA should have between seven and eleven members, who will be appointed by the Secretary of State for Culture, Media and Sport.

<sup>7</sup> House of Commons Research Paper 05/55 *The London Olympics Bill*, p11

<sup>8</sup> Full text of the Bill is available at: <http://www.publications.parliament.uk/pa/cm200506/cmbills/045/2006045.htm>

<sup>9</sup> House of Commons Research Paper 05/055 *The London Olympics Bill*, p12

<sup>10</sup> Full text of the Act is available at: <http://www.opsi.gov.uk/acts/acts1998/19980045.htm>

<sup>11</sup> *The London Olympics Bill* Explanatory Notes, paragraph 9

<sup>12</sup> London Candidature File, Table 8.2

The Chair and other Board members of the ODA will be appointed by the Secretary of State in consultation with the Mayor of London.<sup>13</sup>

Schedule 1 of the Bill makes further provision for the constitution of the ODA, including the tenure of members and the appointment of staff and committees. Part 2 of Schedule 1 allows the ODA to delegate its functions which are to be exercised having regard to and in compliance with any guidance or direction given by the Secretary of State. Before giving any direction, the Bill requires the Secretary of State to consult with the ODA and the Mayor of London unless urgency makes this impracticable.<sup>14</sup> Before giving guidance or direction which will affect Scotland, the Bill requires the Secretary of State to consult with the relevant Scottish ministers.<sup>15</sup>

### 2.2.2 General Functions of the ODA

Clause 4 of the Bill sets out the functions of the ODA. The general functions of the ODA are:

- ◆ Preparing for the London Olympics
- ◆ Making arrangements in preparation for or in connection with the use or management before, during or after the Games of premises and facilities acquired, constructed or adapted in preparation for the Games
- ◆ Ensuring that adequate arrangements are made for the provision, management and control of facilities for transport in connection with the Games.

Other specific functions of the ODA include:

- ◆ Acquiring land (with the consent of the Secretary of State for a consideration equivalent to the amounts which the Authority would be required to pay if acquiring the land compulsorily under an enactment)
- ◆ Disposing of land (with the consent of the Secretary of State for a consideration less than that which might be expected in a commercial transaction)
- ◆ Entering into other transactions relating to land, premises or facilities
- ◆ Applying for, or undertaking work in connection with applications for, planning permission
- ◆ Making arrangements for the construction of premises and facilities
- ◆ Making arrangements for carrying out works relating to utilities, highways, transport systems and facilities
- ◆ Forming or acquiring interests in bodies corporate<sup>16</sup>

In exercising these functions, the Bill requires the ODA to:

*...have regard to the desirability of maximising the benefits to be derived after the London Olympics from things done in preparation for them and contribute to achieving sustainable development.*<sup>17</sup>

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<sup>13</sup> Ibid. paragraph 11

<sup>14</sup> Ibid. paragraph 12

<sup>15</sup> Ibid. paragraph 12

<sup>16</sup> The *London Olympics Bill*, clause 4, subsection 2

<sup>17</sup> Ibid. Clause 4, subsection 3

### 2.2.3 *Planning*

Clause 5 of the Bill enables the Secretary of State by order to appoint the ODA as the local planning authority for an area specified in that order. To do this, the Bill adopts the model provided for urban development corporations which is contained in section 149 of, and Schedule 29 to, the *Local Government and Land Act 1980*.<sup>18</sup>

The Bill also provides that the Mayor of London may direct the ODA to refuse an application for planning permission in a specified case.<sup>19</sup>

The Bill requires the ODA to seek to maximise the benefits which can be derived from the preparations for the Olympics over the longer-term. The ODA should also have regard to the existing framework of plans, in particular any planning permissions already granted in connection with the Games, any guidance already issued by the Secretary of State and to the development plan for any area for which the ODA is made the local planning authority.<sup>20</sup>

Because the ODA will in most cases be the applicant for planning permissions, its development control powers will be exercised by a separate committee. To avoid any conflicts of interests, the Bill states that anyone who is involved in the exercise of the ODA's functions in relation to land may not participate in deliberations or decisions of the ODA as a local planning authority in relation to that land.<sup>21</sup>

### 2.2.4 *Street lighting and cleaning*

Clause 6 of the Bill enables the ODA to take action with regard to the cleaning or lighting of specified areas during the Olympic period. The Bill allows the ODA to arrange with the responsible authorities for the cleaning or lighting of a highway or other area to be carried out in a specified way or to a specified standards during all or part of the London Olympic period. If the ODA is not satisfied that the appropriate authorities can deliver the desired result, the Bill allows the ODA to make its own arrangements using installations which belong to the local authority, such as streetlamps.<sup>22</sup>

### 2.2.5 *Dissolution of the ODA*

Clause 7 of the Bill provides for the dissolution of the ODA by order of the Secretary of State. Such an order should be made by statutory instrument and should not be made unless a draft has been laid before Parliament.<sup>23</sup>

## **2.3 *Transport***

Clauses 8 to 16 of the Bill deal with transport for the Olympics.

### 2.3.1 *Olympic Transport Plan*

Clause 8 requires the ODA to prepare and keep under review an Olympic Transport Plan (OTP). The OTP will set out the transport plans for the Games and details of how they are to be implemented. The Bill requires the ODA to address the following matters:

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<sup>18</sup> The *London Olympics Bill* Explanatory Notes, paragraph 16

<sup>19</sup> Ibid. paragraph 17

<sup>20</sup> The *London Olympics Bill*, clause 5, subsection 5

<sup>21</sup> Ibid. schedule 1

<sup>22</sup> The *London Olympics Bill* Explanatory Notes, paragraphs 22 and 23

<sup>23</sup> Ibid. paragraph 25

- ◆ The construction of transport facilities
- ◆ Transport arrangements to and from events
- ◆ Creation and maintenance of the Olympic Route Network (see section 2.3.2)
- ◆ Control of traffic during the Olympic period
- ◆ Road closures or restrictions
- ◆ Monitoring of traffic and facilities
- ◆ Guidance on implementation of the plan

In preparing the OTP, the Bill requires the ODA to consult with:

- ◆ The Secretary of State
- ◆ The Mayor of London
- ◆ The London Organising Committee
- ◆ The Commissioners of the Metropolitan and City of London Police
- ◆ The Chief Constable of the British Transport Police
- ◆ The Association of Chief Police Officers
- ◆ The Office of Rail Regulation
- ◆ Transport for London
- ◆ Local authorities

When developing the OTP, the ODA must also have regard to any transport, spatial development and economic development strategies that are already in place to ensure that transport arrangements within London are in harmony with existing strategies.<sup>24</sup>

### 2.3.2 *The Olympic Route Network*

Clause 9 deals with the Olympic Route Network (ORN). The ORN will consist of roads within England that will be used for travel to and from events and venues. The Secretary of State will make the initial designation of the ORN in consultation with the relevant highways, street and traffic authorities and will, along with the ODA, be able to amend the ORN.<sup>25</sup>

### 2.3.3 *Co-operation*

Clause 10 allows the ODA to co-ordinate the delivery of the transport needs of the Games. It imposes an obligation on various authorities and bodies to co-operate with the ODA for the purpose of implementing the OTP. The Mayor of London is also obliged by this clause to have regard to the OTP and the ODA when updating any transport strategies.<sup>26</sup>

The Bill gives the Secretary of State the power to direct an authority to act in a certain way if it is failing to co-operate, or exercise the function himself if the authority still fails to comply. If this should happen, the authority in question will be liable for any additional costs incurred.<sup>27</sup>

### 2.3.4 *Functions affecting the Olympics*

Clause 11 gives the ODA a degree of 'negative control' over the roads for the purposes of the Games, by requiring the ODA to be notified of any actions exercised by the relevant

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<sup>24</sup> The *London Olympics Bill*, clause 8

<sup>25</sup> The *London Olympics Bill* Explanatory Notes, paragraph 28

<sup>26</sup> *Ibid.* paragraph 29

<sup>27</sup> *Ibid.* paragraphs 30 and 31

authorities relating to highway, traffic or street functions that might affect transport needs connected to the Games. If the ODA is not notified of these actions, it make take action to reverse or change the effect of the unauthorised action. Urgent works may not require the consent of the ODA as it may delay proceedings, although this will be a matter for the Secretary of State.<sup>28</sup>

### *2.3.5 Traffic regulation orders*

Clause 12 of the Bill enables the ODA, with the Secretary of State's consent, to make traffic regulation orders over roads that are part of the ORN for Olympic purposes. In practice this means that the ODA can create a unified system of traffic regulation across the ORN, including, for example, the use of Olympic lanes and the imposition of parking and waiting restrictions.<sup>29</sup>

Subsection 4 of clause 12 allows traffic authorities to make traffic regulation orders for Olympic purposes over any road as needed (with the consent of the ODA if the road is part of the ORN).<sup>30</sup>

Clause 13 provides for the enforcement of traffic regulation orders made for Olympic purposes. Subsection 1 allows for infringements of traffic regulation orders made by the ODA over the ORN to be punishable with an increased fine. It is expected that the *Traffic Management Act 2004* will have been implemented before 2012 and subsection 2 allows for the application of the civil enforcement regime to all Olympic traffic regulation orders. The ODA will set the level of charge for a contravention of traffic regulation orders made for the Olympics. The Bill gives the Secretary of State a power of direction over enforcement authorities for Olympic purposes.<sup>31</sup>

### *2.3.6 Road closures and the Office of Rail Regulation*

Clause 14 amends for Olympic purposes the provisions relating to special events orders, under which roads may be restricted or closed in connection with sporting events, social events and entertainment.<sup>32</sup>

Clause 15 obliges the Office of Rail Regulation to assist in preparations for the Olympics and to consult the ODA as to how to do so.<sup>33</sup>

## **2.4 Advertising**

Clauses 17 to 22 deal with Olympic advertising regulations.

### *2.4.1 Advertising regulations and enforcement*

Clause 17 imposes a duty on the Secretary of State, National Assembly for Wales or Scottish Parliament to make regulations in order to control advertising in the vicinity of Olympic venues. These regulations are required to fulfil obligations imposed by the International Olympic Committee within the Host City Contract. No advertising should be placed outside Olympic venues which will be within the view of television cameras covering, or spectators watching, Olympic events. The regulations will specify the nature and extent of restrictions including the place, time period and type of advertisements to

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<sup>28</sup> Ibid. paragraphs 32 to 35

<sup>29</sup> Ibid. paragraph 37

<sup>30</sup> Ibid. paragraph 38

<sup>31</sup> Ibid. paragraph 40

<sup>32</sup> The *London Olympics Bill*, clause 14

<sup>33</sup> Ibid. clause 15



which the restrictions will apply and the Secretary of State, National Assembly for Wales or Scottish Parliament will have broad discretion over the detail of the regulations. Much of the detail of the restrictions will feature in secondary legislation nearer the time as the IOC may alter the requirements which are placed on the host cities.<sup>34</sup>

Subsection 7 allows for the authorisation of controlled advertising within the vicinity of Olympic venues and the Secretary of State, National Assembly for Wales or Scottish Parliament can, in regulations, authorise a responsible body such as the ODA to undertake controlled advertising and grant subsequent authorisations to other advertisers. Regulations may also impose duties on the owners and occupiers of land to ensure that unauthorised advertising does not occur on their land.<sup>35</sup>

Clause 19 makes contravening advertising regulations a criminal offence, punishable by a fine of up to £20,000. Clause 20 gives the police or a designated enforcement officer the power to immediately enter land or premises in order to prevent or stop unauthorised advertising. Entry to a dwelling would only be permitted under warrant.<sup>36</sup>

Clause 21 of the Bill requires the ODA to publish a strategy for how it intends to publicise the advertising restrictions and how it will exercise the enforcement powers conferred to it under the Bill. This clause also allows the ODA to provide assistance to those people likely to be affected by the restrictions to allow them to comply with the regulations.<sup>37</sup>

## **2.5 Trading**

Clause 23 imposes a duty on the Secretary of State, National Assembly for Wales or Scottish Parliament to make regulations to control trading in the vicinity of Olympic venues, to fulfil obligations imposed by the IOC within the Host City Contract. Regulations will specify the place, time period and type of activity to which restrictions will apply. Restrictions may apply on a highway, public place and to trading on private land but not to trading within buildings (except car parks). The regulations will allow the ODA to authorise trading within the vicinity of Olympic venues and allow the ODA to delegate these powers to relevant authorities such as local authorities, who already license street trading in their areas.<sup>38</sup>

Clause 24 sets out in more detail the restrictions and flexibilities that will apply to the regulations. The regulation may disapply existing legislation in relating to street trading and may provide for exceptions, for example, certain news vendors and milk floats may be able to trade in the vicinity of the venues. Subsection 4 gives these regulation precedence over any other trading licence granted before or after the regulations are made. Contravening these regulations will be a criminal offence punishable by a fine of up to £20,000.<sup>39</sup>

As with advertising restrictions, the Bill gives the police or designated enforcement officers the power to enter premises on which they believe a contravention of the regulations is occurring. The ODA will be responsible for advising those who will be affected by the restrictions and for providing assistance to those people to allow them to comply with the regulations or identifying alternative places for them to trade.<sup>40</sup>

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<sup>34</sup> The *London Olympics Bill*, Explanatory Notes, paragraphs 44 to 47

<sup>35</sup> *Ibid.* paragraph 48

<sup>36</sup> *Ibid.* paragraphs 51 and 52

<sup>37</sup> *Ibid.* paragraphs 53 and 54

<sup>38</sup> The *London Olympics Bill*, clause 23

<sup>39</sup> The *London Olympics Bill*, Explanatory Note, paragraphs 59 and 60

<sup>40</sup> The *London Olympics Bill*, clauses 26 and 27

### 2.5.1 *Sale of tickets*

Clause 29 deals with the sale of tickets. It will be an offence to sell a ticket (or anything that purports to be a ticket) for an event held as part of the London Olympics in a public place or in the course of a business without the written authorisation of the London Organising Committee of the Olympic Games (which is trading as London 2012 but is also known as LOCOG). This offence will extend to offering to sell a ticket, exposing a ticket for sale, advertising that a ticket is available for purchase and giving (or offering to give) a ticket to someone who is paying for other goods and services. The LOCOG will be required to establish a system for granting written authorisation to official ticket sellers and will be allowed to charge for such authorisation.<sup>41</sup>

## 2.6 **Protections**

### 2.6.1 *Olympic Symbol Protection*

Schedule 2 of Clause 30 amends the *Olympic Symbol etc (Protection) Act 1995* (OSPA) which gives protection to the Olympic symbol, motto and other words relating to the Olympics.<sup>42</sup> The Bill includes a new measure to extend the infringement of the Olympic association right to words that are similar to the protected words and mottos already covered by OSPA which create in the public's mind an association with the Olympic Games and movement.<sup>43</sup>

Schedule 2 allows for joint proprietorship of the Olympic association right and affords increased protection for the Olympic words, symbols and motto. The Bill allows more than one person or body to exercise rights in relation to the Olympic symbol, motto and associated words. Paralympic organisations will be allowed to be joint proprietors of Paralympic words and Olympic organisations will hold rights to Olympic words. Joint proprietorship is necessary because the IOC requires rights to Olympic intellectual property to pass to the LOCOG in the lead up to and during the Games. The British Olympic Association will retain residual rights for certain purposes.<sup>44</sup>

The Bill also creates a Paralympic association right similar to the Olympic association right offering protection to the Paralympic symbol, motto and associated words. Under the Bill, rights over Paralympic words or symbols which exist at the time that the right is created will be protected.<sup>45</sup>

### 2.6.2 *London Olympics association right*

Schedule 3 of Clause 31 creates a specific event association right in relation to the 2012 London Olympic and Paralympic Games. It seeks to prevent those who use innovative ways of making an association with the Olympic Games from doing so. This will cover any visual or verbal representation that creates an association or any words or phrases that might constitute a presumption of association. Exceptions to this right can be granted by LOCOG, which will be required to maintain a public register of those who have been granted the right to associate themselves with the London Olympics. Other exceptions include permitting reports of a sporting event of the Games and indications which are intended to point to the purpose of a product or service.<sup>46</sup>

<sup>41</sup> The *London Olympics Bill*, Explanatory Notes, paragraphs 65 to 69

<sup>42</sup> Further information on the use of Olympic logos is available on the London 2012 website at: [http://www.london2012.org/en/olympic\\_marks.htm](http://www.london2012.org/en/olympic_marks.htm)

<sup>43</sup> The *London Olympics Bill*, Explanatory Notes, paragraph 74

<sup>44</sup> Ibid. paragraph 73

<sup>45</sup> Ibid. paragraph 76

<sup>46</sup> Ibid. paragraphs 79 to 83

## 2.7 Greater London Authority

Clause 32 enables the Greater London Authority (GLA) to assist in delivering the Games. The GLA is given the power to do anything for the purpose of complying with the obligations which are placed on the Mayor of London in the Host City Contract. The GLA is required to consult and co-operate with the Secretary of State, British Olympic Association, LOCOG and any other relevant body where necessary. The GLA is given the following particular powers:

- ◆ Arrange for the construction, improvement or adaptation of premises or facilities
- ◆ Arrange for the provision of services
- ◆ Undertake works
- ◆ Acquire land or other property
- ◆ Enter in agreements
- ◆ Act jointly or co-operate with any other person
- ◆ Give financial and other support to others for activity connected with the London Olympics
- ◆ Take action in respect of places outside London.<sup>47</sup>

The powers of the GLA will be time-limited and, once the Olympics are over, the Secretary of State may, in consultation with the Mayor of London, make an order to repeal these powers.<sup>48</sup>

## 3 Financing the London 2012 Olympic Games

There are two strands to the financing of the London 2012 Olympics: the preparation for the games (non-LOCOG capital investment budget); and the operational budget of running the Games (LOCOG budget).

Below is a summary of how Olympic specific capital costs will be met.<sup>49</sup>

A public sector funding package of up to £2.375 billion has been put together to help meet the costs of staging the Games including support for elite sport and associated sports investments. This figure consists of up to £1.5 billion of Lottery funding, up to £625 million from London council tax and £250 million from the London Development Agency. The Games will be financed through a combination of public and private funding, including ticket sales, marketing and sponsorship, and the sale of television rights.

The first £2.05 billion of the funding package will be met from up to £1.5 billion from the new National Olympic Lottery, plus up to £550 million from London Council Tax. Provision has been made for a further contribution of £75 million from London Council Tax and then £250 million from the London Development Agency.

In the event that costs exceed the £2.375 billion agreed funding packages the Government is the ultimate guarantor of Olympic funding. The Government expects to co-ordinate a sharing arrangement which will be agreed with the Mayor of London and through seeking additional National Lottery funding in amounts to be agreed at the time. This arrangement will be reviewed when further cost estimates are presented.<sup>50</sup>

<sup>47</sup> The *London Olympics Bill*, Clause 32

<sup>48</sup> The *London Olympics Bill*, Explanatory Notes, paragraph 91

<sup>49</sup> Information supplied by the Department for Culture, Media and Sport (DCMS)

<sup>50</sup> House of Commons Research Paper 05/055, *The London Olympics Bill*, p33

### 3.1 National Lottery funding

National Lottery operator Camelot plans to raise £750 million through hypothecated Olympic Lottery games, around 58% of which might represent money diverted from existing good causes. This diversion represents approximately £65 million, or around 5% of annual income to good causes from the Lottery.<sup>51</sup> The first Olympic Lottery game was launched on 27 July 2005.<sup>52</sup>

A further £340 million will come from expenditure by the established Lottery sport distributors (this equates to approximately 15% of sports Lottery awards being diverted over the next seven years to Olympic funding<sup>53</sup>). Exactly how this money will be spent is a matter for discussion with the sports distributors, although it is envisaged that the bulk will be met by Sport England.<sup>54</sup>

Up to £410 million may also be provided through changes to the Good Cause shares when the current agreement comes to an end in 2009. This could represent a further reduction of up to 7% for the other good causes.<sup>55</sup>

### 3.2 London Council Tax funding

The introduction of an Olympic precept on council tax to meet Games costs is scheduled to commence in 2006/07 and last for ten years. If the extra £75 million is needed, the precept will last for a total of 12 years. Where the GLA has borrowed to meet capital costs of the Olympics, it may be necessary to extend the period during which the precept is levied to reflect the requirements of the prudential framework for capital finance.<sup>56</sup>

The Mayor of London has announced that the maximum addition to the council tax precept to fund the Olympics would be £20 a year on an average Band D property.<sup>57</sup>

### 3.3 Expenditure

The table overleaf shows how the £2.375 agreed funding package will be spent.

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#### Expenditure of agreed funding package

	£000
Construction of new venues	560,000
IBC/MPC Construction	130,000
Olympic transport infrastructure	380,000
Enhanced infrastructure in the Olympic Park	350,000
Elite sport	300,000
Other costs including security, contingencies and inflation	355,000
<b>Total</b>	<b>2,375,000</b>

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Source: London 2012 Finance Briefing Note

<sup>51</sup> *Horse Race Betting and Olympic Lottery Bill Regulatory Impact Assessment*, DCMS, December 2003, p38

<sup>52</sup> Camelot press release *The National Lottery gets ready to Go for Gold*, 27 July 2005

[http://www.camelotgroup.co.uk/media/press2.jsp?hp=1&y=2005&s=games&article=The\\_National\\_Lottery\\_Gets\\_Ready\\_To\\_Go\\_For\\_Gold](http://www.camelotgroup.co.uk/media/press2.jsp?hp=1&y=2005&s=games&article=The_National_Lottery_Gets_Ready_To_Go_For_Gold)

<sup>53</sup> *Ibid.* p34

<sup>54</sup> DCMS

<sup>55</sup> House of Commons Research Paper 05/055, *The London Olympics Bill*, p34

<sup>56</sup> *Ibid.* p34

<sup>57</sup> GLA press release 186, *2012 Olympic Games – London goes for gold*, 15 May 2003

Approximately £560 million will be invested in new sporting venues such as the Olympic Stadium, the aquatic centre, velodrome and sports arenas in the Olympic Park. A further £130 million will be spent on constructing the permanent infrastructure of the International Broadcast Centre (IBC) and Main Press Centre (MPC). £380 million from the package will also fund a new transport infrastructure such as road and rail improvements and an enhanced infrastructure within the Olympic park such as land bridges and tunnels will be funded using a further £350 million.

### 3.4 Olympic preparation budget

The table below shows the non-LOCOG capital investment budget that was published in the London 2012 Candidature File. The vast majority of the agreed funding package will be used to finance these investments.

#### Non-LOCOG capital investments overview

	£000
Roads and railways	7,201,250
Sports venues	
♦ Competition venues	560,000
♦ Training venues	13,125
Broadcast/media facilities	134,375
Olympic village	650,000
Olympic Park infrastructure	1,312,500
<b>Total</b>	<b>9,871,250</b>

Source: London 2012 Candidature File

The Non-LOCOG budget includes details of roads and railways capital investment schemes totalling £7.2 billion that would have proceeded had the London bid not been successful. Many of the schemes had already received funding and were underway. The schemes that are to receive part of the agreed funding relate to road and rail funding in and around the Olympic Park.<sup>58</sup>

The Olympic village will make use of an existing planned housing development and will be privately funded as part of the broader redevelopment of Stratford.

### 3.5 Operational budget

The operational budget of the Olympic and Paralympic Games, i.e. the cost of running the games, is estimated at £1.5 billion. These costs will be met almost entirely from broadcast rights, sponsorship and ticket sales. The LOCOG will not finance any capital expenditure.

The table below shows the detailed budget. The table shows the operating budget estimated at break-even although LOCOG hopes to produce an operating profit in excess of £100 million.<sup>59</sup>

<sup>58</sup> House of Commons Research Paper 05/055, *The London Olympics Bill*, p36

<sup>59</sup> *Ibid.* p36



**Detailed Olympic Games budget (LOCOG)**

£000

Revenues		Expenditure	
IOC contribution	375,000	Sports venues	260,625
TOP sponsorship	187,500	Olympic village and alternative accommodation	136,250
Local sponsorship	271,875	IBC/MPC	28,750
Official suppliers	181,250	Games workforce	116,875
Ticket sales	310,000	Information systems	204,375
Licensing		Telecommunications and other technologies	63,125
◆ Licensing merchandise	56,850	Internet	12,500
◆ Coin programme	1,250	Ceremonies and culture	
Disposal of assets	22,500	◆ Opening ceremony	18,750
Subsidies	45,000	◆ Closing ceremony	12,500
◆ National Government*		◆ Medal award ceremonies	1,250
		◆ Cultural programme	18,750
		◆ Torch relay	3,125
		◆ Other programmes	3,125
Other	88,125	Medical services	11,875
		Catering	13,125
		Transport	123,750
		Security	23,125
		Paralympic Games	90,000
		Advertising and promotion	57,500
		Administration	159,375
		Pre-Olympic events and co-ordination	12,500
		Other – miscellaneous	101,875
		Other – contingency	65,625
<b>Total</b>	<b>1,538,750</b>	<b>Total</b>	<b>1,538,750</b>

Source: London 2012 Candidature File

\* the £45 million Government subsidy will be used to defray certain Paralympic costs and will be financed from the agreed funding package

#### 4 Culture, Welsh Language and Sport Committee consideration of Olympic issues

In their consideration of the *National Lottery Bill* on 26 January 2005, members of the Culture, Welsh Language and Sport Committee expressed concerns that there could be a reduction in the amount of Lottery funding received by projects in Wales due to the amount of Lottery funding being earmarked for the Olympic Games.

Although the *London Olympics Bill* will not be remitted to the Committee, and issues relating to the Olympics are not contained in the *National Lottery Bill*, members indicated their intention to monitor the situation and return to it in future discussions.<sup>60</sup>

<sup>60</sup> Culture, Welsh Language and Sport Committee minutes, 26 January 2005, available at: [http://www.wales.gov.uk/servlet/CultureWelshLanguageAndSportCommittee?area\\_code=N00000000000000000000000000000000&document\\_code=N00000000000000000000000000000000&p\\_arch=post&module=dynamicpages&month\\_year=1|2005](http://www.wales.gov.uk/servlet/CultureWelshLanguageAndSportCommittee?area_code=N00000000000000000000000000000000&document_code=N00000000000000000000000000000000&p_arch=post&module=dynamicpages&month_year=1|2005)

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Cynulliad National  
Cenedlaethol Assembly for  
Cymru Wales

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